

PACE Wisconsin

PROGRAM MANUAL

**A PACE Program Offered by the
Wisconsin PACE Commission**

Version 3.3

Slipstream Group, Inc.
431 CHARMANY DRIVE | MADISON, WI 53719

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1.0 Introduction

Pursuant to Wisconsin Statutes § 66.0627(8) (see [Appendix A: State of Wisconsin PACE Statute](#)), Wisconsin municipalities and counties are authorized to partner with private sector capital providers to provide financing to property owners for qualified PACE projects secured by a special charge imposed on the real property. The Member Communities joined together under a Joint Powers Authority (JPA) to form the PACE Commission, a Wisconsin joint powers commission formed under Wisconsin Statutes § 66.0301. The PACE Commission is happy to offer its PACE program, entitled PACE Wisconsin.

PACE Wisconsin is a low-cost PACE program that offers an open-market solution for building owners and promotes economic development in Wisconsin communities. The benefits of this program are available to building owners located in Member Communities. Any Wisconsin local unit of government may elect to become a member of the PACE Commission pursuant to the terms of the JPA. Communities interested in participation should contact the Program Administrator at info@pacewi.org.

PACE Wisconsin is an innovative program that enables commercial and industrial property owners to obtain low-cost, long-term financing for energy-efficiency, renewable energy and water conservation improvements, as well as electric vehicle charging systems and brownfield revitalization projects. PACE Financings help property owners overcome financial barriers that typically discourage investment in energy and water conservation improvements to new and existing buildings. Improvements financed using PACE can be completed with no up-front, out-of-pocket cost to property owners and can generate positive cash flow upon completion. The term of a PACE Financing may extend up to the useful life of the improvement, which may be as high as 30 years and can result in cost savings that exceed the amount of the PACE Financing. The result may include improved business profitability, an increase in the property value and improved sustainability of the real estate asset.

PACE Financing is secured through a voluntary PACE Special Charge, repayment of which can be collected on the property tax bill or directly by the PACE Wisconsin Program Administrator. Like property taxes, PACE Financings may be transferred to the next property owner if the property is sold. The remaining balance of the PACE Financing is repaid by the subsequent owner, who continues to receive the benefits of the improvements from the PACE Project. PACE Financing is available for property owners of commercial, industrial, agricultural, institutional, and multifamily buildings with five or more units. PACE Financing for residential properties with four or fewer units is not offered by PACE Wisconsin at this time.

To take advantage of PACE Wisconsin, property owners develop qualifying energy and water conservation projects with contractors of their choice. Building owners have the choice to arrange project financing with a qualified financial institution of their choice. The property owner and PACE Capital Provider then apply to PACE Wisconsin via pacewi.org to qualify their project for PACE Financing according to the criteria in this Program Manual. If the PACE Project is approved, the PACE Commission, property owner, and PACE Capital Provider enter into a PACE Special Charge and Financing Agreement that governs the terms of the PACE Special Charge.

PACE Wisconsin relies on private financial institutions to provide capital to fund PACE Financings. PACE Wisconsin is open to any capital provider interested in participation. Interested financial institutions may apply to the Program Administrator to become a qualified PACE Capital Provider via pacewi.org.

This Program Manual was in part developed with the support of the City of Milwaukee's Me2 program, which has offered a commercial PACE program to property owners within the City of Milwaukee since 2011. Milwaukee's PACE program is one of the original "open market" PACE programs in the country and was developed in partnership with the Milwaukee Office of Environmental Sustainability, the U.S. Department of Energy, the Wisconsin Office of Energy Innovation and Wisconsin Energy Conservation Corporation.

The Wisconsin Green Tier Legacy Communities (GTLC), the Wisconsin Counties Association (WCA), the League of Wisconsin Municipalities (LWM) and the Wisconsin State Office of Energy Innovation work collectively to continually seek new and innovative ways to improve Wisconsin communities. This partnership identified the PACE Commission as an opportunity to create a competitive advantage for Wisconsin communities to stimulate investment. The partnership is excited about the opportunity for Wisconsin to implement PACE Wisconsin and invites Wisconsin local governments, businesses and property owners to participate in this exciting new opportunity to make Wisconsin's built environment and communities more economically and environmentally sustainable.

The effective date for this version 3.3 of the PACE Wisconsin Program Guidelines is February 1, 2022. Pre-Applications, supported by PACE term sheets, received prior to the effective date will be reviewed based on the requirements stated in the previous version of the Program Guidelines. All Pre-Applications received on, or after, February 1, 2022, as well as Pre-Applications received prior to the effective date that are not supported by PACE term sheets, will be reviewed for compliance based on version 3.3 of the Program Guidelines.

2.0 Definitions

This section establishes definitions of terms used in this Program Manual.

Adaptive Reuse – Installing upgrades to an existing building that will result in a substantially different building use. An example is the renovation of a factory to convert the building to multifamily housing.

Annual Installment – The portion of the PACE Financing that is due and payable for a particular year according to the PACE Special Charge and Financing Agreement, referred to as a "supplemental agreement" in [Appendix B "PACE Financing Ordinance."](#)

Applicant – Any property owner or their authorized agent that submits an application to the Program Administrator with the intent to utilize PACE Financing to fund a PACE Project.

Annual Fee – This fee is collected annually with the PACE Special Charge installment payment over the term of the PACE Financing. (See [Section 7.0 Program Fees](#) for further details.)

Brownfield – Abandoned, idle or underused industrial or commercial facilities or sites, the expansion or redevelopment of which is adversely affected by actual or perceived environmental contamination.

Brownfield Revitalization Project - Any of the following actions when taken upon commercial or industrial premises that are located on, or that constitute, brownfields, as defined in s. 238.13 (1)

(a):

1. Site assessment.
2. Remediation.
3. Lead or asbestos abatement.
4. Demolition.
5. Standard site preparation actions not included in subds. 1. to 4.

Completion Verification Report – A certification by the Property Owner and the Energy Assessment provider or installation contractor that confirms the installation of the ECMs funded with the PACE Financing. (See Section 8.1.8 Project Completion)

Delinquent Installment Administration Fee – A Fee due the Program Administrator in the event an Annual Installment (or portion thereof) becomes delinquent and must be placed on the applicable tax rolls. (See [Section 7.0 Program Fees](#) for further details.)

Direct Costs - All ECM direct costs necessary to complete the installation of a PACE Project, such as the installation/construction contract amount (materials and labor) and any required ancillary cost incurred in order to complete the installation of an ECM.

Electric Vehicle Charging System - The installation or upgrade of electrical wiring, outlets, or charging stations to charge a motor vehicle that is fully or partially powered by electricity.

Eligible Property Owner – A property owner (including a person who will be a property owner immediately following the closing of a PACE Financing, subject to documentation reasonably satisfactory to the Program Administrator) located in a Member Community that meets the eligibility requirements set forth in this Program Manual.

Eligible Property – Any property located in a Member Community that is utilized for general commercial purposes such as retail, industrial, office, agricultural, and hospitality uses, as well as certain multifamily property with five or more units.

Energy Assessment – An assessment of the energy efficiency, water conservation or renewable energy measures proposed for the PACE Project conducted by the project contractor or professional engineer in compliance with [Section 4.3 Energy Assessment Requirements](#).

Energy Conservation Measure (ECM) – An Energy Efficiency Improvement, Water Efficiency Improvement, or Renewable Energy Improvement, installed at an Eligible Property. The types of projects implemented vary, but usually are designed to reduce utility costs: water, electricity and gas being the main three for industrial and commercial enterprises. The aim of an ECM should be to achieve a savings, reducing the amount of energy or water used by a particular process, technology, or facility.

Energy Efficiency Improvement - An improvement to a residential (must have five or more residential units), commercial, or industrial premises (subject to Eligible Property guidelines), that reduces the usage of energy, or increases the efficiency of energy usage, at the premises.

Energy Use Intensity (EUI) – The amount of energy (measured in kBtu) that a building uses in one year divided by the total square feet of floor area in the building. More information on calculating EUI is available through the U.S. Environmental Protection Agency's ENERGY STAR Portfolio Manager site.

Engineering Commissioning and Verification - A process completed during the final stages of construction of a PACE Project (but before final completion) to test and verify that the Energy Conservation Measures have been designed and installed as set forth in the Final Application and perform as required by the Savings Guarantee.

Expected Useful Life – The length of time that an Energy Conservation Measure is expected to remain in effective service, as determined by the Energy Assessment Provider, according to a published standard industry guide, such as the Wisconsin Focus on Energy Technical Reference Manual. The Expected Useful Life is the period of time that the efficient equipment or building material is expected to remain in service and does not concern the lifetime of the related building systems that are not ECMs.

Final Application – The application to participate in PACE Wisconsin and receive a PACE Financing that is approved by the Program Administrator and that confirms the Applicant has met all the requirements set forth in this Program Manual. Approval of the Final Application by the Program Administrator is condition precedent to closing a PACE Financing.

Greenhouse Gas Emissions – Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and certain other gases identified by the International Panel on Climate Change (IPCC) as contributing to climate change. Calculation of Greenhouse Gas Emissions shall align with protocols established by the IPCC and the United States Environmental Protection Agency (EPA).

High Performance PACE Project – A PACE Project that meets certain criteria which demonstrate the comprehensive nature and/or achievement of deep energy and/or water savings. High Performance PACE Projects are further detailed in Section 4.2 Eligible PACE Projects and may apply an alternative calculation of the Savings-To-Investment Ratio (SIR) when confirming eligibility for the PACE financing.

Incremental Cost – The difference between the higher cost of the proposed ECM and the lower cost of parallel equipment or building components that would provide the minimum level of energy or water efficiency performance, required by relevant building code. The cost of the baseline measure used for comparison must be based on a broadly accepted resource, such as RS Means, or the Wisconsin Focus on Energy Technical Reference Manual. Alternatively, a cost estimate for baseline equipment from the project's general contractor may be used to determine Incremental Cost.

JPA – That certain Joint Exercise of Powers Agreement, entered into pursuant to Wisconsin Statutes § 66.0301, by and among Member Communities to form the PACE Commission and operate a single, uniform PACE program.

Large PACE Financing – PACE Projects with PACE Financing amounts that are greater than \$250,000 that include funding for one, or more, ECMs. The portion of the PACE Project Cost that is used for Brownfield Revitalization Projects is excluded when determining whether a PACE Financing is a Large PACE Financing.

Member Community – A Wisconsin county, city, village or town that has voluntarily joined the PACE Commission according to the terms of the JPA.

Mortgage Lender Consent – The written consent of the existing holder(s) of a mortgage or other real property lien on the Eligible Property of an Applicant, which must be obtained by an Applicant prior to closing on a PACE Financing. (See [Section 9.0 Mortgage Lender Consent](#) for further details.)

Notice of PACE Wisconsin Approval – This is a notice provided to the Applicant by the Program Administrator that signifies that the Final Application is complete and has been approved by the Program Administrator. Following receipt of this notice the Applicant may close their PACE Financing.

PACE – The acronym for Property Assessed Clean Energy.

PACE Capital Provider – Any financial institution that meets the participation requirements set forth in the Request for Qualifications from Interested PACE Capital Providers and that makes a PACE Financing. See also the defined term “PACE lender” in Appendix B “PACE Financing Ordinance”.

PACE Commission – The Wisconsin PACE Commission established by the JPA.

PACE Financing – A fixed-rate loan that is executed through a PACE Special Charge and Financing Agreement made by a PACE Capital Provider to an Eligible Property Owner for a PACE Project, also defined in Appendix B “PACE Financing Ordinance” as a “PACE loan.”

PACE Project – One or more Energy Conservation Measures installed on real property that meet the requirements set forth in this Program Manual.

PACE Property Owner – The Eligible Property Owner that completes a Final Application and receives a Notice of PACE Wisconsin Approval to receive the proceeds of a PACE Financing to fund a PACE Project. See also the defined term “Borrower” in [Appendix B “PACE Financing Ordinance.”](#)

PACE Special Charge – A special charge authorized by the PACE Statute imposed by the PACE Commission against the Eligible Property of an Eligible Property Owner pursuant to powers delegated to the PACE Commission in the JPA by a Member Community.

PACE Special Charge and Financing Agreement – A written agreement between an Eligible Property Owner, a PACE Capital Provider and the PACE Commission (on behalf of Member Community where the PACE Project is located), that is recorded in the appropriate jurisdiction’s property records, and setting forth the terms of the PACE Financing. The form of the PACE Special Charge and Financing Agreement is attached hereto as [Appendix D.](#)

PACE Statute – Wis. Stat. § 66.0627(8).

PACE Wisconsin – The PACE program offered by the PACE Commission and administered by the Program Administrator pursuant to the terms of this Program Manual.

Pre-Application – The initial application completed by an Applicant by which the Program Administrator can determine whether the proposed project is located on an Eligible Property and that the Applicant is aware of the program requirements. Approval of a Pre-Application is a requirement prior to the Final Application step. (See [Section 8.1 Application Process Overview](#))

Program Administrator – Slipstream Group Inc., (“Slipstream”) a Wisconsin Non-stock Corporation.

Program Fee – A one-time administration processing and Program Fee paid to the Program Administrator at or prior to the PACE Financing closing date. (See [Section 7.0 Program Fees](#) for further details.)

Program Manual – This document setting forth the PACE Commission’s guidelines and processes for which Applicants seeking to complete a PACE Project may be approved to utilize PACE Financing.

Project Center – a web portal containing all documents, applications, and instructions required to be approved for PACE financing through PACE Wisconsin

Renewable Energy Improvement – A building or site improvement that generates renewable energy that is available for use by building or facility occupants. An energy storage system that is connected to the renewable energy source may also be included as part of a Renewable Energy Improvement.

Renewable Energy Feasibility Study – A study that provides technology and financing recommendations for the installation of a Renewable Energy Improvement. The feasibility study must be performed by a renewable energy expert with detailed knowledge of the renewable energy improvements under consideration in compliance with [Section 4.3 Energy Assessment Requirements](#).

Savings Guarantee – A written guarantee provided by the PACE Project engineer or contractor (a “Guarantor”) that the PACE Project energy and water conservation utility bill savings and other operational and financial savings achieve a Savings-To-Investment Ratio greater than 1.0. The Guarantor will contract to pay annually the owner any shortfall in savings below this 1.0 level.

Savings-To-Investment Ratio or SIR – The ratio of the value of energy and water utility bill savings, operational savings streams, and tax benefits with respect to the value of the costs of installing the Energy Conservation Measure(s). The SIR is a measure of how many times an investment is recouped over the life of a project.

Site Energy Use– The aggregate amount of primary energy (ex. natural gas) and secondary energy (ex. electricity) consumed at a property. Site Energy Use is measured in kBtu.

Small PACE Financing - PACE Projects with PACE Financing amounts less than \$250,000. The portion of the PACE Project Cost that is used for Brownfield Revitalization Projects is excluded when determining whether a PACE Financing is a Small PACE Financing.

