

Property Assessed Clean Energy

Tried and test concept, new application and location

DEDAT Green Economy Reference Group

5 March 2020



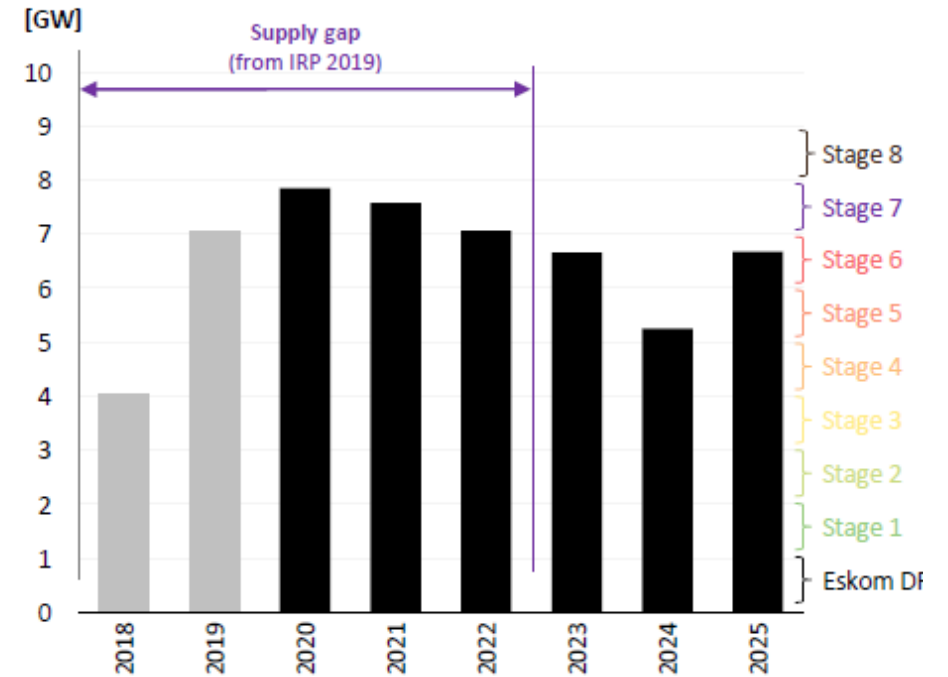
Why are we taking about PACE?

We are walking into a new energy reality...

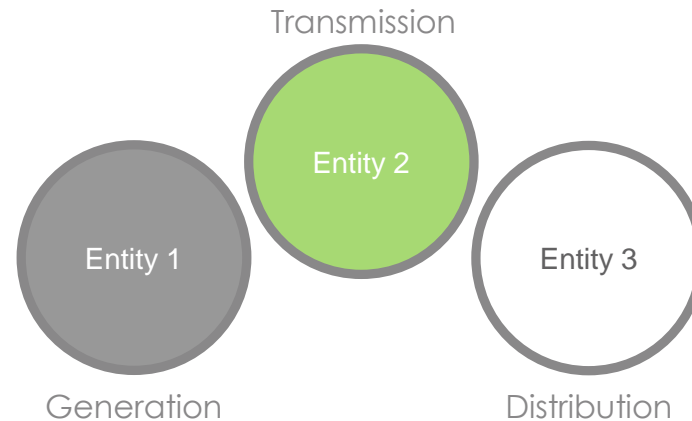
Capacity (shortage)

	Coal	Coal (Decommissioning)	Nuclear	Hydro	Storage	PV	Wind	CSP	Gas & Diesel	Other (Distributed Generation, CoGen, Biomass, Landfill)
Current Base	37 149		1 860	2 100	2 912	1 474	1 980	300	3 830	499
2019	2 155	-2 373					244	300		Allocation to the extent of the short term capacity and energy gap.
2020	1 433	-557				114	300			
2021	1 433	-1 403				300	818			
2022	711	-844			513	400	1 000	1 600		
2023	750	-555				1 000	1 600		500	
2024			1 860				1 600	1 000	500	
2025						1 000	1 600		500	
2026		-1 219					1 600		500	
2027	750	-847					1 600	2 000	500	
2028		-475				1 000	1 600		500	
2029		-1 694			1 575	1 000	1 600		500	
2030		-1 656		2 500		1 000	1 600		500	
TOTAL INSTALLED CAPACITY by 2030 (MW)		33 364	1 860	4 600	5 000	8 288	17 742	600	6 830	
% Total Installed Capacity (% of MW)		43	2,36	584	6,35	10,52	22,5	0,76	8,1	
% Annual Energy Contribution (% of MWh)		58,8	4,5	8,4	1,2*	6,3	17,8	0,6	1,3	

