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PACE Financial Servicing (PFS) is program administrator of the Maryland Commercial Property Assessed Clean Energy (MD-PACE) program, which is sponsored by the Maryland Clean Energy Center (MCEC).

PFS is led by the award-winning team who created the country's most successful PACE program and its leadership team has advised or worked with virtually every commercial PACE program nationally. With more experience in commercial PACE administration than anyone in the country, PFS offers unparalleled service to its public sector partners. PFS has leveraged its PACE experience and technology to help develop a highly efficient PACE administration and servicing platform, all of which has earned PFS national recognition as the gold standard in PACE financing. PFS makes PACE easy: its goal is to build PACE programs that seamlessly connect PACE capital to interested building owners. The result is increased economic activity, reduced environmental pollution, and new jobs.

SB0722 – Clean Energy Loan Program – Environmental Remediation and Resiliency Projects

Hearing Date: February 19th, 2020

Committee: Education, Health, and Environmental Affairs

Recommendation: Support with Amendments

As manager of the Maryland Commercial Property Assessed Clean Energy (“MD-PACE”) program (the Clean Energy Loan Program established by §§ 1-1101 et. seq. of the Local Government Article of the Maryland State Code, and which SB0722 will amend), I can comment confidently on the impact of SB0722 on the program. I am pleased to support SB0722 with amendments. Our team is developing these limited amendments in coordination with the bill’s sponsor.

The MD-PACE program is the statewide vehicle for property assessed clean energy (“PACE”) financing in Maryland. C-PACE-enabling legislation is active in thirty-six states plus D.C., and C-PACE programs are active in twenty states plus D.C. Maryland is one of the early adopters of PACE-enabling legislation. The MD-PACE program is sponsored by the Maryland Clean Energy Center (“MCEC”) and administered by my firm, PACE Financial Servicing (“PFS”). The MD-PACE program must be adopted by local governments and we currently serve sixteen jurisdictions in Maryland. Montgomery County and Prince George’s County operate their own standalone C-PACE programs, meaning that eighteen jurisdictions across the state benefit from a C-PACE program. C-PACE financing allows commercial and non-profit property owners to access low interest, long term financing from private capital providers for energy efficiency and renewable energy improvements to both new and existing buildings. No government funds are involved in administering the program or financing C-PACE projects.

The program has been actively funding projects for approximately three years, during which time twenty-six projects across the state have been able to access \$16.4 million of private financing for energy-related improvements which would not otherwise have been available. These projects have ranged from main street businesses in Chestertown to non-profits in Baltimore to summer youth camps

in Frederick. Most recently, the program allowed for almost \$2 million in financing for the construction of a hotel in Gambrills. Looking ahead, the program has reached an inflection point. We have over \$29 million in the pipeline for Q1 for several landmark projects, which will more than double the program's financial impact to date and make Maryland one of the states with the highest levels of C-PACE financing executed in the country.

Senator Hester's bill will allow for a second evolution of the MD-PACE program. Some states that have most recently passed C-PACE-enabling legislation have expanded the public benefit that C-PACE is mandated to support to include resiliency measures, effectively creating what some now call a "C-PACER" program. Senator Hester's bill will do the same, expanding the measures that are eligible for C-PACE financing in Maryland beyond energy efficiency and renewable energy measures to include environmental remediation and resiliency improvements. This will place Maryland on the cutting edge of the C-PACE industry.

The MD-PACE program is working with Senator Hester and her staff to tweak SB0722 in a manner that maintains the intent of the original language while ensuring that the language conforms to existing language within the statute and positively impacts the MD-PACE program to the greatest extent possible.

I encourage the enthusiastic support of SB0722. The MD-PACE program has had a considerable impact on economic development and the improvement of the state's building stock. Through this legislation, the program will be able to have an even greater impact on improving the economies and environments of our local communities.