Source Energy Use – Source Energy Use represents the total amount of raw fuel that is required to operate a building. It incorporates all transmission, delivery, and production losses.¹

Water Efficiency Improvement - An improvement to a residential, commercial, or industrial premises that reduces the usage of water, or increases the efficiency of water usage, at the premises.

¹ https://www.energystar.gov/buildings/benchmark/understand_metrics/source_site_difference

3.0 Program Information

3.1 PACE Commission, Joint Powers Authority

Wisconsin counties and municipalities utilized their joint exercise of powers authority under Wisconsin Statute § 66.0301, to form the PACE Commission. Under the terms of a Joint Exercise of Powers Agreement (the “JPA”), Counties that are Member Communities of the PACE Commission adopted a form of the Model PACE Ordinance (see Appendix B), and agreed to delegate to the PACE Commission the ability to impose PACE Special Charges according to a single, uniform statewide PACE program within the County members’ jurisdictions. Municipal members (cities, villages, and towns) join the PACE Commission, participate in its governance, and agree to support PACE Wisconsin.

Each Member Community delegated to the PACE Commission the power to administer PACE Wisconsin in their jurisdictions. PACE Wisconsin is administered by the Program Administrator, which is responsible for handling day-to-day administration of the program including PACE Financing application reviews and approvals (subject to final approval by the Board of Directors of the PACE Commission as described in Section 8.1.4 below), as well as payment collections in certain Member Communities on behalf of the PACE Commission.

3.2 Program Administrator

The Program Administrator for the PACE Commission is Slipstream, as an agent of the PACE Commission.

Slipstream Contact Information

Website- pacewi.org

Email- info@pacewi.org

Phone- 800-522-3014

Address PACE Wisconsin
431 Charmany Drive
Madison, WI 53719

Slipstream offers the State of Wisconsin a single point of access for property owners, Member Communities, contractors, and lenders to qualify projects for PACE Financing. The Program Administrator ensures that PACE-financed projects are eligible for PACE financing under the PACE Statute, the PACE Ordinance, and this Program Manual.

Slipstream Group, Inc. is a non-profit organization with the mission to accelerate climate solutions. For everyone. Slipstream was formed through a merger of two Wisconsin-based non-profit organizations that were industry leaders in clean energy programs and research: Wisconsin Energy Conservation Corporation (WECC) and Seventhwave. Slipstream continues to offer innovative clean energy programs, such as PACE Wisconsin.

4.0 Eligibility Requirements

4.1 Eligible Properties

PACE Wisconsin is currently available to commercial properties (office, retail, multifamily, warehouse, hospitality, agricultural and industrial) located within a Member Community. This includes for-profit businesses and non-governmental, tax-exempt properties such as privately-operated community centers and hospitals. The property may also be a multifamily building with five or more dwelling units. The commercial portion of a mixed-use commercial/residential property is eligible if at least 25

percent of the total square footage of the Property is commercial, and the Property is currently classified as commercial per the local building code, or if the residential portion of the building includes at least five living units. Nursing homes, and other care facilities are eligible. Condominium or residential cooperatives must meet the conditions outlined in “Multiple Parcel IDs” (below).

Eligible Property Location

To be eligible, the Property must be (or must be eligible to be placed) on the property tax rolls of a County or municipality within a Member Community and has a property tax identification number.

Ineligible Property Types

Residential single family (1 – 4 units), Property owned by a local, state or federal government, as well as property that is owned by a homeowners association or by a condominium association is not eligible.

Multiple Parcel IDs

Buildings with multiple Parcel ID/Parcel Number/tax keys require additional documentation and underwriting. For PACE Projects that encompass multiple Parcel IDs/tax keys, the Assessment will include 1) a description of the method of spreading the Annual Installment between the parcels; 2) a list of lots, blocks, tracts, and parcels of land in the PACE Area; and 3) the amount assessed on each parcel. However, Program Administrator reserves the right to deny buildings with multiple Parcel ID/tax keys if any one Parcel ID/tax key cannot support the PACE Project.

4.2 Eligible PACE Projects

PACE Wisconsin supports the redevelopment of existing Eligible Properties with Energy Conservation Measures and through Brownfield Revitalization Projects (collectively referred to as “PACE Projects”). New construction PACE Projects and Retroactive PACE Projects are also eligible, but require additional verification and documentation (see additional details in [Section 4.3.4 New Construction PACE Projects](#) and [Section 4.4 Retroactive Projects](#), below).

All eligible PACE Projects must meet the following criteria:

- The PACE Financing plus the outstanding principal amount of all mortgage liens secured by the property shall not exceed 95% of the property value, unless otherwise approved by the Program Administrator. For example, a commercial building with an assessed or appraised value of \$1,000,000 that requests a \$300,000 PACE Financing must have total outstanding mortgage loan balance(s) as of closing of the PACE Financing that are not greater than \$650,000. *PACE Capital Providers may have additional limits based on their underwriting criteria.*

Property value will be determined by the assessed value from the appropriate assessor’s office or alternatively Eligible Property Owners may supply an appraisal or real estate evaluation completed within 12 months of the submission of Final Application and prepared by an independent real estate appraisal firm. Eligible Property Owners of property-tax exempt properties must provide an appraisal, as described above. For Small PACE Financings only, Eligible Property Owners may provide a copy of a current certificate of property insurance. The Program Administrator may consider the insured value of the real property in determining the value of the Property.

For both Small PACE Financings and for Large PACE Financings, the Program Administrator may accept alternative appraisal methods, such as automated valuation methodology, so long as such appraisal is accompanied by a written acceptance by the PACE Capital Provider who is funding the PACE Project.

- PACE Financing terms shall not exceed the expected life of the proposed Energy Conservation Measure as described in the Energy Assessment. For projects that include multiple Energy Conservation Measures, the term of a PACE Financing may not be greater than the Energy Conservation Measure with the longest expected useful life. An ECM (or savings-weighted average of multiple ECMs) must generate a minimum of 10 percent of the project's total energy and water cost savings in order to be used in determining the maximum allowable loan term, or as authorized by the Program Administrator. An Expected Useful Life is not assigned to a Brownfield Revitalization Project.
- PACE Projects must include a minimum of one Energy Conservation Measure. PACE Project Energy Conservation Measure(s) must reduce energy usage, water usage, or generate renewable power for the property.
- An ECM that uses a different fuel source than the equipment that it will replace is eligible if it either reduces 1) total annual site kBtu consumption for the property; or 2) results in reduced annual Greenhouse Gas Emissions (see definition in Section 2.0) from energy consumption for the property. If the property is vacant or underutilized at project inception, the energy savings of new equipment can be compared to the energy use of existing equipment using modeling simulations under a new building use or higher occupancy rates.
- PACE Project Energy Conservation Measure(s) must be permanently affixed to the real property for the term of the PACE Special Charge and Financing Agreement, and the Property Owner must leave the improvements with, affixed or attached to the property upon sale or transfer of title throughout the term of the PACE Special Charge and Financing Agreement.
- Examples of eligible Energy Conservation Measure(s) include but are not limited to (See [Appendix C](#) for more detail):
 - High efficiency lighting
 - Heating ventilation air conditioning (HVAC) upgrades
 - New automated building and HVAC controls
 - Variable speed drives (VSDs) on motors, fans and pumps
 - High efficiency chillers, boilers and furnaces
 - High efficiency hot water heating systems
 - Combustion and burner upgrades
 - Low flow faucets and other low flow plumbing fixtures
 - Heat recovery and steam traps
 - Building enclosure/envelope improvements
 - Building automation (energy management) systems
 - Photovoltaic (PV) systems
 - Electric vehicle charging infrastructure
 - Improvements, such as rainwater harvesting, that reduce a property's water consumption.
 - Engineering and project development costs associated with the above improvements
- Ineligible installation projects include but are not limited to:

- Compact fluorescent and LED, screw-in lamps.
- Plug load devices.
- Measures that are not permanently installed and can be easily removed.
- Measures that save energy solely due to operational or behavioral changes
- Power factor correction, power conditioning.
- Any measure that does not result in energy, water savings or renewable energy production.
- Any measure that cannot be explained in terms of industry-standard engineering or scientific principles.
- Refrigerant charge (AC/Split Systems/Heat Pumps)
- In addition to funding the installation of ECMs, PACE Financing may be used to fund eligible expenses for Brownfield Revitalization Projects.

PACE Projects can qualify for and receive additional rebates and incentives from Focus on Energy and other sources. Applicants are encouraged to obtain all applicable government, utility provider or manufacturer rebates, and other upfront cost reductions to reduce the total PACE Project cost for purposes of calculating the amount of the PACE Financing.

4.2.1 High Performance PACE Projects

A High Performance PACE Project is defined as a property that meets one of the criteria listed below. The Commission may also designate projects that do not meet the requirements listed below as High Performance PACE Projects if the Commission finds, in its sole discretion, that the project generates exceptional environmental sustainability benefits.

1. Include a Renewable Energy Improvement and at least three Energy Efficiency Improvements and/or Water Efficiency Improvements. The Renewable Energy Improvement, as well as the Energy Efficiency Improvement(s) and/or Water Efficiency Improvement(s) must be significant ECMs, as determined by the Program Administrator. This requirement may be applied to new construction projects and to existing buildings.
2. Reduce Source Energy Use Intensity (EUI) to the EUI target identified in ASHRAE 100 – 2018, for the applicable building type. This requirement may be applied to existing buildings.
3. Achieve modeled energy consumption for the property that meets the requirements of ASHRAE 90.1 – 2019.
4. Reduce estimated energy usage by at least 20 percent below the amount of energy that would be consumed in a comparable code-minimum building.
5. Achieve LEED BD+C v4.0 (or later) Silver or Gold certification and receive a minimum of four points on the Energy Optimization credit.

4.3 Energy Assessment Requirements

An Eligible Property Owner must obtain an Energy Assessment for the PACE Project. The Energy Assessment must assess the existing water and/or energy use of relevant systems, or code baseline usage in the case of new construction, and include a modeling of expected monetary savings to be achieved by the PACE Project. To implement this provision, PACE Wisconsin requires that a Property Owner obtain an Energy Assessment as detailed below. The cost of the Energy Assessment, as well as the cost of any other third-party review of the assessment may be included in the PACE Financing amount.

The final Energy Assessment for a PACE project must be developed based on “for construction” document sets and must include the information listed below. If “for construction” documents are not applicable for a project (ex. an equipment replacement on an existing building), the Energy

Assessment may be prepared based on alternative documentation that provides a comparable level of certainty and detail about the improvements that will be installed (ex. purchase order). An Applicant may submit a Final Application supported by a preliminary Energy Assessment developed using design documents; however the Applicant will be required to provide the final Energy Assessment prior to closing on the PACE Financing. The Energy Assessment shall include the following information:

- The name, firm name and credentials of the energy engineer who prepared the Energy Assessment.
- Written description of the proposed PACE Project.
- Expected annual energy savings (kWh or therms), electrical demand reduction (kW), water savings (gallons or ccf), renewable energy capacity (kW), renewable electrical production (kWh) and operational cost (\$) savings.
- Estimate of the useful life of each ECM, including a reference to the basis for the estimate of the EUL (such as the Wisconsin Focus on Energy Technical Reference Manual). The EUL shall be the expected lifetime of the subject equipment or building component and shall be determined independently of the expected lifetimes of related building systems.
- The total project capital cost required for each ECM or for packages of ECMs if interactive effects between ECMs make itemized costs impractical.
- Projected annual energy and water bill savings and operating cost assumptions. These shall include projected annual energy and water bill savings and operating cost assumptions (in \$ dollars)
- Provide clear and logical documentation of assumptions for energy, water, and operational cost savings calculations, as well as for projected tax and financial benefits.
 - Document assumptions and inputs to calculations (e.g., hours of operation, equipment efficiencies, lighting power, controls, load factors, power factor, motor efficiencies, etc.) and use consistently throughout any calculations (as appropriate).
 - Key numbers should be easily identifiable (circled, bold, highlighted, etc.) with correct units shown.
 - Detail baseline building system or equipment description to match applicable analysis pathway
 - Where necessary, provide step-by-step calculations detailing the estimated annual energy savings, peak electrical demand reduction, and/or water usage. Must be detailed and orderly enough that one can follow the calculation assumptions without prior knowledge of the project, specialized software or specific technical knowledge.
- A copy of proposed relevant equipment specs, data sheets, etc.
- A description of the document set that was used to develop the energy assessment, including the effective dates of the design information.
- Name of the energy modeling standard or software that was used to estimate the energy and water savings
- Where renewable energy measures are under consideration, please refer to [Section 4.3.2 Renewable Energy Improvements](#).
- Additional information, as applicable for purposes of demonstrating that the PACE Project is a High Performance PACE Project,
 - A statement of compliance of the building with ASHRAE 90.1 – 2019
 - Calculation of the baseline and as-designed Source EUI for the property.

- Evidence of LEED certification, LEED version used, and points earned
- Identification of the equipment or material being used as the baseline, against which costs and savings are calculated. (This requirement is only applicable if a High Performance PACE Projects, seeks to calculate Savings to Investment Ratio (SIR) based on the incremental cost of the ECMs).

A qualified energy engineer will use generally acceptable engineering calculations or a building energy model in a U.S. Department of Energy (DOE)-approved energy modeling software to determine savings attributable to the proposed ECMs.

For Small PACE Financings, the Program Administrator may accept an Energy Assessment prepared by [Focus on Energy](#) if the Program Administrator determines that the Focus on Energy Energy Assessment provides sufficient analysis and detail to support the requested PACE Financing.

The Program Administrator will review the Energy Assessment submitted with the application materials and will submit any follow-up questions to the Applicant's project team.

Qualified Energy Engineering Professionals:

All Energy Assessments must be prepared and submitted by an energy engineer or by a team including an energy engineer. An energy engineer is defined as a professional holding one, or more of the following certifications:

- Professional Engineer (P.E.) licensed in the state of Wisconsin
- Architect licensed in the state of Wisconsin
- Certified Building Energy Assessment Professional (BEAP) (offered by ASHRAE)
- Certified Energy Auditor (CEA) (offered by Association of Energy Engineers [AEE])
- Certified Energy Manager (CEM) (offered by AEE)
- Certified High-Performance Building Design Professional (HBDP) (offered by ASHRAE)
- Certified Measurement and Verification Professional (CMVP) (offered by AEE and Efficiency Valuation Organization)
- Investor Confidence Project (ICP) Quality Assurance Assessor
- Investor Confidence Project (ICP) Project Developer

PACE Wisconsin recognizes that developers and installers of Renewable Energy Systems and Electric Vehicle Charging Systems may be able to provide a qualifying Renewable Energy Feasibility Study to an Eligible Property Owner without engaging an Energy Engineer, as described above. A Registered Contractor with relevant demonstrated experience may also be approved by the Program Administrator to conduct Energy Assessments. A Registered Contractor may request approval to conduct Energy Assessments from the Program Administrator. Written Program Administrator approval of the Registered Contractor's authorization to prepare Energy Assessments must be granted prior to approval of any Final Application.