Installed Capacity
 Committed / Already Contracted Capacity
 Capacity Decommissioned
 New Additional Capacity
 Extension of Koeberg Plant Design Life
 includes Distributed Generation Capacity for own use



At the end Sept 2019 there was a total 16.67MW of solar PV in WC (likely A LOT more)



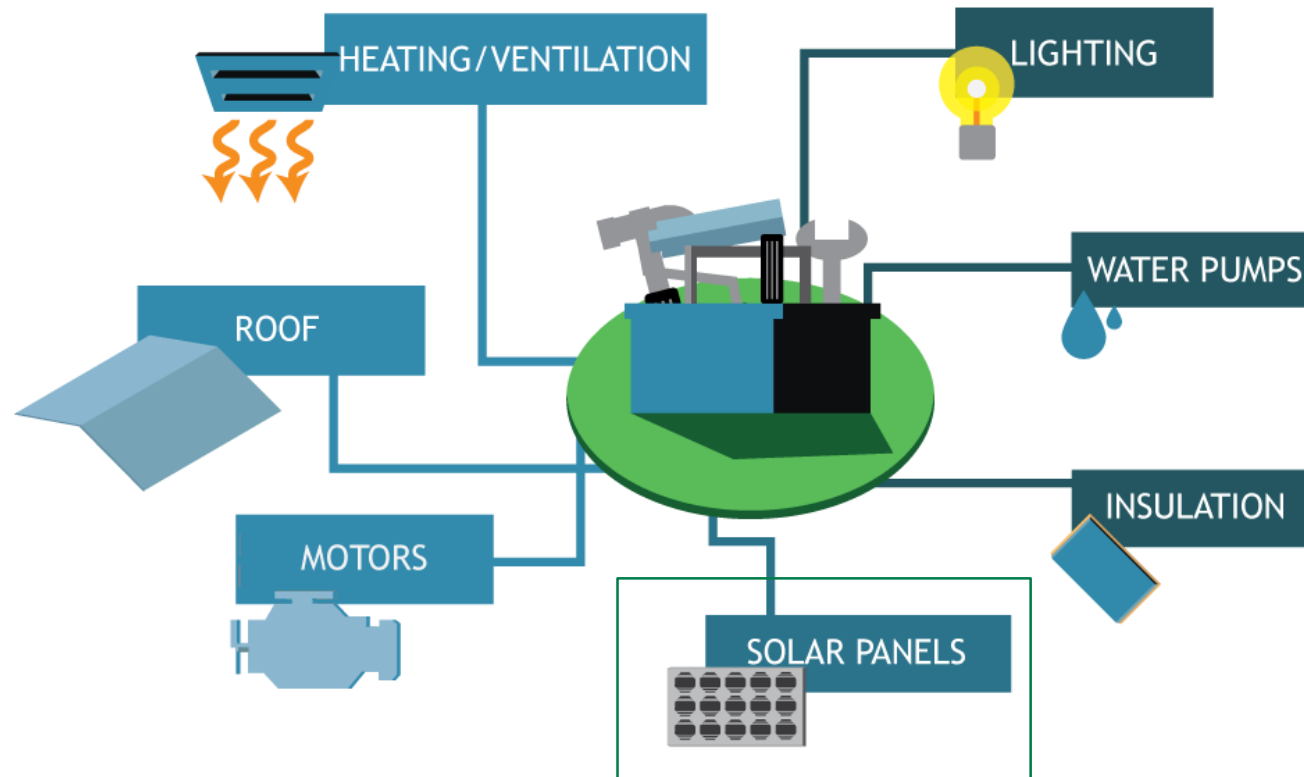
What is PACE?

The Property Assessed Clean Energy (PACE) model is an innovative mechanism for financing energy efficiency, water and renewable energy improvements on private property.

