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New York Amends Law, Making PACE Financing More Accessible for Energy Efficiency and Renewable Energy Upgrades

SEPTEMBER 20, 2017, YORKTOWN HEIGHTS, NY -- New York's State's Property Assessed Clean Energy (PACE) financing program has been expanded to apply to a wider range of energy efficiency and renewable energy improvements as a result of legislation signed last week by Governor Andrew Cuomo. PACE is an innovative financing tool that allows building owners to pay for energy saving improvements over long terms (up to 20 years) through an annual charge on their real property tax bills. [Energize NY](#), a non-profit local development corporation, manages NY State's commercial PACE program on behalf of thirty-nine (39) municipalities across the State.

The bill ([A.7394-A/S.5990-A](#)) amends the State's original PACE law, which was passed in 2009, to allow financing for more of the costs of clean energy improvements. The original law limited the amount of PACE financing to 10% of the property's value. The 10% limit was too low to cover the costs of many energy improvements and put PACE financing out of reach for property owners in certain parts of the State. The amendment eliminates the 10% cap and provides more flexibility on the amount of PACE financing available to a commercial property owner.

The amendment also allows PACE to be used to fund remote net metering solar projects on commercial properties. Such projects enable properties not suited for solar to receive renewable power even though the system is located on another property. The new law also authorizes the use of New York State funds, in addition to federal funds, to provide credit support for the PACE program.

"This bill provides municipalities with a more powerful tool to support clean energy and economic development goals," said Charles Strome, City Manager of New Rochelle and Chairman of the Board of Energize NY. "Clean energy projects not only save our businesses and commercial building owners money, but they also improve the quality of local buildings, making them more attractive to tenants and investors," he added. "Sustainability is important to our City and offering PACE financing to fund energy saving improvements helps us meet our climate action goals while making it more cost effective to do business in New Rochelle."

NY Assemblywoman Amy Paulin (D-88), Chair of the Energy Committee of the Assembly, and NY Senator Joe Griffo (R-47), Chair of the Senate Energy & Telecommunications Committee, sponsored the bill in the Senate.

"These modifications will enable the PACE program to expand, financing more renewable energy and energy efficiency projects," Assemblywoman Paulin said. "PACE is a valuable tool for helping the State reach its renewable energy goals. Now more properties, particularly in Upstate communities, will be able to use it."

"I appreciate Governor Cuomo signing legislation I sponsored in the Senate that will help building owners in the state make their property more energy efficient and allow them to make more renewable energy-related improvements to those properties. Now more residents will be able to take advantage of what the program offers," said Senator Griffo.

In tandem with the legislation, the New York State Energy Research and Development Authority (NYSERDA) released new [Commercial PACE Guidelines](#), which define and expand the range of energy saving measures that qualify for PACE financing. "The amendment and Commercial PACE Guidelines are another example of how New York is helping drive greater use of energy efficiency and clean energy, which is a priority for Governor Cuomo," said Alicia Barton, President and CEO of NYSERDA. "These valuable tools will provide new opportunities for commercial building owners across the state to save energy, reduce operation costs, and help build a cleaner, more sustainable future."

PACE financing differs from traditional financing options because eligibility for financing is not based on traditional credit metrics. Instead, financing is available for up to 100% of the project cost or can be combined with other financing. PACE also offers long terms of up to 20 years, and the financing is repaid through an annual charge on the property's tax bill. PACE financing is available in 39 municipalities across New York State in the Hudson Valley, Capital Region, Mohawk Valley, Finger Lakes, Southern Tier and in the Central and Western Regions.

The first commercial PACE financing was completed in 2015 by Energize NY to fund ground-mounted solar panels at a dairy and artisanal cheese making operation in Goshen, NY. PACE has since financed 17 energy efficiency projects and solar installations in a range of buildings, including a private airport, multi-family housing, community houses, warehouses, retail and office space, union headquarters, and houses of worship. These [projects](#) are saving thousands of dollars on energy costs annually and are expected to reduce greenhouse gases by 10,000 tonnes over their lifetimes. Many of these projects would not have been possible or would have resulted in less energy savings without PACE financing.

"PACENation is thrilled that Governor Cuomo and the legislature have given Energize NY the tools it needs to make PACE financing even more effective and compelling to building owners in the Empire State," said David Gabrielson, Executive Director of PACENation.

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Energize NY helps building owners make the move to clean energy. Working directly with New York State municipalities, property owners and developers, we provide low-cost, long-term PACE (Property Assessed Clean Energy) financing for energy efficiency and renewable energy improvements. Our goal is to help building owners and communities realize the cost-savings, efficiency and air quality benefits of clean energy while supporting the creation of new jobs in New York State.

Energize NY is part of Energy Improvement Corporation, a New York non-profit local development company. You can learn more at energizeny.org.