4.3.1 Efficiency Improvements to Existing Buildings

Baseline:

The existing conditions of a building shall be used to establish the baseline level of energy and water usage against which the performance of the ECMs will be measured. Existing conditions may be determined based on nameplate efficiency ratings of currently installed equipment. Alternatively,

the energy engineer may use modeled energy performance of the building or other professionally accepted methods of establishing energy and water efficiency performance of the existing building.

Energy Efficiency Improvement Energy Assessment Guidelines:

For projects that include ECMs that are Energy Efficiency Improvements, the Energy Assessment can follow:

- ASHRAE Energy Audit standards as defined by ANSI/ASHRAE/ACCA Standard 211-2018
- Pacific Northwest National Laboratory, a Guide to Energy Audits, PNNL-20956.
- Investor Ready Energy Efficiency (IREE) Certification. An IREE certification is an acceptable alternative to an Energy Survey.
- ASHRAE Standard 100
- ASHRAE Standard 90.1 Appendix G
- Other methodologies may be considered at the discretion of the PACE program administrator

4.3.2 Renewable Energy Improvements

For all PACE Projects that include a Renewable Energy Improvement, the Eligible Property Owner must submit a Renewable Energy Feasibility Study, or similar document. The Renewable Energy Feasibility Study must, at a minimum, include the following components:

- Description of current site and building conditions that are relevant to the installation and/or performance of the Renewable Energy Improvement
- Specific location for the Renewable Energy Improvement at the Eligible Property
- Type, or source, of renewable energy that will be generated and nameplate capacity and efficiency rating of the Renewable Energy Improvement
- Description of the proposed Renewable Energy Improvement
- Statement of the use of the energy produced by the Renewable Energy Improvement (ex. offsetting on-site energy demand, exporting to the electric grid, selling renewable natural gas, etc.) for which the Renewable Energy Feasibility Study's economic analysis was prepared.
- Utility consumption profile of the site, including the site's historic energy use and cost. For new construction or adaptive reuse projects, in place of historic energy use, the Renewable Energy Feasibility Study shall include the modeled projected energy use of the building
- Projected annual energy production
- Projected total energy production during the estimated lifetime of the Renewable Energy Improvement
- Projected energy and financial cost savings to be generated by the Renewable Energy Improvement, including assumptions affecting the cost savings:
 - Weighted cost of energy saved and generated by the project
 - Cost savings to be realized from time-of-use and demand charge reductions
 - Utility tariff to be applied to the site and/or system following installation
 - Utility escalation rate assumptions
 - Tax benefits and other incentives
 - Expected Useful Life of the Renewable Energy Improvement
 - Estimated maintenance expenses

- Amount of total project capital cost of the Renewable Energy Improvement.
- Utility tariff under which the Renewable Energy Improvement will be interconnected with the electric grid (if applicable), as well as any anticipated grid interconnections issues.
- Description of utility tariff, if any, to be applied to system production that exceeds consumption.
- If energy production may periodically exceed electricity demand for the applicable electric meter, an analysis of impacts of surplus energy generation by the Renewable Energy Improvement
- Appropriate requirements to maintain optimized system performance for monitoring the system functionality and performance.

Certain additional information is required if the Renewable Energy Improvement includes an energy storage system.

- Description of the energy storage system
- Nameplate energy storage capacity
- Estimated reduction in electricity demand charges to be enabled by the energy storage system

The Renewable Energy Feasibility Study should be prepared based on the Eligible Property Owners' intended use of the Renewable Energy Improvement. Allowable uses of a Renewable Energy Improvement include generation of electricity to supply the on-site demand of the facility or export of electricity to a utility provider, or a combination of the two options. Renewable Energy Improvements that produce clean heat or power by use of a renewable energy source such as biomass or biogas, and which comply with the requirements defined in the Program Guidelines shall be considered eligible PACE Project types.

At its sole discretion, the Program Administrator may waive one or more required components of the Renewable Energy Feasibility Study.

Baseline:

The energy generation baseline for all Renewable Energy Improvements is assumed to be zero energy generation. However, if a Renewable Energy System is a replacement of an existing renewable energy system, the Energy Assessment provider shall establish the baseline using performance and/or nameplate ratings of the existing system.

4.3.3 Electric Vehicle Charging Systems

For all PACE Projects that include an Electric Vehicle Charging System, the Eligible Property Owner must submit an assessment of the benefits of the Electric Vehicle Charging System. This assessment must show that the Electric Vehicle Charging System qualifies as a fuel-switching Energy Efficiency Improvement in which vehicles will switch from gasoline or diesel fuel to electricity as the primary fuel source. This assessment must include:

- Description of the proposed Electric Vehicle Charging System
- Projected energy consumption of the Electric Vehicle Charging System, based on a statement of assumptions regarding the number and frequency of vehicle charges, as well as the vehicle categories that will be charged
- Estimated annual reduction in consumption of gasoline and/or diesel fuel that will result from installation of the Electric Vehicle Charging System. The annual fuel reduction estimate

should differentiate between the reduction in fuel used for vehicles owned and/or operated by Applicant and the reduction that will be realized by vehicle owners other than Applicant.

- Analysis showing the net change in kBtu consumption and/or Greenhouse Gas Emissions generated by the reduction in gasoline and diesel use and the corresponding increase in electricity consumption.
- Analysis of cost savings and revenue to be achieved by Applicant from the Electric Vehicle Charging System, including reductions in consumption of transportation fuels, revenue from fees charged for third-party use of the Electric Vehicle Charging System, and operations and maintenance cost savings.
- Analysis of cost savings to be achieved by other (non-Applicant) users of the Electric Vehicle Charging System.
- Indication of utility tariff through which electricity used by the Electric Vehicle Charging System will be purchased, as well as a statement of any anticipated interconnection issues.
- Present a summary of the estimated implementation cost for the measure, the simple payback period in years, and the simple return on investment of the project.
- Assumptions affecting the analysis, including, but not limited to:
 - Utility and fuel cost escalation rate assumptions
 - Tax benefits
 - Estimated Useful Life of the Electric Vehicle Charging System

Baseline:

The energy generation baseline for all Electric Vehicle Charging Systems is an internal combustion engine used for the vehicle category(ies) to be charged.

4.3.4 New Construction PACE Projects

PACE Financing is available for the construction of new buildings as well as the substantial (gut) renovation OR adaptive reuse of vacant buildings. New construction projects, unlike existing-building retrofits, do not benefit from a history of pre-improvement energy consumption data from which baseline energy consumption can be formulated. Without the benefit of this baseline building performance data, additional Energy Assessment requirements are necessary. Further, the demonstration of reduced energy or water consumption will help determine the amount of PACE Financing eligible for a new construction or substantial (gut) renovation project.

New Construction

New Construction PACE Projects are required to exceed the requirements of the state of Wisconsin Energy Conservation Code. The baseline for new construction projects is the minimum level of equipment efficiency required by the current applicable building energy code or applicable ASHRAE 90.1 standard. For any new construction PACE Project that follows the performance or prescriptive path the Applicant must demonstrate through the Energy Assessment that the PACE project exceeds the applicable IECC or equivalent ASHRAE 90.1 standard established in the state of Wisconsin building code. The state of Wisconsin publishes the Wisconsin Building Code and Energy Conservation Code, plus any amendments here:

<https://dsps.wi.gov/pages/Programs/CommercialBuildings/Default.aspx>

NOTE: Wisconsin State Law prohibits localities from establishing local energy codes that differ from the State of Wisconsin energy code.

The date the building permit is issued, for the subject new construction PACE Project, and the Energy Conservation Code that is in place at that time, will determine the appropriate effective date and corresponding minimum new construction baseline that will apply to the Energy Assessment for the new construction PACE Project.

The Energy Assessments for a new construction project may demonstrate expected energy or water savings over this baseline in one of three ways:

1. If the project's energy code compliance follows the prescriptive pathway. The measure-by-measure savings must be calculated using an appropriate methodology such as the Focus on Energy Wisconsin Technical Reference Manual or other widely accepted approach adjusting for interactive savings effects between measures. For example, lighting energy savings should adjust for impacts on heating energy. Under this pathway, HVAC baseline systems must be like-for-like systems with code compliant efficiencies.
2. For projects that do not comply with Wisconsin Energy Conservation Code through the prescriptive pathway, one of the following whole building energy modeling procedures must be used: IECC Total Building Performance, ASHRAE 90.1 Appendix G Performance Rating Method, or ASHRAE 90.1 Energy Cost Budget Method. Under this pathway, HVAC system baseline systems must follow the applicable baseline table within the energy code.
3. A whole building energy model may also be used for projects that would comply with Wisconsin Energy Conservation Code through a prescriptive review following the criteria under number two.

To assess the lifetime savings of a mix of measures a savings weighted EUL shall be calculated. Within the energy assessment measures should be incrementally added to the analysis starting with envelope ECMs then lighting, equipment and controls, HVAC, and DHW. The sum of the line-by-line savings for each measure must equate to the total savings of the comprehensive proposed model. The lifetime savings is calculated by summing the products of the measure's EUL and savings then dividing by the total whole building savings.

Water reduction calculations should use an appropriate baseline and methodology such as those established in the Wisconsin Focus on Energy Technical Reference manual or other documented practice.

An Energy Assessment for a new construction project shall include the following additional information:

- Code compliance pathway applied to the Energy Assessment
- Energy analysis procedure followed
- Detailed description of baseline equipment used in comparative energy analysis
- Key assumptions on building usage, such as schedules of hours of operation
- Detailed description of proposed measure performance parameters used in the analysis
- Clear impact of building components which are known by the Energy Assessment provider to not meet prescriptive code, where applicable, such as window-to-wall ratios above the performance baseline
- Individual measure EUL and collective lifetime energy savings of the ECMs

Adaptive Reuse and Vacant Building Baseline:

PACE Wisconsin recognizes the potential economic development and environmental benefits of adaptively reusing existing buildings and supports the use of PACE Financing to prepare existing buildings for new uses.

For an Adaptive Reuse project or a substantial (gut) renovation of a vacant or underutilized building, certain existing components of the building, such as ventilation equipment, may no longer be relevant to the new intended use type. However, other aspects of the building, such as the building envelope, may be transferable to the new use type.

The Energy Assessment for an Adaptive Reuse or substantial renovation project should apply one of the following baselines upon which to calculate energy savings:

1. Current Wisconsin Energy Conservation Code minimum level of energy performance, as would be used for a new construction PACE project.
2. A mixed baseline that identifies 1) building components that could be reused in the new use type for the property and 2) building components in the existing structure that are no longer applicable within the new use type. The mixed baseline shall use existing condition in the building as the baseline for the first category of building components and Wisconsin's Energy Conservation Code as the baseline for the second category of building components.

Energy Assessment of Adaptive Reuse projects should include a clear explanation of the baseline, including operability, remaining useful life, engineering applicability, and performance information for each of the existing systems considered. The information to be included in the Energy Assessment for an Adaptive Reuse Project shall be the same as that information required for an Energy Assessment for a New Construction PACE Project.

4.4 Retroactive Projects

Completed installations of eligible Energy Conservation Measures are eligible for retroactive PACE Financing. Retroactive PACE Financings are PACE Financings that close financing after the Applicant completes the installation of an Energy Conservation Measure(s). New construction projects which begin with a short-term construction phase financed by a construction loan, followed by long-term permanent loan that refinances the construction loan may be reviewed as Retroactive PACE Financings if the Eligible Property Owner chooses to access PACE Financing after stabilization of the property. (Eligible Property Owners of new building projects that access PACE Financing earlier in the construction or conversion process may be reviewed under the guidelines for New Construction.)

Applicants with retroactive PACE Projects may apply to PACE Wisconsin to be approved for PACE Financing. Retroactive PACE Projects are subject to the following additional requirements:

- 1) All such retroactive PACE Financings must occur within **thirty months** of the time elapsed between the completion of the installation and application of the PACE Financing, unless otherwise approved by the Program Administrator. For New Construction projects, the date of completion shall be the date that the certificate of occupancy was issued. For Existing Buildings, the date of completion may be determined based on information shown in the applicable invoice(s) or the date the installation was approved by a building inspector.
- 2) For any such retroactive PACE Project, the term of the PACE Financing will be reduced to account for any of the Energy Conservation Measure's life that has elapsed between the time of installation and the close of a PACE Financing. For example, if a PACE Financing is funded one year after installation of the ECM(s), the eligible term of the financing will be reduced by one year.

Required Documentation

Verification is required to establish prior conditions (baseline) and describe the new Energy Conservation Measures installed in any such retroactive PACE Project. The Energy Assessment for a retroactive PACE Project shall include additional documentation that provides evidence of installation of the ECM(s) that are the subject of the PACE Project, as follows:

- Completion Date for the ECM(s) that are subject to the PACE Project
- Make and model of equipment replaced – (describe the baseline)
- Wisconsin Energy Conservation Code compliance documentation
- Make and model of ECM(s) that are the subject of the retroactive PACE Project.
- Photos supported by descriptions, which provide evidence of installation of new ECM(s)

4.5 Eligible PACE Project Costs and PACE Financing Amount

The PACE Project budget may include all Direct Costs required to install all ECM(S) included in the PACE Project as well as soft costs required to develop and finance the installation.

Eligible Direct Costs include all ECM Direct Costs necessary to complete the installation and achieve the estimated project savings amounts. Examples of eligible direct costs include the installation/construction contract amount (materials, labor and overhead) and the cost of any ancillary property improvements that are required in order to complete the installation of an ECM. Examples of eligible ancillary costs are roof structural improvements necessary to allow the installation of a roof mounted solar PV array and building electrical upgrades necessary to convert natural gas fired HVAC equipment to all-electric HVAC equipment. All such ancillary costs are subject to the Program Administrator’s review and approval.

Eligible soft costs may include the cost of the following: cost of the Energy Assessment, other required design and engineering, project development fees, Program Fees, permit fees, surveys, legal fees, Capital Provider fees, other third-party reports (including LEED certification fees, where applicable), financing fees, fees associated with the issuance of bonds for the financing, interest reserves and capitalized interest. The Program Administrator and the Commission reserve the right to limit the amount of soft costs that may be included in the PACE Financing, if those soft costs may be considered excessive in comparison to the amount of financed direct costs. Soft costs shall be considered in the context of the levels of soft costs included with other PACE Wisconsin financings, and in light of any extenuating circumstances that may justify increased soft costs for the PACE transaction.

4.6 PACE Financings Greater Than \$250,000

For PACE Financings equal to or greater than \$250,000 (“Large PACE Financings”), the Applicant must submit an Energy Assessment that describes the energy, water, financial and operational cost savings, as well as tax benefits, as described in the Energy Assessment, that will accrue from the proposed improvements being financed, throughout the EUL of those improvements. The estimated lifetime savings resulting from the improvements must produce a Savings-to-Investment Ratio for the project that is greater than 1.0. These projected energy, water and operational benefits shall be guaranteed by the project engineer or the contractor pursuant to a Savings Guarantee. These requirements are further described below.

