



COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY (CPACE) FACT SHEET



What is CPACE?

Commercial property-assessed clean energy (CPACE) is a low-cost, long-term financing mechanism enabling building owners to borrow money for energy efficiency, renewable energy, or related projects and make repayments via an assessment on their property tax bill. The assessment remains with the property even if it is sold, facilitating long-term investments in building performance. Though PACE is just one financing mechanism available, building owners/commercial developers like PACE because it is “off balance sheet lending.” CPACE may be funded by private investors, financial institutions like local credit unions and banks, or government programs, but is only available in counties with enabling legislation and active programs.

Why is there a need for this legislation?

Owners of commercial properties frequently lack access to affordable financing to make critical improvements to their properties resulting in buildings not being upgraded to current standards for energy efficiency, water conservation and not incorporating renewable energy features like solar. CPACE provides an affordable and cash flow positive financing mechanism to implement upgrades so that properties are profitable to operate, more sustainable and address climate change issues.

CPACE in Other States

- 37 states and Washington DC have passed PACE enabling legislation and 22 states including Washington DC currently have active CPACE programs.
- From 2009 – 2020, 2,560 commercial projects have been completed through CPACE financing, 24,000 jobs were created, and \$2,074 million have been invested in CPACE projects.

What is the status of CPACE in NM?

Two CPACE statutes are in place -- SB647-2009 and HB572-2019 that amended HB572-2009. As CPACE programs have progressed in other states, there are lessons learned that provide an opportunity to help New Mexico provide robust CPACE programs. The Renewable Energy Industries Association of New Mexico (REIA) and other stakeholders plan to introduce revised CPACE legislation in 2022 that addresses areas such as expanding the type of qualifying projects to include energy storage, and adding water conservation and energy efficiency. Other areas that need to be addressed include written consent by existing lien holders, administration fees and project certification methodology.

How does passing this legislation benefit New Mexico?

- Enables property owners to make improvements to buildings that would not otherwise be done.
 - Provides businesses with opportunity to **save ongoing expenses, allowing dollars to be invested in other economic drivers** such as hiring new employees, making capital investments and purchasing advertising.
 - Though PACE is just one financing mechanism for energy efficiency and solar, building owners/commercial developers like PACE because it is “off balance sheet lending.”
 - **Addresses water conservation issues** that are becoming more critical as the state looks for solutions to address drought and climate change.
 - **Contributes to economic development in the state through greater purchases of supplies, equipment and services** from local businesses and the hiring of labor by local construction companies. It also provides an opportunity to develop programs that are more locally centric with local renewable and energy efficiency companies and local lenders.
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The Renewable Energy Industries Association (REIA) is a non-profit organization representing 30 companies that provide residential, commercial and government solar services. REIA advocates for the technology, financial incentive programs, public interest, and environmental policies that support continued growth in the renewable energy industry. This synergy creates more jobs, and a stronger, healthier economic future for New Mexico.

For more information, contact REIA New Mexico Executive Director Jim DesJardins at 505-503-1000 or jimdesjardins@gmail.com.