PACE – is the term for applying an additional “special assessment” (SA)/rate on a property owners rates bill to repay a fixed asset addition to the property

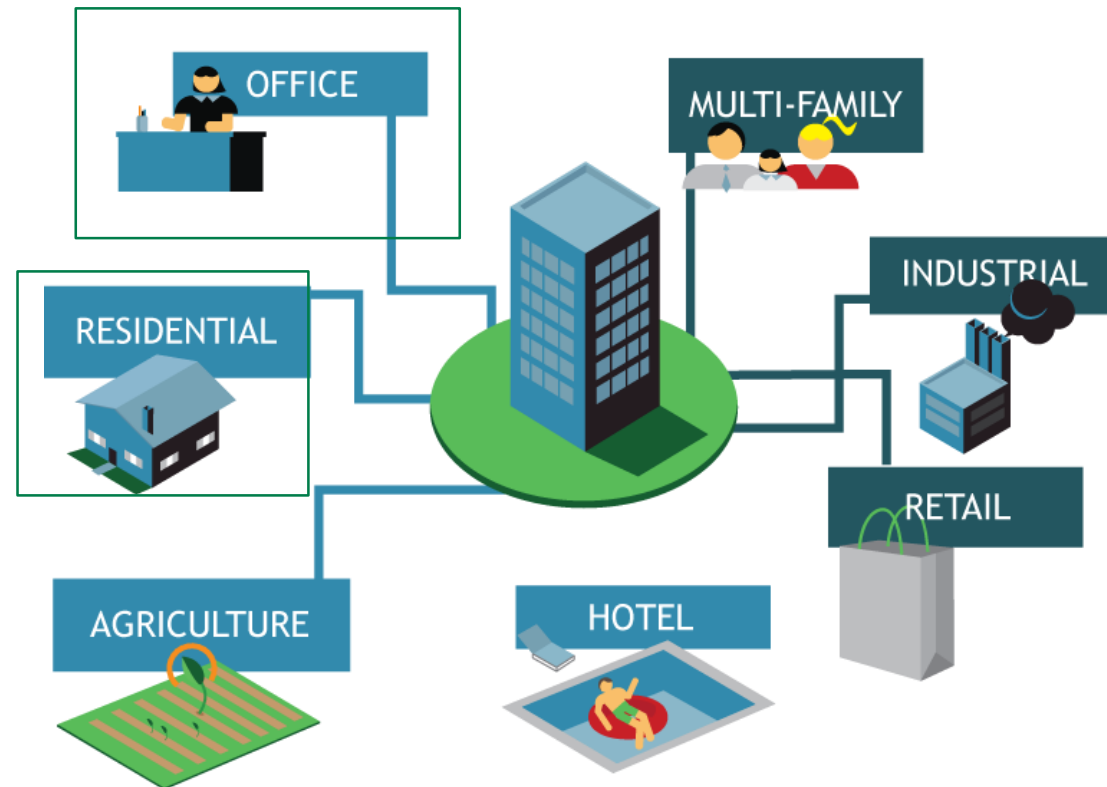
Financeable Improvements

Our first focus is on the installation of rooftop solar PV (can include water and EE)