4.6.1 Savings-To-Investment Ratio > 1.0

The PACE Statute requires that Large PACE Financings achieve a Savings-To-Investment Ratio (SIR) greater than 1.0.

All PACE Projects shall meet the SIR requirement if the Energy Assessment shows that the energy, water, maintenance, and other documentable operations cost savings and financing & tax benefits over the estimated useful life of the Energy Conservation Measures is greater than the Direct Cost of the eligible improvements or the Large PACE Financing amount. PACE Wisconsin recognizes that adaptive reuse projects create societal benefits by reusing existing structures and reducing the need for demolition and new construction. Therefore, the present value of the embodied energy in the building structure that will be retained may be included in the calculation of the Savings-To-Investment Ratio for the project. The calculation of value of embodied energy must be based on a generally accepted calculation methodology.

The Program Administrator completes a review of the SIR as part of the application process. The savings may represent the projected annual energy, water and maintenance cost savings and financing & tax benefits attributed to the PACE Project, as stated in the Savings Guarantee and Energy Assessment. The cost savings calculations for future years may be inflated based on documented inflation expectations established by historical prices and/or forecasts available from sources such as the US Energy Information Administration Annual Energy Outlook. Such savings may be inflated over a period of time equal to the useful life of the Energy Conservation Measure(s) installed in the subject PACE Project. The Energy Assessment for a Large PACE Financing shall contain the energy engineer's calculation for the ECM(s) lifetime savings as described above, including all assumptions.

Whether a Large PACE Financing achieves an SIR greater than 1.0 based on full cost of the measures, or based on the incremental cost of the measures, the PACE Financing may fund the full cost of the ECMs. Project Costs used for Brownfield Revitalization Projects are excluded from the SIR calculation.

Savings-To-Investment Ratio for High Performance PACE Projects

The Savings-to-Investment Ratio for High Performance PACE Projects may alternatively be calculated by forecasting the energy, water, and maintenance cost savings, as well as tax credits, over the estimated useful life of the improvements and comparing total savings to the incremental cost of the ECMs above the cost of corresponding code-minimum measures. When incremental costs are used to calculate the SIR, the Energy Assessment must identify the equipment or material that is assumed to be the baseline measure, as well as the source for the cost assumption for that baseline measure. The Program Administrator will confirm the reasonableness of the baseline cost assumptions.

4.6.2 Savings Guarantee

As stated above, for Large PACE Financings, the PACE Statute requires that the Eligible Property Owner obtain a written guarantee from the contractor, project engineer or a third party that the ECM improvements financed by the PACE Financing will achieve a Savings-To-Investment Ratio of greater than 1.0 (known as a Savings Guarantee).

The Savings Guarantee must provide that the contractor, engineer or developer will pay the owner any cash flow shortfall between the annual guaranteed cash flow and the actual cash flow savings derived from the PACE Project (where the actual cash flow is less than the guaranteed cash flow) for each year during the term of the Savings Guarantee. The written Savings Guarantee must cover a **minimum period of three years** following installation of the PACE Project. The Savings Guarantee must also include the contractor or project engineer's estimates of the following:

- Description of Energy Conservation Measure ("ECM")

- Estimate the useful life of each ECM
- Estimated total project capital cost for each ECM
- Annual energy savings (kWh or therms), electrical demand reduction (kW), water savings (gallons or ccf), renewable electrical production (kWh) and operational cost (\$) savings, utility rate(s) and operating cost assumptions
- Projected annual utility and operating cost savings (in dollars \$) over the term of the PACE Financing that are subject to the Savings Guarantee.
- Projected tax benefits that Applicant may accrue by installing the Energy Conservation Measures.

The Savings Guarantee must also reference the Energy Assessment as a source for the estimates noted above.

The Savings Guarantee shall describe how installation of the proposed ECMs will be verified, as well as the methodology that will be used to quantify any shortfalls in estimated energy, water, and operational cost savings.

4.7 Brownfield Revitalization Project Assessment Requirements

The PACE Wisconsin Program Administrator will review a Phase 2 Environmental Site Assessment (or comparable study, as determined by a qualified professional) for each Brownfield Revitalization Project based on the considerations established under the applicable statute (WI Statute 238.13(3)), and as may be amended:

- (a) The estimated cost for each remediation action for the Brownfield Revitalization Project, including Environmental Site Assessment (ESA) Phase 1 review costs and Phase 2 ESA investigation costs, such as soil sampling.
- (b) The extent and degree of soil and groundwater contamination at the project site.
- (c) The adequacy and completeness of the site investigation and remediation plan.
- (d) Any other factors considered by the Program Administrator or the Property Owner to be relevant to assessing the viability and feasibility of the project

The Brownfield Revitalization Project portion of the cost of a PACE Project may be excluded from the calculation of the Savings-To-Investment Ratio for the project and may also be excluded from the Savings Guarantee.

4.8 Eligible Property Owners

PACE Wisconsin is a voluntary program available to property owners with Eligible Properties located within a Member Community. Only property owners who voluntarily participate in the program and close a PACE Financing will have a PACE Special Charge imposed against their property. To be eligible to participate in the program, a property owner must, at a minimum:

- Be the person or persons possessing the most recent fee title or land contract vendee's interest of an Eligible Property as shown by the records of the Register of Deeds. Alternatively, if the Applicant will become the owner of the property concurrently upon closing of the PACE Financing, documentary evidence showing such anticipated transfer reasonably satisfactory to the Program Administrator will be required. All owners of the fee simple title to the subject property, or their legally authorized representatives, must sign the Final Application. Therefore, before submitting the Pre-Application, please ensure that all owners

(or their representatives) of the subject property will agree to participate in PACE Wisconsin on these terms.

- If Applicant is not the owner of the Eligible Property, but has secured a ground lease for the property and is the owner of the improvements constructed on the Eligible Property, Applicant may be determined to be an Eligible Property Owner. Two additional requirements must be satisfied if Applicant is a leaseholder of the Eligible Property. 1) The term of the ground lease must extend at least five years beyond the end of the term of the PACE Financing. 2) Applicant must obtain written consent for the PACE Financing from the owner of the property.
- Obtain the written affirmative acknowledgment of existing mortgage lenders, who have an unsatisfied lien against the Eligible Property, of participation in PACE Wisconsin (See [Section 9.0 Mortgage Lender Consent](#) below).
- Certify they (and its corporate parent if the property owner is a single-purpose entity) are solvent and that no proceedings are pending or threatened in which the property owner (or the corporate parent, as applicable) may be adjudicated as bankrupt, become the debtor in a bankruptcy proceeding, be discharged from all of the property owner's (or corporate parent's, as applicable) debts or obligations, be granted an extension of time to pay the property owner's (and the corporate parent's, as applicable) debts or be subjected to a reorganization or readjustment of the property owner's (and the corporate parent's, as applicable) debts. The property owner must also certify that the property owner (or any corporate parent if the property owner is a single-purpose entity) has not filed for or been subject to bankruptcy protection in the past three years.
- Be current in the payment of all obligations secured by the subject property, including property taxes, special assessments, special taxes or any other tax liens, and have had no delinquencies within the past three years (or since taking title to the subject property if it has been less than three years). The Program Administrator and financing partners may review public records, including the real property records, to verify compliance with this requirement. The Program Administrator, in consultation with the affected Member Community, reserves the right to make allowances for certain property tax payment delays that do not reflect financial distress.
- Have no involuntary liens, defaults or judgments applicable to the subject property. The Program Administrator and its financing partners may review public records, including the real property records and court documents, to verify compliance with this requirement. A property owner with an involuntary lien(s), default or judgment may be allowed to participate in PACE Wisconsin if it can demonstrate an acceptable reason for the lien, default or judgment and a path for resolution along with supporting documentation.
- Certify that it is not a party to any litigation or administrative proceeding of any nature in which the property owner has been served with notice of pending litigation, and that no such litigation or administrative proceeding is pending or threatened that, if successful, would materially adversely affect the property owner's ability to operate its business or pay the contractual assessment when due, or which challenges or questions the validity or enforceability of the PACE Special Charge and Financing Agreement or any other documents executed by property owner in connection with the property owner's participation in PACE Wisconsin.
- Properties that are currently appealing a property tax assessment will be reviewed, and eligibility for PACE Wisconsin will be determined on a case-by-case basis.

5.0 Registered Contractors

PACE Wisconsin seeks to facilitate good, locally based jobs for contractors and their employees. PACE Wisconsin recommends that projects financed through PACE Wisconsin must be installed by experienced commercial contractors. The Property Owner and PACE Capital Provider are required to ensure that qualified, reputable contractors are chosen to perform the work on the PACE Project according to plan, specifications, and requirements set forth in this Program Manual.

Installation contractors must certify that they hold all licenses required to install the applicable ECM(s). Upon acceptance of the PACE Wisconsin terms and conditions and approval by the Program Administrator, the installation contractor will become a Registered Contractor in the PACE Wisconsin program. A copy of the terms and conditions of participation by Registered Contractors in the PACE Wisconsin Program is attached as [Appendix H](#).

6.0 Qualified PACE Capital Providers

PACE Wisconsin operates an "Open Market" PACE program whereby property owners have the flexibility to select their preferred PACE Capital Provider for a PACE Project on their Eligible Property. The open market model gives property owners access to a range of private lenders who offer competitive rates and financing terms and conditions. PACE loans must be fixed rate loans and the term of PACE loans may not exceed the limit established by the Expected Useful Life of the ECM(s). Public funds are not anticipated to be made available for funding PACE Projects, though units of government are not prohibited from participating as PACE Capital Providers. No exclusivity will be provided to PACE Capital Providers, and the Applicants will retain the right to choose the type and provider of financing that works best for their business needs.

Eligible PACE Capital Providers

Organizations and persons eligible to become qualified PACE Capital Provider to participate in PACE Wisconsin shall meet the criteria for Financial Institution set forth below.

A "Financial Institution" shall be any person who in the ordinary course of business extends credit based on a lien, mortgage or security interest in real property or an encumbrance of real property, or relies upon a lien, mortgage or security interest in real property or an encumbrance of real property to secure a current, contingent or future payment obligation. The term includes, but is not limited to, the following:

- (1) A bank, savings association, trust company, credit union or a subsidiary or affiliate of a bank, savings association, trust company or credit union.
- (2) A person engaged in the mortgage lending business
- (3) A person registered as a management company or unit investment trust or treated as a business development company under Wisconsin state law.
- (4) An insurance company.
- (5) A pension or employee health and welfare fund.
- (6) An association, firm, corporation, partnership, Limited Liability Company, trust, joint venture or other legal entity engaged in construction or the development or improvement of real property.
- (7) A Federal, State or local agency, authority or an instrumentality of a government entity that is engaged in the financing or supports the financing of real estate development or the purchase or improvement of real estate.

Any capital provider interested in offering PACE Financing must become a qualified PACE Capital Provider to participate in PACE Wisconsin. The process for becoming a qualified PACE Capital Provider is as follows:

1. The interested capital provider must respond to an RFQ for consideration by the Program Administrator. The RFQ is available at pacewi.org/participating-pace-lenders.html
2. Upon approval by the Program Administrator and execution of a Qualified PACE Capital Provider Agreement the capital provider will be considered a “Qualified PACE Capital Provider.” Qualified PACE Capital Providers are listed on PACE Wisconsin’s website.
3. Qualified PACE Capital Providers also receive information from the program regarding pertinent developments related to PACE Wisconsin and may also receive information about project financing opportunities.
4. Applicants may also pre-select their preferred capital provider prior to the capital provider submitting a response to the RFQ. Information pertaining to the applicant’s applications to PACE Wisconsin shall be kept confidential among the parties to the application. Prior to the closing of the applicable PACE Financing; however, the capital provider must become a Qualified PACE Capital Provider as outlined above.

The information provided by PACE Capital Providers will be used to link PACE Capital Providers, project developers, energy service companies, installers and contractors, energy auditors, engineering firms, utility companies, property owners, and others to develop and fund qualified PACE Projects.

PACE Wisconsin reserves the right to rescind the “Qualified PACE Capital Provider” status of any capital provider according to the terms of the Qualified PACE Capital Provider Agreement.

7.0 Program Fees

The PACE Commission and Program Administrator reserve the right to modify its fee structure at any time due to changes to program requirements or market factors. Such modifications will be published in updates to this Program Manual.

7.1 Program Fee

The Program Fee is paid to the Program Administrator at or prior to the PACE Financing closing date. (See [Section 8.0 Program Administration](#)), a one-time administration processing and Program Fee that equals one and one quarter percent (1.25%) of the PACE Financing amount up to \$1,750,000, plus one percent (1.00%) of the PACE Financing amount above \$1,750,000. The Program Fee shall be no less than a minimum of \$2,000, nor greater than a maximum of \$85,000. This fee may be capitalized into the PACE Financing amount for the PACE Project.

7.2 Recording Fee

The Recording Fee is a one-time fee for electronically recording the Executed PACE Special Charge and Financing Agreement as described in section [8.1.5 Close Financing & Execute PACE Special Charge and Financing Agreement](#). The recording cost is \$50.00 per document and is required to be collected and remitted with the Program Fee listed above.

7.3 Annual Fee

The PACE Special Charge installments (Annual Installment) shall include an Annual Fee that equals one tenth of a percent (0.10% / 10 basis points) of the PACE Financing amount. The Annual Fee is collected with each PACE Special Charge installment payment over the term of the PACE Financing.

The Annual Fee shall be no less than a minimum of \$250 per year, nor greater than a maximum of \$1,250 per year.

7.4 Delinquent Installment Administration Fee

If the PACE Special Charge becomes delinquent, and the Program Administrator must submit the delinquent PACE Special Charge for collection on the applicable tax rolls, the PACE Borrower shall be assessed a Delinquent Installment Administration Fee in the amount of \$2,500, which amount shall be included in the delinquent installment submitted for collection pursuant to the tax rolls.

7.6 Program Expenses

The foregoing Program Fee and Annual Fee include the suite of fees generally necessary to cover the regular costs of PACE Wisconsin's administration of the PACE Program. These costs and expenses do not include any specialized professional services that may be necessary should the circumstances of any particular PACE Project require them. For example (and without limitation), should any participant in a PACE Project submit substantive comments to the PACE Wisconsin program documentation (including but not limited to the PACE Special Charge and Financing Agreement), request a legal opinion from PACE Wisconsin counsel or require other time and resource intensive review of a transaction, the PACE Borrower for such PACE Project shall be responsible for covering such PACE Wisconsin expenses at cost. These expenses may be paid out of the proceeds of the PACE Financing. The Program Administrator will require evidence that such expenses will be paid before closing of a PACE Financing may proceed.

