



# Texas Property Assessed Clean Energy (PACE)

## Innovative Funding Option for CHP

### Program Description

The Texas Property Assessed Clean Energy (PACE) program is a market-based finance tool that helps private property owners across Texas improve their buildings by making investments to upgrade facility infrastructure that increases the net operating income. Texas PACE enables owners of eligible commercial, industrial, and multifamily properties to lower operating costs and pay for energy efficiency, water conservation, distributed generation, and resilience projects with the utility bill savings. Combined heat and power (CHP) is an energy efficiency and resilience technology application that qualifies for PACE financing.

Using the PACE program, owners gain access to private, affordable, long-term financing that covers up to 100% of the project cost. The program provides not personal or business loans but voluntary land-secured assessments that are paid off over time. The payments are structured to be less than the savings, so projects are cash-flow-positive. The payment terms can extend to 20 years or more and are transferable to the next owner if the property is sold.

### Quick Facts

**Location:** Texas  
**Market Sector:** Commercial, Industrial and Multifamily  
**Program Type:** Financing  
**Program Start:** 2013

### Program Development

The state legislature enacted the Texas PACE program as a local adoption model, authorizing local governments to adopt this market-based, flexible program and work with the private sector to finance qualified improvements via voluntary property assessments. The following is a brief history of PACE development:

- 2012 – A non-profit, bi-partisan business association, Keeping PACE in Texas (KPT), is founded to promote the adoption of uniform PACE programs throughout Texas.
- 2013 – SB 385 – The PACE Act, Chapter 399 of the Local Government Code, is adopted.
- 2014 – Over 130 volunteers (property owners, lenders, business organizations, contractors, and local governments) collaborate to develop “PACE in a Box,” a plug-and-play model program, to ease program adoption, provide embedded consumer protection and technical best practices, and create a uniform program across Texas.<sup>1</sup>
- 2017 – HB 2654 – The bill clarifies the intent for tax assessor/collectors to have personal immunity for work on PACE programs in Texas.

### Texas PACE Process

#### A Building Owner:



#### If the owner, building, and project all meet PACE requirements:

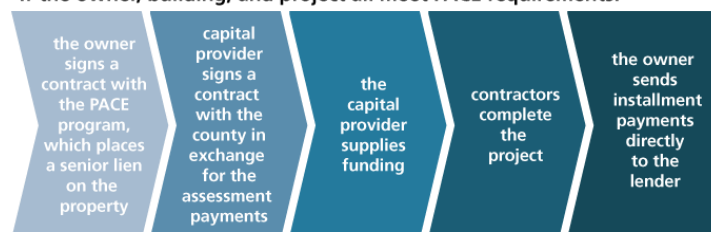


IMAGE SOURCE: TEXAS PACE AUTHORITY

<sup>1</sup> <https://www.keepingpaceintexas.org/pace-in-a-box/>

## Summary of Policy Results and Outcomes

### 2016–2019 BY THE NUMBERS

27 projects completed

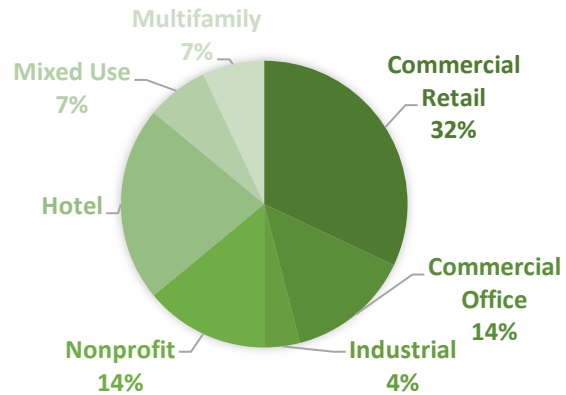
\$102 million invested

40% abandoned buildings repurposed

55% Texas population served

834 clean energy jobs created

2016-2019 CUMULATIVE TOTAL PROJECTS  
BY PROPERTY TYPE (number of projects)



SOURCE: TEXAS PACE AUTHORITY, DECEMBER 2019

## Texas PACE Benefits

- 100% financing
- Long term (up to 25 years or more)
- Transferrable to new owner if property is sold
- Transferrable payment obligation
- Open-market financing
- Reduced operating expenses
- Combinable with utility and tax incentives

### Learn more about Texas PACE financing:

- [State Energy Conservation Office](#)
- [Energy and Emissions Tool](#)
- [Texas PACE Authority](#)
- [Keeping PACE in Texas](#)
- [PACE Nation](#)
- [Better Buildings Financing Navigator](#)

## Lessons To Share

CHP systems provide financial and environmental savings—but also come with upfront costs. PACE programs provide 100% of the project cost upfront for both hard and soft costs, and the repayments can be spread over 20 years or more. While the PACE market in Texas is relatively young, the PACE program has helped property owners install CHP systems and save money on utility bills across the country. Financing CHP installations with PACE can make such a project feasible—and a smart move for a business.

Program awareness is growing in Texas. PACE financing has funded 27 projects across the state, with over \$102 million invested since 2016. These projects are focused largely on energy efficiency measures, with a few rooftop solar projects. To increase uptake of PACE in Houston, stakeholders developed Energy Efficiency in Buildings (EEB) Houston. This type of platform and the new Texas Industrial Energy Efficiency Network (TIEEN), operated by the University of Houston, will further industry knowledge of how PACE can increase energy efficiency investment, with a specific focus on CHP.

## For More Information

U.S. DOE SOUTHCENTRAL CHP TECHNICAL  
ASSISTANCE PARTNERSHIP (CHP TAP)

[www.scchptap.org](http://www.scchptap.org)

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