



Changing the Game for Clean Energy & Rebuilding Commercial Properties for a More Resilient & Profitable Future

THE NJ OPPORTUNITY

A Compelling Opportunity

PACE represents a potential multi-billion-dollar annual investment opportunity in New Jersey, creating as many as 85,000 new jobs, and lowering NJ's carbon emissions by as much as 14%. NJ's PACE legislation, passed in 2012, enables municipalities to create special assessment programs, and to issue or obtain bonds to finance them. An amending bill now before the NJ Legislature will expand PACE to cover water conservation, hardening and resilient construction, and will explicitly permit third-party administration and private financing.

A wide range of businesses and industries have a strong interest in seeing the New Jersey PACE program come into full fruition. Commercial property owners, energy auditors and contractors, equipment manufacturers, and financial institutions all play an important role in expanding what is already a world-class renewable energy and efficiency sector, and all stand to benefit significantly.

PACE has been described as the first truly effective long term financing model for upgrading our built environment to meet the requirements of a more resilient future. PACE financing is widely seen as overcoming most if not all of the barriers to implementing "deep retrofits" and other clean energy improvements, including renewables, combined heat and power (CHP), intelligent micro grids, and more.

The business opportunity is one that is truly attractive: it makes a difference, and it makes money. New Jersey PACE combines "first mover advantage" with "best practices" in execution and management. A select few philanthropists and investors will have the opportunity to make a tangible contribution, building a more sustainable economic and ecological future.

The National Picture

Our buildings account for 45% of our energy consumption and our carbon pollution. PACE legislation has now been adopted in 31 states and the District of Columbia.

A recent Rockefeller Foundation study found that PACE is part of an investment opportunity of nearly \$280 billion in the U.S. over the next ten years, resulting in more than \$1 trillion in energy savings, 3 million jobs, and resulting in 600 million fewer tons of carbon pollution each year.¹

New Jersey

The cost of energy, especially electricity, is also a source of major concern in New Jersey. According to the 2011 NJ Energy Master Plan,

As of May 2011, New Jersey's retail electric rates remain among the most expensive in the nation. ... For New Jersey's economy to grow, electricity costs must be comparable to costs throughout the region, and ideally to the U.S. as a whole. Electric energy costs have a significant effect on the economic well being of commercial and industrial (C&I) customers. High electricity prices discourage new manufacturing and commercial entry, and may cause electricity-intensive industries to relocate. Against the backdrop of the recent recession, businesses hesitate to expand in part due to high electricity prices.

The EMP also notes,

The most cost-effective way to reduce energy costs is to use less. Passive energy conservation, the use of energy-efficient appliances, equipment building materials / practices, and active DR programs result in the reduction in total energy use. Reducing customer usage during on-peak hours to ensure reliable electricity during the hottest and most humid days of the year is less costly than expanding

¹ Source: 2012 Rockefeller Foundation study, cited by PACENow.

the supply chain infrastructure—new power plants, transmission lines, and both primary and secondary distribution facilities.

And again:

The C&I sector represents 65% of the overall electric power used in the State and returns the greatest savings for the dollars invested. Identifying opportunities for EE in this sector will require outreach to thousands of businesses, building owners, and lessees. Success will depend upon the ability to deliver improvements that reduce energy use and costs immediately, with a reasonable pay back period on investments.

The challenge of reducing our building energy use by even one third is an enormous one. Yet we have to achieve this if we are going to meet the targets set out in the Energy Master Plan, to achieve at least 70% clean energy by 2050.

New Jersey has over \$960 billion in existing real estate value, of which approximately \$206 billion is classified as non-residential—commercial (\$142 billion) industrial (\$37 billion), and the rest (farms, apartments, etc. \$28 billion). But this sector includes a disproportionate share of energy consumption, approximately 36% vs. 24% (with the rest being transportation). Investing, e.g., \$8 billion in this sector is equivalent to about 4% in value, but will result in energy savings of more than \$1 billion a year and increase total valuations by more than 8% for the properties involved.

Investing in Clean Energy

PACE is part of an investment opportunity of nearly \$280 billion in the U.S. over the next ten years, resulting in more than \$1 trillion in energy savings, 3 million jobs, and 600 million fewer tons of carbon pollution each year.²

According to the Center for American Progress:

Investments in a clean-energy economy will generate major employment benefits for New Jersey and the rest of the U.S. economy. Our research finds that New Jersey could see a net increase of about \$4.6 billion in investment revenue and 48,000 jobs based on its share of a total of \$150 billion in clean-energy investments annually across the country. This is even after assuming a reduction in fossil fuel spending equivalent to the increase in clean-energy investments. Clean-energy investments create 16.7 jobs for every \$1 million in spending. Spending on fossil fuels, by contrast, generates 5.3 jobs per \$1 million in spending.³

² Source: 2012 Rockefeller Foundation study, cited by PACENow.

³ Center for American Progress, "Clean-Energy Investments Create Jobs in New Jersey."

Now's the Time to Get Involved

New Jersey PACE, a 501c3 NJ nonprofit, acts as a state-wide program administrator for municipalities at no cost to taxpayers. We assist property owners, contractors and investors by processing each PACE project from application to closing to final approval. While our services are customized to the needs of each community, we have adopted best practices from programs in other states, including standardized forms and procedures designed to work across NJ's many municipalities; this helps streamline the process for owners who want to use PACE financing in several municipalities.

We're seeking sponsors and investors who are prepared to play an active role in supporting the development and expansion of this important new program, and work with us to advocating for municipal adoption, the amending legislation, and state support.

NJPACE helps businesses, contractors, communities, lenders and the public by:

- ❖ Promoting the purchase/installation of clean energy systems for commercial and industrial properties
- ❖ Educating professionals, business leaders and associations to introduce their clients and members to PACE
- ❖ Engaging municipal and county officials to opt-in and help spread the program
- ❖ Enrolling banks and private investors to provide the funding
- ❖ Scaling up to meet the anticipated demand, so projects are processed efficiently and effectively
- ❖ Increasing and accelerating the adoption of energy conservation and renewables to reduce carbon emissions

For more information or to become a founding sponsor, please contact:

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