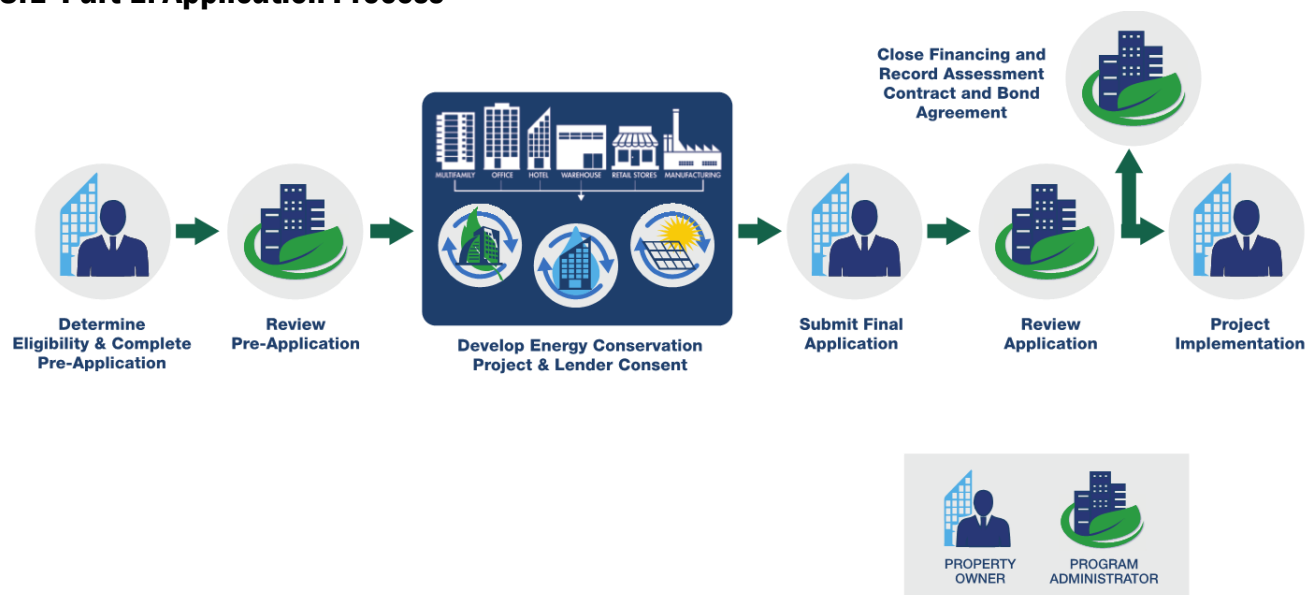
7.7 Expenses for Third Party Services

In addition to the fees above Eligible Property Owners may incur additional expenses for third party service providers who facilitate completion of PACE Projects. Eligible Property Owners may choose to engage such third-parties to complete energy assessments, arrange PACE financing from Capital Providers, order title searches, and develop PACE Projects in general. Slipstream Group, acting independently of the Program Administrator, may deliver such third party services to Eligible Property Owners that voluntarily engage Slipstream for this purpose.

8.0 Program Administration (Application & Repayment)

To proceed with a PACE Project a property owner must complete the application process outlined below. The Application and Program Administration process is broken into two distinct parts: Part 1 includes the application management, approval, and completion of the project. Part 2 involves the repayment of the PACE Financing.

8.1 Part 1: Application Process



Application Process Overview

To proceed with funding a PACE Project a property owner must complete the application process, which has two phases: Pre-Application and Final Application. Approval of the Final Application by the Program Administrator is a requirement prior to closing a PACE Financing.

Project Center

The Project Center portal contains all documents, applications, and instructions required to be approved for PACE financing through PACE Wisconsin. Project Center can be accessed through pacewi.org. Applicants are encouraged to review the process below, and submit a Pre-Application to determine if their property is eligible for financing.

8.1.1 Determine Eligibility and Complete the Pre-Application

Step one in the process is to complete the Pre-Application. The Pre-Application gives property owners the opportunity to establish eligibility for participation in PACE Wisconsin before they invest in project development. The information collected in this step of the process will be used by the Program Administrator to verify if the Applicant's property is an Eligible Property, and if the proposed project falls within the parameters established in this Program Manual.

To begin the process, property owners or their designated representatives complete the online Pre-Application form available in the Project Center at pacewi.org/project-center.html.

New Applicants to PACE Wisconsin will be prompted to create a username and password. These credentials will be used to access the Project Center portal to complete subsequent steps on the application process or to update information.

Once a Pre-Application is submitted, the Program Administrator will conduct a preliminary review to determine if the property and proposed project is eligible for enrollment in the PACE Financing Program. This review will typically be completed within two business days of receipt of a completed

Pre-Application. If an Applicant's property is not eligible, the Program Administrator will provide guidance on what steps Applicant can take to help bring PACE to their community.

8.1.2 Develop Energy Conservation Project and Lender Consent

Following review and approval of the Pre-Application, the Program Administrator will notify Applicant that the Pre-Application is approved and property owners should move forward with the project development phase.

Applicants will work with their designated representatives to develop and define an Eligible PACE Project. Applicants should obtain an Energy Assessment at this point in the process, as previously described in [Section 4.3 Energy Assessment Requirements](#) above. Following the Energy Assessment, Applicants will work with their Contractor(s) to determine the final scope, project cost and schedule.

Simultaneously to the project development process the Program Administrator recommends the Applicant approach any current mortgage holder(s) to acquire written Mortgage Lender Consent for the proposed PACE Financing. (See [Section 9.0 Mortgage Lender Consent](#)), below. Mortgage Lender Consent is a condition precedent to closing a PACE Financing under PACE Wisconsin.

Applicants should also contact eligible PACE Capital Providers to secure acceptable PACE Financing terms and conditions.

The Program Administrator manages a list of qualified PACE Capital Providers and this information is available to all Applicants on the program website (<http://www.pacewi.org/participating-pace-lenders.html>). Applicants are free to work with any capital provider who will provide financing in accordance with PACE Wisconsin's eligibility requirements. (See [Section 6.0 Qualified PACE Capital Providers](#), above.) The PACE Capital Provider will conduct its own review of the PACE Project according to its underwriting requirements.

8.1.3 Submit Final Application with Supporting Documentation

When the pre-development work for the PACE Project is substantially complete, Applicants should complete the Final Application. The Final Application is available to the Applicant upon approval of the Pre-Application and is accessible through the Project Center, under the "Existing Applications" tab. The Program Administrator will also send the Applicant an email with a link to the Final Application within Project Center.

Along with a complete Final Application form, Applicants are required to submit documentation about the PACE Project. Using the final page of the Final Application form within the Project Center, Applicants may upload all of the required supporting documents (listed below). The Program Administrator will only accept documents uploaded through the Final Application form in the Project Center. Applicants shall supply the following supporting documentation:

- **Executed Final Application** completed by the Applicant, with all fields filled including all owner certifications and signatures.
- **Signed Installation Contract(s)** from Registered Contractor(s) for the PACE Project that includes the cost of the work, the scope of work, and the schedule for the installation of the ECM(s). Such contract(s) shall provide specifications for the equipment & improvements to be installed in the PACE Project, specifically the ECM(s) identified in the Energy Assessment for the PACE Project. (A PACE Financing may be approved based on an unsigned installation contract; however a signed installation contract must be received and approved before the Program Administrator will authorize closing for the PACE Financing.)

- **Energy Assessment** conducted according to the requirements of this Program Manual and documenting the energy, water and operations savings. If the PACE Financing will include a Brownfield Revitalization Project, the Energy Assessment must also include a qualifying Brownfield Revitalization Project Assessment.

As described in Section 4.3, Applicant may seek project approval based on a preliminary Energy Assessment; however a qualifying final Energy Assessment must be provided prior to closing, which substantiates savings and eligible costs necessary to support the final PACE Financing amount.
- **Mortgage Loan Balance(s)** submitted as copies of the most recent mortgage loan statement(s) for all such loans outstanding on the property in order to determine the current loan-to-value ratio. Provide evidence of current outstanding mortgage loan balance(s). If Applicant will secure a new mortgage in conjunction with the closing of the PACE Financing, Applicant shall submit a mortgage commitment letter as documentation of the amount of the new mortgage.
- **Appraisal or Assessed Value** as indicated on the Final Application by the Applicant, which will indicate the basis for the Eligible Property valuation. Applicant may document the value of the property by providing a copy of a qualifying appraisal. Alternatively, property value may be determined based on the assessed value of the property or via an approved Automated Valuation Methodology. For Small PACE Financings, Applicant may use a current property insurance valuation to document the value of the property.
- **Capital Provider Offer to Fund** - Applicant must provide documentation that indicates that a Capital Provider has offered to provide PACE Financing for the Applicant's PACE Project. Such documentation may be evidenced by a signed term sheet, commitment letter or other documentation reasonably satisfactory to the Program Administrator.
- **Substantially Final PACE Special Charge and Financing Agreement** (see Section 8.1.5 for further detail) must have been agreed upon among the PACE Capital Provider, Eligible Property Owner and the Program Administrator. There should be no material changes to the PACE Special Charge and Financing Agreement after Commission approval (see Section 8.1.4 for further detail) and prior to closing.

Pre-closing Documents (May be submitted following PACE Commission Approval, before close of the subject PACE Financing).

- **Mortgage Lender Consent** evidenced by written consent from the existing mortgage holder(s) on the Eligible Property for the proposed PACE Project. (See [Section 9.0 Mortgage Lender Consent](#) for further detail.)
- **Title Insurance Commitment** disclosing all current mortgage and lien holders on the property and that there are no involuntary liens on the property (the Title Report must be issued not more than 30 days prior to closing of the PACE Financing).
- **Savings Guarantee** for Large PACE Financings greater than \$250,000, executed by the property owner and the contractor, engineer or developer providing the Savings Guarantee, which meets the requirements set forth in this Program Manual.
- **Property Insurance** must be evidenced by a current declaration sheet or a binder with paid receipt. The Commission and the Capital Provider must be named as an additional insured (mortgagee/loss payee) on all insurance policies. The mortgage/loss payee clause for the Commission is:

Wisconsin PACE Commission ISAOA/ATIMA
431 Charmany Drive
Madison, WI 53719

- **Executable copy of PACE Special Charge and Financing Agreement** (see Section 8.1.5 for further detail) must have been agreed upon among the PACE Capital Provider, Eligible Property Owner and the Program Administrator and is ready for final signature.
- **Payment of Program Fee (and Program Expenses, if applicable)** must be evidenced in a proposed sources and uses or some other documentation reasonably satisfactory to the Program Administrator.
- **Closing/Disbursement Statement** listing the fees, expenses, third party services, etc. to be disbursed with the proceeds of the PACE financing including the amount of payment.
- **Onboard Report and Amortization Table** completed with all required fields needed for PACE Wisconsin to service the PACE Financing. (Upon approval of a PACE Financing by the Wisconsin PACE Commission, PACE Wisconsin will provide templates of the Onboard Report and Amortization Table to the Capital Provider.)
- **Property Registration with ENERGY STAR Portfolio Manager**– It is recommended that Property Owner enters the financed property in ENERGY STAR Portfolio Manager (<https://www.energystar.gov/buildings/benchmark>), a free online portal through which Property Owners may track energy usage by the building over time and compare energy performance with comparable benchmark buildings.

Once a complete Final Application is received, the Program Administrator will review it for completeness and accuracy of the information and documents enclosed to ensure they comply with this Program Manual. The Program Administrator will provide the Applicant with written Notice of PACE Wisconsin Approval or request for more information within 10 business days of a submission of a completed Final Application. If the Program Administrator finds the Applicant's Final Application is incomplete, the Program Administrator will notify the Applicant who will have the opportunity to complete any missing information. Upon resubmission of a completed Final Application, the Program Administrator will complete its review within 10 business days and respond in writing with the results of its review of the Final Application. Thereafter, the PACE Project may be submitted for final Commission approval (see Section 8.1.4 below).

8.1.4 Commission Approval Process

Once the Final Application has been approved by the Program Administrator, and the PACE Special Charge and Financing Agreement has been agreed to in substantially final form, the PACE Project may be submitted to the Commission for approval by its Board of Directors. Board meetings are scheduled to accommodate PACE financing activity as it occurs. The Applicant should plan to have its Final Application approved by the Program Administrator at least 15 days prior to the anticipated PACE Project closing date. This time will give the administrator adequate time to schedule a Board meeting and provide the Board with sufficient time to review the Final Application and supporting documentation.

8.1.5 Close Financing & Execute PACE Special Charge and Financing Agreement

Upon the approval of the Final Application and Commission project approval, a Notice of PACE Wisconsin Approval will be sent to the Applicant and its designated agent. Upon receipt of the Notice of PACE Wisconsin Approval, the Applicant may proceed with closing of the PACE Financing.

In addition to any financing agreements required by the PACE Capital Provider, the Eligible Property Owner, PACE Commission and PACE Capital Provider are required to execute the PACE Special Charge and Financing Agreement in conjunction with the PACE Financing closing. The PACE Special Charge and Financing Agreement is a contract between the PACE Commission, the PACE Capital Provider and the Eligible Property Owner that memorializes for the public record that there is a PACE Financing and PACE Special Charge outstanding against the Eligible Property Owner's real property, among other terms. A copy of the PACE Special Charge and Financing Agreement is included in this Program Manual in [Appendix D](#).

An executed closing statement will be required to be submitted to the Program Administrator for review. Following the review of the closing statement and payment of all applicable fees, the Program Administrator will record the PACE Special Charge and Financing Agreement with the register of deeds in the county in which the Eligible Property Owner's Eligible Property is located.

8.1.6 PACE Project Implementation

Following close of the PACE Financing and receipt of the proof of recording of the PACE Special Charge and Financing Agreement, the Eligible Property Owner and its agents may initiate construction of the PACE Project or otherwise fund the PACE Financing in accordance with the agreements with the PACE Capital Provider, the PACE Special Charge and Financing Agreement and the installation contractor's contract.

The property owner or Contractor will draw funds for the PACE Project directly from the PACE Capital Provider according to terms agreed to between those parties.

8.1.7 Change Orders

All change orders that result in an alteration of the anticipated energy and water savings attributed to the PACE Project must be pre-approved by Program Administrator to ensure that the changes to the PACE Project remain consistent with the requirements as set forth in the Program Manual. The Eligible Property Owner shall provide documentation of the change as follows:

- Change in PACE Project scope, description of changes
- Revised PACE Project budget to account for changes in PACE Project cost
- Energy and operations savings estimates, as evidenced in a revised Energy Assessment or Renewable Energy Feasibility Study
 - Terms to the Savings Guarantee (if the project was originally over \$250,000 or if total project cost exceeds \$250,000 with the change order)
- Approval of the change by the PACE Capital Provider.

A Record Owner who requires a change order is required to complete a summary of the above changes and submit the same to Program Administrator for approval.

