

Interested in upgrading your commercial property with energy/water efficiency and distributed generation technologies but lack the needed capital?

Texas Property Assessed Clean Energy (TX-PACE) enables industrial site owners to obtain affordable, long-term financing covering up to 100 percent of the cost for energy efficiency, water conservation, and on-site generation technologies. TX-PACE secures private financing for a term as long as the projected useful life of the improvements, resulting in utility cost savings that exceed the amount of the repayment.



R.J. LIEBE ATHLETIC LETTERING COMPANY NAVARRO COUNTY, TEXAS

Liebe is the first manufacturing plant to complete a TX-PACE project. The TX-PACE assessment financed over 20 years provided the Missouri-based company a financially viable way to restore an aging, inefficient facility and relocate much of its operations to the new site. The flexible financing tool allowed Liebe to bypass the significant capital investment needed, retrofitting the lighting to LEDs, and installing HVAC for the first time in the plant's history. Reopening this facility will create 60-80 permanent manufacturing jobs in Corsicana and will save approximately 187,177 kWh of electricity annually.



PACIFIC ETHANOL, MADERA CA

Pacific Ethanol, Inc. (NASDAQ:PEIX), a leading US producer and marketer of low-carbon renewable fuels, used \$10 million in PACE funding to purchase and install a 5 MW photovoltaic (PV) power system at its ethanol plant. This project is the first ever commercial solar electricity system at a US ethanol plant and the largest solar PV system to be funded through PACE.

Pacific Ethanol's PACE project is saving the facility more than \$1 million annually and is cash flow positive from year one. The system also qualified for the Energy Investment Tax Credit, displaces more than 30% of the grid electricity previously used, and drives premium pricing at the plant due to improvements in its carbon-intensity core.



HELLER MACHINE TOOLS, TROY MI

Heller Machine Tools, a world-leading manufacturer producing state-of-the-art machine tools and production systems for metal cutting processes, used PACE to finance \$978,607 in deep energy retrofits for its 100,000 sq ft production facility. Energy consumption and related costs were reduced by 23% - a savings of \$1.6 million over 15 years.

MEASURES INCLUDED:

- HVAC
- Networked building controls
- Compressed air upgrades
- Partial roof replacement
- Lighting replacement
- Server room cooling

Typical examples of qualified improvements:

- High efficiency chillers, boilers, and furnaces
- Combustion and burner upgrades
- Heat recovery equipment
- Mechanical system modernization
- Industrial energy system sensors and controls
- Systems to capture, treat and use other on-site sources of water (condensate, rainwater, reverse osmosis reject water, etc.)
- High efficiency lighting
- Water conservation equipment
- Building enclosure/envelope improvement
- On site generation (resiliency benefits)
- Fuel switching
- Wastewater onsite reuse systems

“As we work with more and more large brands, being environmentally friendly is a prerequisite to conducting business. In fact, we are graded on it. As a result, Liebe has strategically positioned all of our facilities to be as green as possible.”

- Mike Bernhagen, General Manager of Liebe

“Every single company has a number of efficiency projects already in their backlog that were not able to clear the conventional ROI hurdle. The message is that the hurdle just got a lot lower, and here is the mechanism to move forward.”

-Doug Ruring, Director of Engineering, Maintenance & Reliability, Dixie Chemical

THE FINANCIAL IMPACT OF INDUSTRIAL TX-PACE

This example compares self-funding and conventional funding with TX-PACE financing:

- Industrial Facility
- Project involves a \$2.5M 1.3MW CHP system
- Annual net savings of \$473,000 (5.3 yrs simple payback)
- The project does not pass the company’s hurdle rate for investment in energy efficiency (i.e. the ROI is probably not high enough)
- Conventional funding for 5 years at 4.0% (20% down payment)
- TX-PACE funding available for 20 years at 6.0%.
- Energy prices held constant. NPV discount rate at 8%.



FINANCING SCENARIO COMPARISON SUMMARY			
	Self-Funded	Conventional Loan	TX-PACE Loan
Out-of-Pocket Investment	(\$2,500,000)	(\$500,000)	\$0
Savings (First Year)	\$473,000	\$473,000	\$473,000
Annual Payment	\$0	(\$561,568)	(\$217,961)
Cash Flow Impact Year 1	(\$2,027,000)	(\$588,568)	\$255,039
Net Project Cash Flow Year 2	(\$1,554,000)	(\$677,136)	\$510,077
Years to Positive Project Cashflow	5.3	7.0	IMMEDIATE
Debt Service Over Finance Term	0	(2,807,839)	(2,368,742)
10-Year Project NPV	\$673,869	\$431,691	\$1,711,330
Property Value Increase (20-Year NPV)	\$2,143,984	\$1,901,806	\$2,504,007

A PACE LOAN ASSESSMENT CAN INCLUDE:

- Cost of materials and labor necessary for the installation of a qualified improvement
- Permit fees
- Inspection fees
- Lender fees
- Program development and engineering fees
- Independent third party reviewer audit fees, including verification fees
- Any other fees or cost that may be incurred by the property owner incidental to the installation, modification or improvement
- Legal, consulting and other fees on an actual cost basis
- Changes to the existing property incidental to the installation



TEXAS PACE
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