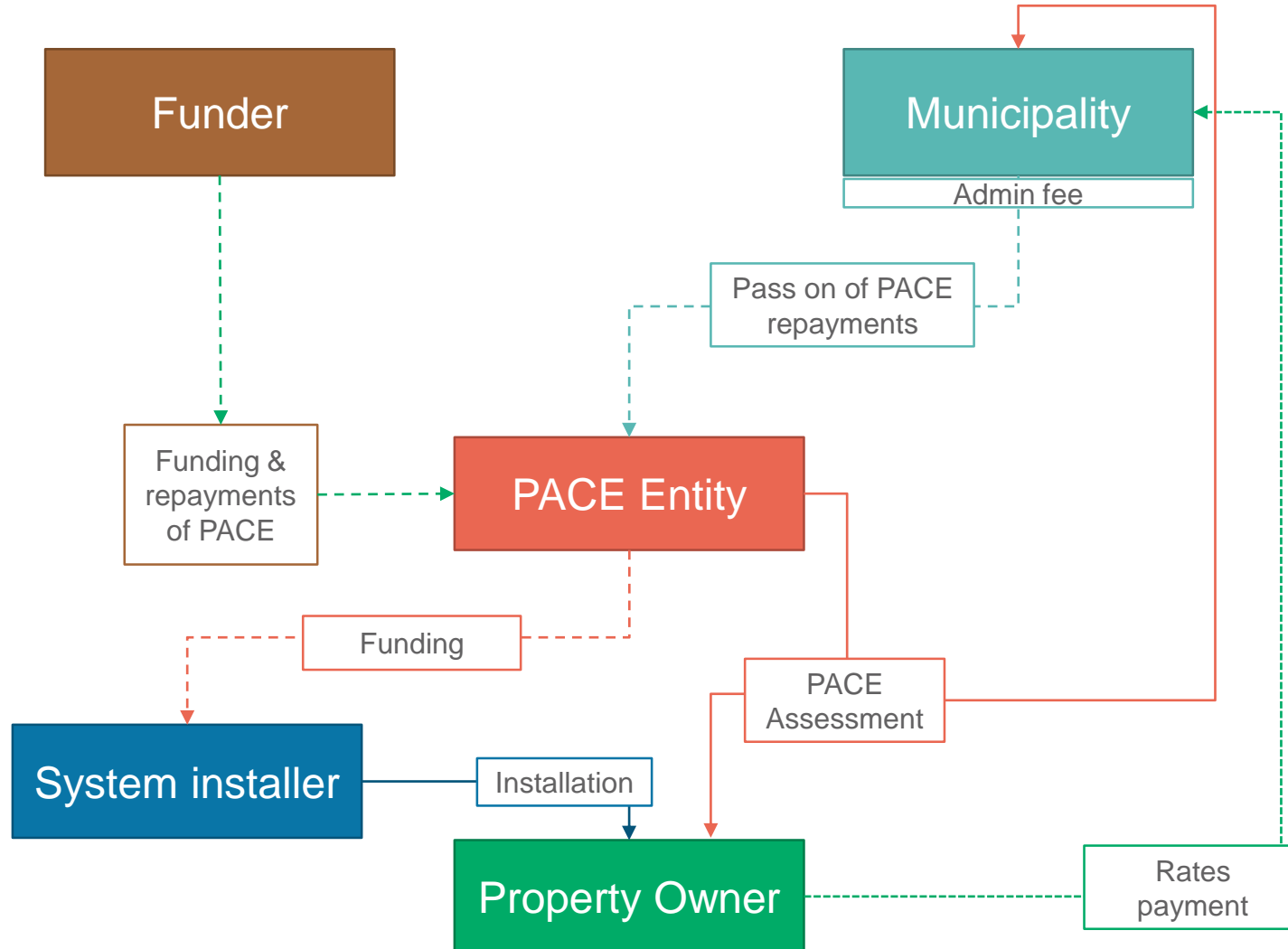
Building Types

The most common PACE models are C-PACE and R-PACE



The South African PACE structure

Project construction proceeds as it typically would



How will the City's constituents benefit from PACE?

Increases the ease and decreasing the cost...



- **No Money Out of Munic Pocket:** 100% financing including soft costs
- **Immediate Savings:** Cash-flow positive on day one
- **Property as security:** Reduced lending rate
- **Longer Term (20 Yr.):** Reduces annual payments
- **Secures seniority in repayment:** Liquidation & Transfer
- **Off Balance Sheet Finance:** Tied to property not your credit
- **RE improvements increases property value:** Upwards of 15%

How will the City benefit from PACE?

Removes financing barriers and creating a more competitive environment



- **Accelerate uptake of RE projects:** Developing market
- **Outsource green financing:** No public financing required
- **Standardized processes:** Accelerated application and uptake
- **Use existing revenue collection model:** revenue and admin
- **Credit enhancement:** Adds security for investors, reduces risk
- **Independent Validation:** Reduces technical risk for municipality

The way forward...

1. Does PACE fall within the cities mandate?
 - YES, promotes development
 - Best interests of local community
 - promotes safe and healthy environment

2. How will a special assessment be added to rates account?
 - Through the Special Rating Area policy, which allows an **individual property** to be classified as a special rating area
 - Amend SRA by law and policy to include individual property (6-12 months)

3. What is the structure of the PACE entity?
 - Either a PPP or Service Level Agreement with private sector



Thank You

The Energy and Finance Team

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GreenCape's Green Finance Desk

The Green Finance Desk's main role is to as a facilitator increase investments in the Green Economy in the Western Cape.

Engaging regularly with financiers active in the Green Economy, as well as with project developers and/or companies requiring funding.

Designing and maintaining the Green Finance Database