8.1.8 Project Completion

Upon completion of the PACE Project, the Energy Assessment Provider, installation contractor, or their designated representative, will certify and provide evidence that the ECMs specified in the Energy Assessment have been installed as required to achieve the estimated energy, water, and operational cost savings forecast in the Energy Assessment. This certification is a Completion Verification Report (see template in Appendix I)

The Completion Verification Report shall include photos or paid invoices along with performance cutsheet evidence of the installation of all ECMs listed in the Energy Assessment. The evidence shall

provide sufficient detail to confirm the nameplate (or comparable) energy performance ratings of the installed materials and equipment. For measures like lighting both a general layout of the fixtures matching those used in the energy assessment report along with invoices for the approved lighting fixture package will meet the verification intent. The report shall also include:

1. Certification by the Energy Assessment provider or installation contractor, and the Property Owner, confirming their verification that the ECMs have been installed and completed in accordance with the Energy Assessment and contract documents;
2. Identification and discussion of any substitutions, compromises, or variances between the final design intent, contract documents and as-built conditions;
3. Description of components and systems that exceed the owner's project requirements and those which do not meet the requirements and why;
4. A summary of all issues resolved and unresolved and any recommendations for resolution.

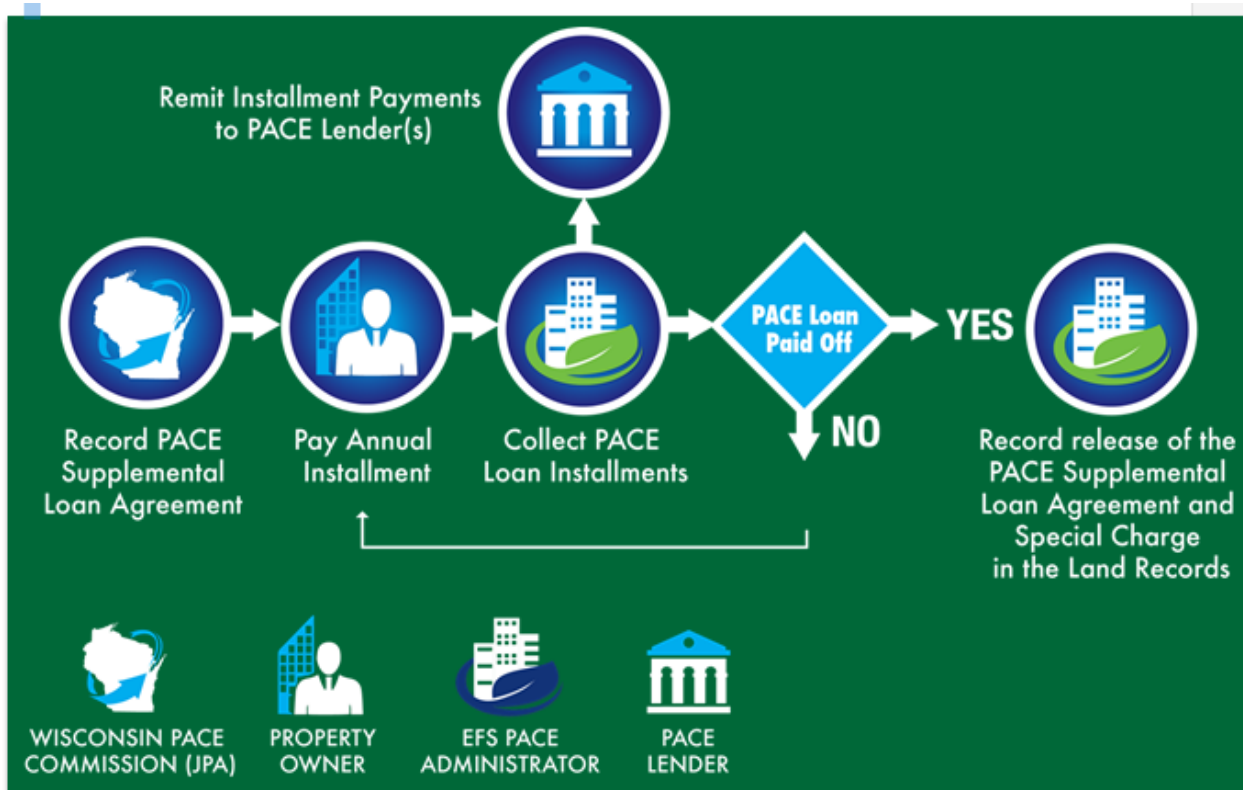
The Energy Assessment Provider, installation contractor, or Property Owner will submit the Completion Verification Report to the Property Owner, Capital Provider, and Program Administrator. The Program Administrator will review the Completion Verification Report and confirm that the proposed ECMs were installed. After completion of the PACE Project, PACE Wisconsin may choose to conduct an on-site project review to confirm that all ECMs described in the Energy Assessment were installed. Any site visits or inspections of a property by PACE Wisconsin will be conducted at the expense of PACE Wisconsin.

PACE Wisconsin strongly recommends that property owners complete a full commissioning of the ECMs funded through the PACE financing. Project commissioning confirms that equipment is performing as expected, enables the property owner to promptly resolve any deficiencies, and ensures that the property owner benefits from all potential energy, water, and cost savings.

8.1.9 Energy Performance Reporting

At least annually, Property Owner shall enter the property's energy consumption data into ENERGY STAR Portfolio Manager. Property Owners are requested to use the data sharing capabilities offered by ENERGY STAR Portfolio Manager to share the building's energy performance data with PACE Wisconsin (username: pacewisconsin. See Appendix F for instructions). Prior to loan closing, Property Owner is required to create an account on EPA Portfolio Manager, a free website that enables property owners to easily track energy and water use, compare their buildings against benchmarks, and determine Energy Star Ratings. Property owners can use Portfolio Manager to track improvements in building performance following completion of a PACE Project.

8.2 Part 2: Assessment Administration



8.2.1 Repayment of the PACE Financing

Repayment of the PACE Financing will commence according to the terms of the PACE Special Charge and Financing Agreement. PACE Wisconsin utilizes a “direct billing and payment” system. This repayment system allows the Eligible Property Owner to make payments of annual installments (or other periodic payment as specified in the PACE Special Charge and Financing Agreement) directly to the PACE Administrator or its servicer, who will be responsible for directing payments to the applicable PACE Capital Provider. Payments may be made in annual or semi-annual installments. Annual installments are due each January 31, and semi-annual installments are due each January 31 and July 31.

The process for repayment of the PACE Financing, including remedies for delinquency and defaults, will be set forth in the PACE Special Charge and Financing Agreement related to the applicable PACE Financing. Nothing in this Program Manual may supersede or alter the terms and conditions contained in a PACE Special Charge and Financing Agreement entered into between an Eligible Property Owner, a PACE Capital Provider, and the PACE Commission.

PACE Capital Providers may charge a market interest rate on PACE Financings, plus applicable fees. Each PACE Financing installment payment shall include an Annual Fee. The annual PACE Special Charge installments (loan payments) shall include the Annual Fee, as further defined in [Section 7.0 Program Fees](#).

8.2.2 Once a PACE Financing Has Been Paid In Full

Once the PACE Financing has been repaid in full according to the terms of the PACE Special Charge and Financing Agreement, repayment of the Special Charge installments will cease, and the Program

Administrator will record a termination of the PACE Special Charge and Financing Agreement with the appropriate county register of deeds.

9.0 Mortgage Lender Consent

All Applicants must provide the written consent of the existing mortgage lender and other real property lienholder of record on the Eligible Property before the Program Administrator will authorize a closing for a PACE Financing. The purpose of the Mortgage Lender Consent is to:

- Provide notice to the mortgage holder that the Applicant is proposing the Eligible Property participate in PACE Wisconsin, and obtain the mortgage holder's consent to such participation.
- Request confirmation from the Mortgage Lender that the levy of the PACE Special Charge pursuant to the PACE Special Charge and Financing Agreement will not trigger an event of default or the exercise of any remedies under the mortgage loan documents or other security documents held by the lienholder.
- Advise the mortgage holder or lienholder that the PACE Financing will be repaid in Annual Installments collected pursuant to the terms of the PACE Special Charge and Financing Agreement subject to the same penalties, remedies and lien priorities as a special assessment.
- Contain a declaration from the Applicant and owner of the Eligible Property to pay on a timely basis both the existing obligations secured by the Eligible Property and the proposed PACE Financing.

In seeking lender consent, the Applicant may find it helpful to inform mortgage holder(s) that in the event of PACE Financing default and tax foreclosure, the PACE Financing will not accelerate and only the delinquent amount of the PACE Financing will enjoy priority lien status. Further, participating property owners should emphasize that PACE-financed projects increase the value of the Lender's collateral.

A copy of the Mortgage Lender Consent template can be found at pacewi.org/mortgage-lenders.html.

10.0 Disclosure

- The Program Administrator does not provide legal advice, and will not mediate any disputes between any participants in PACE Wisconsin, including but not limited to, Applicants, Property Owner, owners of Eligible Properties and their tenants, PACE Capital Providers, contractors, energy service companies, and utilities.
- The Program Administrator does not provide any accounting advice regarding how an Eligible Property Owner should treat the PACE Financing in their books and records.
- The Program Administrator has the right to review all projects for eligibility and may approve PACE Projects for PACE Financing according to the standards and criteria set forth in this Program Manual.
- The PACE Commission retains ultimate discretion whether to approve a PACE Financing and enter into a PACE Special Charge and Financing Agreement to, among other things, levy a PACE Special Charge against an Eligible Property.
- In addition to other designated and implied responsibilities in the PACE Program, Applicant is responsible for reviewing the terms, conditions, and obligations implied by the PACE Special Charge and Financing Agreement, as well as the terms of any supplemental agreements with

the PACE Capital Provider and all agreements with participating contractors, Energy Assessment providers, and any other parties to the project.

- The PACE Commission and Program Administrator:
 - Do not endorse any particular PACE Capital Provider, installation contractor, engineering firm, manufacturer, product, or system design by this offering.
 - Are not responsible for any tax liability imposed on the recipient as a result of the payment.
 - MAKE NO REPRESENTATION OR WARRANTY, AND ASSUME NO LIABILITY WITH RESPECT TO THE QUALITY, SAFETY, PERFORMANCE, OR OTHER ASPECT OF ANY DESIGN, CONSULTING, PRODUCT, SYSTEM, EQUIPMENT, OR APPLIANCE INSTALLED OR RECEIVED AND EXPRESSLY DISCLAIM ANY SUCH REPRESENTATIONS, WARRANTIES, AND LIABILITY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Please contact your contractor for detailed manufacturer equipment warranties.
 - Do not guarantee that installation and operation of energy efficient equipment will result in reduced usage or in cost savings to an Eligible Property Owner or any occupants of an Eligible Property.
 - Are not responsible for the proper disposal/recycling of any waste generated as a result of this project
 - Are not liable for any damages, including any incidental or consequential damages, arising out of the operation or malfunction of the products, equipment, or appliances, or the installation thereof related to a PACE Project.
 - Unless notified in writing, Program Administrator reserves the right to publicize participation in the program.
 - Upon reasonable notice period a Program Administrator representative may schedule a site visit to verify that qualified products, systems, equipment, or appliances were installed.

Appendix A: State of Wisconsin PACE Statute

State of Wisconsin Enabling Statute § 66.0627(8) (PACE Statute)

- (a) A political subdivision may make a loan, or enter into an agreement regarding loan repayments to a 3rd party for owner-arranged or lessee-arranged financing, to an owner or lessee of a premises located in the political subdivision for a brownfield revitalization project or for making or installing an energy efficiency improvement, a water efficiency improvement, or a renewable resource application to the premises.
- (ag)
1. Subject to subd. [2.](#), a political subdivision may make a loan, or enter into an agreement regarding loan repayments to a 3rd party for owner-arranged financing, to an owner of a premises located in the political subdivision for the purpose of replacing customer-side water service lines, as defined in s. [196.372 \(1\) \(a\)](#), containing lead.
 2. If a political subdivision makes a loan under subd. [1.](#), the political subdivision shall require each owner of a premises located in the political subdivision that is serviced by a customer-side water service line, as defined in s. [196.372 \(1\) \(a\)](#), containing lead to replace that customer-side water service line.
- (am) If a political subdivision makes a loan or enters into an agreement under par. [\(a\)](#) or [\(ag\)](#), the political subdivision may collect the loan repayment as a special charge under this section. Notwithstanding sub. [\(4\)](#), a special charge imposed under this paragraph may be collected in installments and may be included in the current or next tax roll for collection and settlement under ch. [74](#) even if the special charge is not delinquent. If a political subdivision makes a loan, or enters into an agreement regarding loan repayments to a 3rd party, for a brownfield revitalization project under par. [\(a\)](#), the repayment period may exceed 20 years.
- (b) A political subdivision that imposes a special charge under par. [\(am\)](#) may permit special charge installments to be collected by a 3rd party that has provided financing for the improvement or application and may require that the 3rd party inform the political subdivision if a special charge installment is delinquent.
- (c) An installment payment authorized under par. [\(am\)](#) that is delinquent becomes a lien on the property that benefits from the improvement or application as of the date of delinquency. A lien under this paragraph has the same priority as a special assessment lien.
- (d) A political subdivision that, under par. [\(a\)](#), makes a loan to, or enters an agreement with, an owner for making or installing an improvement or application that costs \$250,000 or more shall require the owner to obtain a written guarantee from the contractor or project engineer that the improvement or application will achieve a savings-to-investment ratio of greater than 1.0 and that the contractor or engineer will annually pay the owner any shortfall in savings below this level. The political subdivision may determine the method by which a guarantee under this paragraph is enforced. This paragraph does not apply to a loan or agreement for a brownfield revitalization project.
- (e) If the making or installing of an improvement or application under par. [\(a\)](#) costs less than \$250,000, the political subdivision may require a 3rd-party technical review of the projected savings of the improvement or application as a condition of making a loan or entering into an agreement under par. [\(a\)](#).

History: [1999 a. 150](#); [2007 a. 4, 184](#); [2009 a. 11, 272](#); [2011 a. 138](#); [2017 a. 70, 137](#); [2017 a. 364 s. 49](#).

A special assessment against a church was not barred by s. 70.11 (4). *Grace Episcopal v. Madison*, [129 Wis. 2d 331, 385 N.W.2d 200](#) (Ct. App. 1986).

A city may impose special charges for delinquent electric bills due a municipal utility. *Laskaris v. City of Wisconsin Dells*, [131 Wis. 2d 525, 389 N.W.2d 67](#) (Ct. App. 1986).

The cost of service to a property under this section does not include the cost of legal services incurred by the municipality in defending against challenges to the removal of materials from a ditch under s. 88.90. *Robinson v. Town of Bristol*, [2003 WI App 97, 264 Wis. 2d 318, 667 N.W.2d 14, 02-1247](#).

The examples given in sub. (1) are not meant to limit its application in any way, but merely to highlight possible uses. The special charge need only provide a service, not a benefit, to the property owner. Under s. 74.01 (4) a special charge is a charge against real property to compensate for all or part of the costs to a public body of providing services to the property. Rusk v. City of Milwaukee, [2007 WI App 7](#), [298 Wis. 2d 407](#), [727 N.W.2d 358](#), [05-2630](#). State property is not subject to assessment of special charges under former s. 66.60 (16) [now s. 66.0627]. 69 Atty. Gen. 269.

Appendix B: PACE Financing Ordinance

ORDINANCE _____

AN ORDINANCE TO CREATE S. _____ ENTITLED “PROPERTY ASSESSED CLEAN ENERGY FINANCING” OF THE GENERAL CODE OF _____ COUNTY, WISCONSIN

The County Board of Supervisors of the County of _____ does ordain as follows:

Section 1. Section _____ is created to read:

[Section No.] PROPERTY ASSESSED CLEAN ENERGY FINANCING.

(1) **PURPOSE.** The County finds that renovations or additions to premises located in the County made to improve energy efficiency, improve water efficiency, and/or use renewable resource applications, increase property values, stimulate local economic activity, provide local and global environmental benefits, and promote the general welfare of County residents. The purpose of this Section is to facilitate loans arranged by property owners or lessees to make such improvements by treating loan principal and interest, fees, and other charges as special charges eligible for inclusion on the tax roll for these properties.

(2) **STATUTORY AUTHORITY.** This ordinance is enacted pursuant to Wis. Stat. § 66.0627, as amended, which authorizes a County to make a loan or enter into an agreement regarding loan repayments to a 3rd party for owner-arranged or lessee-arranged financing, to an owner or a lessee of a premises located in the County for making or installing an energy efficiency improvement, a water efficiency improvement or a renewable resource application to a premises.

(3) **DEFINITIONS.** In this section:

(a) “Annual installment” means the portion of the PACE loan that is due and payable for a particular year under the supplemental agreement.

(b) “Borrower” means the property owner or lessee of the subject property that borrows the proceeds of a PACE loan.

(c) “Default loan balance” means the outstanding balance, whether or not due, of a PACE loan at the time that the County receives foreclosure proceeds.

(d) “Foreclosure proceeds” means the proceeds received by the County from the disposition of a subject property through an *in rem* property tax foreclosure.

(e) “Loan amount” means the principal, interest, administrative fees (including the Program Administrator’s fees) and other loan charges to be paid by the borrower under the PACE loan.

(f) “PACE” means the acronym for property assessed clean energy.

(g) “PACE default provisions” means:

1. The delinquent annual installment(s) due when the County initiates the *in rem* property tax foreclosure on the subject property;

2. Any additional annual installment(s) that become due between the time that the County initiates *in rem* property tax foreclosure on the subject property and the date the County receives the foreclosure proceeds;

3. Any default interest charges applied to unpaid annual installments referenced in subs. (1.) and (2.) above, as provided in the supplemental agreement; and

4. Any default loan balance.

(h) “PACE lender” means any person that makes a PACE loan, and which may include an affiliate of the borrower.

(i) “PACE loan” means a loan made by a PACE lender to a borrower under this Section for energy efficiency improvements, water efficiency improvements, or renewable resource applications made to or installed on a subject property.

(j) “Person” means any individual, association, firm, corporation, partnership, limited liability company, trust, joint venture or other legal entity, or a political subdivision as defined in Wis. Stat. § 66.0627.

(k) “Program Administrator” means the person retained by the Wisconsin PACE Commission as provided in subsection (5)(b).

(l) “Subject property” means any premises located in the County on which an energy efficiency improvements, water efficiency improvements, or renewable resource applications are being or have been made and financed through an outstanding PACE loan.

(m) “Supplemental agreement” means a written agreement among a borrower, a PACE lender and the County, as provided for in subsection (7).

(n) “Wisconsin PACE Commission” means the Wisconsin PACE Commission formed under Wis. Stat. § 66.0301, as amended, by the County and one or more other political subdivisions as defined in Wis. Stat. § 66.0627, pursuant to a Joint Exercise of Powers Agreement relating to the Wisconsin PACE Commission.

(4) **PACE LOANS AS SPECIAL CHARGES; DELINQUENT AMOUNTS AS LIENS.** Any PACE loan made and secured pursuant to this Section shall be considered a special charge on the subject property. Any annual installment or portion of a PACE loan made and secured pursuant to the Section that becomes delinquent according to the terms of the PACE loan shall be a lien against the subject property and placed on the tax roll, as permitted pursuant to Wis. Stat. §66.0627 as amended.

(5) **WISCONSIN PACE COMMISSION.**

(a) Any of the powers and duties of the County under this Section, except for those under subsection (9) may (but are not required to) be delegated to the Wisconsin PACE Commission.

(b) The Wisconsin PACE Commission is further authorized to retain a Program Administrator to act as its agent and administer the PACE program, subject to adherence with PACE program requirements set forth in this Section and in Wis. Stat. § 66.0627 as amended.

(6) LOAN APPROVAL.

(a) A prospective borrower applying for a PACE loan shall comply with the loan application process set forth in the program manual approved by the County.

(b) The County shall approve the financing arrangements between a borrower and PACE lender.

(7) SUPPLEMENTAL AGREEMENT.

(a) The County, the borrower and the PACE lender shall execute the supplemental agreement which, without limitation:

1. Shall inform the participants that the PACE loan amount shall be imposed as and considered a special charge, and each year's annual installment may be included on the property tax roll of the subject property as a special charge and an annual installment that is delinquent shall be a lien against the subject property pursuant to Wis. Stat. § 66.0627, as amended;

2. Shall recite the amount and the term of the PACE loan;

3. Shall provide for the amount, or a method for determining the amount, of the annual installment due each year;

4. Shall provide whether default interest may be applied to unpaid annual installments;

5. Shall require the PACE lender and the borrower to comply with all federal, state and local lending and disclosure requirements;

6. Shall provide for any fees payable to the County and/or Program Administrator;

7. Shall recite that the supplemental agreement is a covenant that runs with the land;

8. May provide for prepayments of annual installments by the borrower with a resulting reduction in the special charge for the prepayment, subject to any prepayment premium charged by the PACE lender, if any; and

9. May allow for amendment by the parties.

(b) Prior to executing the supplemental agreement, the owner of the subject property, if different from the borrower, and any existing mortgage holder(s) on the subject property must have executed a separate writing acknowledging the borrower's use of PACE financing for the subject property and the special charge that will be imposed under this Section and its consequences, including the remedies for collecting the special charge.

(c) Each PACE loan shall be amortized over the term of the PACE loan as provided in the supplemental agreement.

(d) The annual payments of a PACE loan may be payable in installments as

authorized by Wis. Stat. § 66.0627, as amended.

(8) ANNUAL INSTALLMENTS ADDED TO TAX ROLLS. Upon the request of the Program Administrator the County shall place each year’s annual installment on the tax roll for the subject property as permitted pursuant to Wis. Stat. § 66.0627, as amended.

(9) REMITTANCE OF SPECIAL CHARGES. The County shall promptly remit to the Wisconsin PACE Commission any payment(s) for a special charge imposed under this Section, including penalties and charges thereon, it may receive from any taxing district or the County treasurer pursuant to Wis. Stat. Ch. 74, as amended.

(10) PROPERTY TAX FORECLOSURE PROCEDURES.

(a) The County elects to utilize the provisions of Wis. Stat. § 75.521, as amended, for the purpose of enforcing tax liens if a subject property owner fails to pay any special charges imposed on the subject property under this Section as required.

(b) The County shall begin an in rem property tax foreclosure proceeding on the subject property at the earliest time allowed under Wisconsin Statutes, unless the County determines that subject property is a “brownfield” (as defined in Wis. Stat. § 75.106, as amended) or that in rem property tax foreclosure is not in the best interests of the County due to the condition of the property or for other reasons.

(c) If the County has determined that it will not commence an in rem property tax foreclosure proceeding, then the PACE lender may request that the County, pursuant to Wis. Stat. § 75.106, as amended, assign the County’s right to take judgment against the subject property, provided that the PACE lender and the County fully comply with all provisions of Wis. Stat. § 75.106, as amended, concerning the subject property and the PACE lender agrees to pay the amounts required by Wis. Stat. § 75.36(3)(a)1 and 1m, as amended.

(11) SALE OF FORECLOSED PROPERTY. If the County prevails in an in rem property tax foreclosure action against a subject property, the County shall diligently proceed to sell the subject property pursuant to the procedures set forth in Wis. Stat. § 75.69, as amended.

(12) DISTRIBUTION OF FORECLOSURE PROCEEDS. The County treasurer shall follow the procedures set forth in Wis. Stat. § 75.36, as amended, to distribute the proceeds from the sale of a subject property.

Section 2. This Ordinance shall take effect the day after passage and publication as required by law.

_____ COUNTY

[SIGNATURE BLOCK]

PASSED:
PUBLISHED:

Appendix C: Eligible PACE Improvements

Common Eligible Energy Conservation Measures

The following list of predominant, long-standing, proven energy efficiency technologies is intended as a reference list for PACE Wisconsin Applicants and can change at any time. If not included on this list, Program Administrator will review proposed ECM(s) and accept them on a case-by-case basis.

- High efficiency lighting
- Heating ventilation air conditioning (HVAC) upgrades
- New automated building and HVAC controls
- Variable speed drives (VSDs) on motors fans and pumps
- High efficiency chillers
- High efficiency boilers and furnaces
- High efficiency hot water heating systems
- Combustion and burner upgrades
- Fuel switching
- Water conservation measures
- Heat recovery and steam traps
- Building enclosure/envelope improvements
- Building automation (energy management) systems
- Renewable energy systems
- Electric vehicle charging stations
- Voltage optimization devices that reduce energy consumption by an end user

The following end-use savings technologies are generally more applicable to industrial facilities:

- New automated process controls
- Heat recovery from process air and water
- Cogeneration used for peak shaving
- Process equipment upgrades
- Process changes

Shown below are key aspects of some of the most commonly applied technologies listed above. These payback ranges are only provided for informational purposes and should not be construed as a guarantee of performance or requirement for PACE Wisconsin funding eligibility.

Lighting

- Daylight controls and natural daylighting designed to reduce energy and improve visual comfort.
- Upgrades for existing fluorescent fixtures including electronic ballasts, T8 lamps, and reflectors including the installment of LED bulbs and fixtures.

- Meeting rooms and other intermittently occupied spaces can garner significant energy savings with the use of timers and occupancy sensors.
- Smaller impact opportunities including security lighting, stairwell lighting, exterior night-time security lighting and exit signs.

Refrigeration

- Install improvements to refrigerated cases and walk-in coolers to improve efficiency and decrease waste.
 - Additional insulation, anti-sweat heater controls, auto-closers for cooler/freezer doors, case-lighting controls, improved defrost controls, suction line insulation, etc.
- Thermal Storage Systems (for load shifting).
- Compressors (VFD and controls, heat recovery, mechanical sub-cooling, evaporative condensers, etc.)

Motors High efficiency electric motor replacements usually pay back when a motor is running for long periods at high load, or at the end of motor life.

- The cost premium over standard motors normally can be recovered in less than 2 years
- Motor sizing to the actual load profile to improve efficiency and control electrical power factor.

Variable Speed Drives Applied to motors, pumps and fans

- Matches motor use to variable operating load
- Can save up to 40 percent in power consumption
- Can be packaged with controls
- Extends motor life.

HVAC

- New packaged units can increase efficiency and indoor comfort
- Proper sizing of HVAC equipment is a major opportunity, since full-load operation is more efficient than part load operation - consider fan capacity reduction or staging of 2 smaller units rather than partial loading of one large unit
- Install VSDs on HVAC motors
- Balance air and water supply systems to remove trouble spots demanding inefficient system operation
 - Improve maintenance
 - Eliminate simultaneous heating and cooling
 - Install economizers and direct digital controls
- Variable air volume conversions versus constant air flow
- Ventilation reduction
- Unoccupied shutdown or temperature setback/setup (controls).

Chillers

- New chiller models can be up to 30-40 percent more efficient than existing equipment.
- Upgrade lead chiller(s) (base load) to high efficiency

- Manage chiller and condenser settings to minimize compressor energy
- Optimize pumping energy for distribution of chilled water
- Optimize HVAC operation to:
 - Improve temperature/humidity control
 - Eliminate unnecessary cooling loads
- CFC reclamation program/inventory - chiller replacement may achieve both CFC management and energy efficiency objectives.

Boilers

- Replace steam with hot water boilers for hot water heating loads
- Improve maintenance
- Optimize operation/staging in multiple boiler plants
- Optimize boiler controls
- Tune or replace burners
- Add small “pony” boilers for low loads:
 - Reduced fuel consumption/energy costs
 - Reduced emissions
 - Reduced maintenance costs
 - Higher reliability.

Heat Recovery

- Heat recovery devices to capture waste heat from water, process heat and exhaust air to re-use it for preheating: of Building intake air
 - Boiler combustion air
 - Boiler feed-water
 - Inlet water for domestic hot water.

New Automated Building and HVAC Controls

- Old controls may still be pneumatic systems based on compressed air - new electronic controls are more precise and reliable, with greater capabilities.
- Can automate lighting, chiller, boiler and HVAC operation:
 - Load shedding
 - Optimal start/stop/warm up
 - Ventilation control.
- Whole-building energy management systems may come with other advanced control technologies:
 - Security, fire and life safety
 - Alarm monitoring and report generation
 - Preventive maintenance scheduling
- Remote monitoring/metering capabilities may be attractive.
- **Building Shell and Fenestration** Roof insulation, combined with reflective roof coatings in warm climates, reduces energy consumption

- Review building pressurization for proper ventilation:
 - Balance exhaust and intake air quantities
 - Add weather-stripping on doors and windows
 - Seal cracks and unnecessary openings
- Window films to reduce solar heat gain and/or heat loss
- Replace windows with more energy efficient glazing.

Water Conservation Improvements

- Domestic water use can be impacted greatly by the replacement of toilets, urinals, and other bathroom fixtures.
- Commercial kitchens can save water through the replacement of pre-rinse valves, dishwashers, and icemakers.
- Laundry equipment in commercial properties and Laundromats can benefit greatly with upgraded equipment.
- HVAC systems can reduce water consumption through the installation of cooling towers, condensers, and steam boilers.
- Industrial water consumption from car washes, film and x-ray processing, and high-tech manufacturing can be reduced through the installation of equipment involved in each specific process/facility.

Renewable Clean Energy Improvements

- Solar photovoltaic power
- Solar thermal
- Wind Power
- Geothermal energy
- Fuel Cell
- Methane Gas from landfills
- Low emission advanced renewable energy conversion technologies
- Internal Combustion Engine (ICE) using renewable fuel
- Projects that seek to deploy electric, electric hybrid, natural gas or alternative fuel vehicles and associated infrastructure and any related storage, distribution, manufacturing technologies or facilities
- Sustainable Biomass Facility

Electric Vehicle Charging Stations

- Transitioning from gasoline and diesel powered vehicles frequently reduces total transportation-related energy consumption, as measured by total BTUs consumed.
- Electric vehicles have lower cost for operation, maintenance, and fuel than gasoline or diesel powered equivalents.

Ineligible Measures

The following items will not be considered as efficiency measures under the Program Administrator program:

- Compact fluorescent, screw-in lamps
- Plug load devices
- Measures that are not permanently installed and can be easily removed
- Measures that save energy solely due to operational or behavioral changes
- Power correction, power conditioning
- Any measure that does not result in energy savings, water saving, or renewable energy production.
- Any measure that cannot be explained in terms of industry-standard engineering or scientific principles
- Vending machine controllers
- Refrigerant charge (AC/Split Systems/Heat Pumps)

Appendix D: PACE Special Charge and Financing Agreement

[See Attached]

Appendix E: ASHRAE Audit and Engineering Commissioning and Verification Descriptions

ASHRAE Level I

An ASHRAE Level I energy audit consists of 1) a walk-through analysis to assess a building's energy cost, 2) a utility bill analysis to assess its efficiency (using ASTM BEPA Methodology to establish the building's baseline energy use), and 3) conducting a brief on-site survey of the building. The walk-through may be targeted at a specific building component that is intended to be replaced or upgraded or added (such as in the case of installing a solar energy system) or may include checking all major energy-using systems. Operational metrics of building equipment are typically limited to data collection of nameplates, but may be more detailed if that data are readily available. Level I energy analysis should at the minimum identify ECMs and the associated potential energy savings, the estimated cost of the ECMs, and specify where further consideration and more rigorous investigation is warranted.

ASHRAE Level II

An ASHRAE Level II energy audit is a more detailed investigation and includes a more comprehensive building survey and energy analysis than a Level I audit. It also includes more detailed financial analysis. In addition to nameplate data collection, empirical data may also be acquired through various field measurements using handheld devices. The Level II audit should at the minimum identify and provide the investment and cost savings analysis of all recommended ECMs that meet the owner's constraints and economic criteria, along with a discussion of any changes to operation and maintenance procedures. Detailed financial analysis includes ROI, IRR, NPV and payback period determination reflecting PACE Financing. Sufficient detail on projected energy savings is provided to justify project implementation.

ASHRAE Level III

The ASHRAE Level III energy audit (often referred to as an "investment grade audit") is generally applicable to projects that are very capital intensive and demand more detailed field data gathering as well as more rigorous engineering analysis. The Level III energy audit provides even more comprehensive project investment and cost savings calculations to bring a higher level of confidence that may be required for major capital investment decisions. Data collection may involve field measurements acquired through data loggers and/or an existing energy management system.

Engineering Commissioning and Verification Requirements

PACE Wisconsin strongly recommends that, after installation of all ECMs, Property Owners complete an engineering commissioning and verification process for the Property. Engineering Commissioning and Verification of the ECMs' remodeled/installed in the subject PACE Project should be performed by a qualified Engineer (engineering commissioning provider). The engineering commissioning provider should review the design, installation and performance of the remodeled/new building systems and compare to the energy assessment or study or model (Energy Assessment and/or Renewable Energy Feasibility Study) according to an industry accepted Commissioning guideline or Commissioning scope of work. The final commissioned systems should be configured as modeled in the Energy Assessment and/or Renewable Energy Feasibility Study for the remodeled/new systems that are included in the scope of the subject PACE Project. The remodeled/new systems should be reviewed and tested for proper function per specified design criteria and sequences. All deficiencies should be communicated to the building owner and shall be resolved.

Appendix F: EPA Portfolio Manager Property Sharing Instructions

EPA ENERGY STAR Portfolio Manager is a free website that enables property owners to easily track energy and water use, compare their buildings against benchmarks, determine Energy Star Ratings, and share results with others. For Large PACE Financings, PACE Wisconsin requires property owners to utilize Portfolio Manager to share relevant pre- and post- improvement energy and water use data.

Property owners can use Portfolio Manager to track improvements in building performance following completion of a PACE Project. The guide below will help with account creation and data sharing. See [Section 4.6.2](#) of the Program Manual for specific reporting requirements.

1. Create an account:
 - a. <https://portfoliomanager.energystar.gov/pm/login.html>
 - b. Click “Create a New Account”
 - c. Create a username and password, and complete the remaining profile information.
 - d. Click “Sign Up” on the right.
 - e. Under “Searchability in Portfolio Manager”, select “Yes”.
 - f. Click “Create My Account”
2. Add a property:
 - a. From the MyPortfolio tab, click “Add a Property”.
 - b. Select your property type and number of buildings.
 - c. Under “Your Property’s Construction Status”, if your PACE project consists of updates to an existing property, select “Existing”. Otherwise, if your PACE project is part of a new construction, select “Design Project”.
 - d. Click “Get Started” to go to the next page.
 - e. For the name of your property, please enter the street address.
 - f. Enter remaining basic property detail and click “Continue”.
3. Add PACE Wisconsin as a contact:
 - a. Click on “Contacts” in the upper-right of the screen.
 - b. Click “Add Contact”.
 - c. Search for the username “pacewisconsin”.
 - d. Click “Connect” next to WECC USA.
 - e. Once PACE Wisconsin has accepted the request, an added property can be shared.
4. Share a property with PACE Wisconsin:
 - a. Click the “Sharing” tab.
 - b. Click the “Share (or Edit Access to) a Property”.
 - c. Select “One Property” from the dropdown menu, then select the property to be shared.
 - d. Select “PACE Wisconsin” from the contacts book list.
 - e. Select “Bulk Sharing” under Permissions, and then select “Read Only Access”.
 - f. Click “Share Property(ies)”.

Appendix G: Sample Final Application

The following is a sample of a PACE Wisconsin Final Application completed and submitted through the [PACE Wisconsin Project Center website](#). It may serve as a reference for information required when completing a Final Application. Note that, in addition to the fields on the sample, additional data regarding measures will be required; these values are listed after the sample application.

Measures details needed for Final Application:

- Measure Description
- Measure Type
- Life (Yrs)
- Installation Cost

Annual Savings (dependent on measure types used)

- Electric (kWh/year)
- Natural Gas/Fuel (Therms/year)
- Electric Demand Reduction (kW/year)
- Water (1,000 Gallons/year)
- Operation Cost (\$/year)
- Electric Production (kWh/year)
- Other Energy Source (unit/yr) (Oil, Propane, etc.)
- Name of Other Energy Source
- Other Energy Source Unit of Measure (unit/period)

Additionally, the following annual utility bills savings information is also required on each Final Application:

Projected annual utility rate cost savings (in dollars & / year) needed for Final Application:

- Electric Bill Savings (\$/kWh / Year)
- Electric Bill Savings Earned From Renewable Energy Improvement (\$/kWh/year)
- Electric Demand Savings (\$kW / Year)
- Gas Bill Savings (\$/Therm / Year)
- Water Bill Savings (\$/1,000 gallons / Year)
- Other Rate Savings (\$/Unit / Year)

Finally, each Final Application will require the Property Owner's **Federal Tax ID Number**.

Appendix H: Registered Contractor Terms and Conditions

Registered Contractor Terms and Conditions

The Property Assessed Clean Energy (PACE) Wisconsin Program is an open-market program that allows property owners to select the qualified installation contractor, energy assessment provider, and capital provider that best fits the owner's objectives. To become a Registered Contractor with the PACE Wisconsin program and install Energy Conservation Measures (ECMs) funded through a PACE Special Charge and Financing Agreement, an installation contractor must be approved as a Registered Contractor with the PACE Wisconsin program. This document defines the terms and conditions to which all Registered Contractors must adhere. PACE Wisconsin and the Registered Contractor are the parties to these terms and conditions and may be referred to herein individually as Party or jointly as The Parties.

General Provisions

Term of the Agreement: Registered Contractor status shall commence on the date this application is approved by the Program Administrator and shall continue until terminated in writing by either party.

No Guarantee of Additional Business: PACE Wisconsin makes no representations or guarantees that Registered Contractor will obtain additional business revenue or opportunities through its participation in the program.

Relationship of the Parties: Registered Contractor may present itself as a Registered Contractor in the PACE Wisconsin Program. By submitting this application, Registered Contractor does not become an agent, employee, or representative of the PACE Wisconsin Program. The Parties shall not be considered to be joint venturers, partners, agents, servants, employees, fiduciaries, or representatives of each other, and no Party shall have the right or power to bind or obligate any other Party to, or third-party beneficiary of, these terms and conditions.

Indemnification: Registered Contractor agrees to indemnify and hold the PACE Wisconsin Program and its Program Administrator, their respective directors, commissioners, officers, employees, and agents harmless against all claims, liabilities, damages, losses, costs, or expenses (including, but not limited to, reasonable attorneys' fees) arising out of or related to any act or omission of the Registered Contractor, its directors, officers, employees, subcontractors, or agents of Registered Contractor or its subcontractors, including, but not limited to, the failure of Registered Contractor to properly and/or timely pay any wages and/or benefits to the Registered Contractor's employees. The obligations of Registered Contractor under this section shall survive termination or expiration of Registered Contractor's status and shall be in addition to the warranty obligations of Registered Contractor. Registered Contractor waives the right to bring or assert any claim against PACE Wisconsin and its vendors relating to its registration and status as a Registered Contractor (including listing as a Registered Contractor) and releases PACE Wisconsin and its vendors from any and all liability therefore or relating thereto.

Use of PACE Wisconsin Logo: Registered Contractor may include the PACE Wisconsin logo and program name in its Marketing materials and may provide PACE Wisconsin program materials to its customers. Registered Contractor may not imply or state that it is a representative of the PACE Wisconsin program or that it has been endorsed by the PACE Wisconsin program. If the Program Administrator terminates the contractor's status as a Registered Contractor, contractor must immediately discontinue the use of the PACE Wisconsin logo and program name in its Marketing materials.

Registered Contractor Responsibilities

True and Accurate Information: Registered Contractor shall provide true, accurate, current, and complete information on the Registered Contractor Application. Contractor is required to ensure, update, and maintain the truthfulness, accuracy and completeness of all information that it provides on its Registered Contractor Application.

Licensing and Registration: Per the requirements of all laws, regulations, and ordinances governing the jurisdiction in which the applicable Eligible Property is located, Registered Contractor shall be and remain licensed, authorized to conduct business, and in good standing in all jurisdictions in which it conducts business, including the State of Wisconsin and shall have the legal authority and power to offer, sell and/or install improvements that are permanently affixed to real property. As a condition of approval of the Registered Contractor or any time following approval of the Registered Contractor, the PACE Wisconsin Program Administrator may request copies of all relevant licenses held by the Registered Contractor. Registered Contractor agrees to promptly provide the requested copies of licenses to the PACE Wisconsin Program Administrator.

Adherence to Laws, Regulations, and Program Guidelines: Registered Contractor shall comply with all laws, ordinances and regulations. Registered Contractor shall also comply with the PACE Wisconsin Program Guidelines, which define the requirements and processes of the PACE Wisconsin program. The PACE Wisconsin Program Guidelines may be revised from time to time without notice by PACE Wisconsin, or its designee. It is Registered Contractor's responsibility to verify current program requirements and procedures and to comply with all laws, ordinances, regulations, and program guidelines.

Insurance: Registered Contractor agrees to carry appropriate insurance for its type of business.

PACE Wisconsin Responsibilities

No Endorsement: PACE Wisconsin does not verify, vet, endorse, or rank Registered Contractors. PACE Capital Providers may maintain additional requirements that a Registered Contractor must satisfy in order for the PACE Capital Provider to approve PACE Financing for ECMs that Registered Contractor installs.

Right to Remove Contractor: PACE Wisconsin reserves the right to revoke an installation contractor's Registered Contractor approval, and/or remove Registered Contractor from its listing of Registered Contractors, for any reason or for no reason.

Information Sharing: By submission of a PACE Wisconsin Registered Contractor Application, Registered Contractor agrees that information provided on the application may be published or otherwise publicly disseminated.

Authorization

By submitting the PACE Wisconsin Registered Contractor Application, you represent that you are authorized to act on behalf of the Registered Contractor and that the Registered Contractor accepts and agrees to the PACE Wisconsin Registered Contractor Terms and Conditions. I declare under penalty of perjury that the foregoing statement is true and correct, and I am aware that if I present any material matters as true which I know to be false, I may be subjected to penalties prescribed for perjury under the laws of the State of Illinois.

Signatory Name

Date

Printed Name

Company Name

Appendix I Completion Verification Report Template

Property Address: _____

Property Owner: _____

Property Owner point of contact

Name _____

Phone Number _____

Email Address _____

Energy Assessment Provider _____

Installation Contractor(s) _____

ECMs Installed

Project Completion Date _____

Certification

I have (select one or both) [inspected the property/used photo evidence and project documentation] and do hereby certify that, with the exception of certain changes described below, all Energy Conservation Measures (ECMs) listed in the Final Energy Assessment are installed at the property and achieve the nameplate efficiency ratings stated in the Final Energy Assessment and installation contract. I have provided evidence of installations (see instructions below) as Attachment A to this report and have included a copy of the Final Energy Assessment as Attachment B.

Printed Name _____

Signature and Date _____

Role (select one): [Energy Assessment Provider/Installation Contractor/Property Owner]

Discussion and Exceptions (Please attach additional pages, as needed)

I have identified the differences listed below between the completed project and the ECMs described in the Final Energy Assessment.

Identification and discussion of any substitutions, compromises, or variances between the final design intent, contract documents and as-built conditions;

Description of components and systems that exceed the owner's project requirements and those which do not meet the requirements and why;

A summary of all issues resolved and unresolved and any recommendations for resolution.

Attachment A: Documentation of Installation

Installation of each of the measures included within the Final PACE Financing Energy Assessment Report should be documented within the verification report. Clearly identify installation and performance values in comparison to the Energy Assessment values.

- Measure Name
- Energy Assessment report: equipment type/description and efficiency value(s)
- Verified installation: equipment type/description and efficiency value(s)
- Photo(s) and or documentation indicating performance
- Description of any variances

Acceptable Documentation

Primary verification should include visual evidence of installation. For all photos provide clear documentation indicating equipment performance information. Where nameplates do not provide specific efficiencies, approved submittals with performance information or AHRI certificates matching the model numbers can be included in the report highlighting the relevant information.

Please refer to the [ENERGY STAR® Photo Documentation Guidance](#) for specific measures not listed below.

https://www.energystar.gov/sites/default/files/asset/document/ENERGY_STAR_MFNC_Photo_Documentation_Guidance.pdf

- Envelope Insulation should be verified using construction photos where possible. Alternatives can include approved insulation submittal cutsheets.
- Window thermal performance must be verified using NFRC labels or approved submittal calculations indicating tested assembly U-value and SHGC.
- HVAC and DHW Equipment should include clear name plate performance information and installation photo. Where not available, use approved submittal cutsheets or AHRI certificates.
- Lighting measures should include a summary of light fixture schedule as part of an approved submittal along with photo(s) of lighting layouts to match those included on the design drawings.
- Water savings fixtures should be visually verified to match approved design submittals indicating water flow rates
- Controls should be verified based on physical sensors and BMS data

Attachment B: Final Energy Assessment Report