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## **Michigan Agency for Energy showcases new energy measures at Lansing offices, becomes first state agency in nation using innovative PACE financing**

**September 28, 2015** – Taxpayers are expected to save \$800,000 as the Michigan Agency for Energy (MAE) installs energy efficiency improvements including solar panels at the agency’s Lansing offices.

MAE becomes the first energy agency in the nation to make improvements using Property Assessed Clean Energy (PACE) financing.

“Michigan’s government is leading by example by actively seeking cost-effective ways to cut energy waste,” MAE Executive Director Valerie Brader said at an open house showcasing the improvements. “It is only fitting that the state’s energy experts demonstrate the effective use of multiple innovative tools to reduce our energy waste. The improvements made are expected to yield \$800,000 in savings to the state.”

The improvements, which cost about \$437,000 to install, include LED lights inside the office building and in the parking lot, occupancy light sensors, additional roof insulation, a 20-kilowatt solar array, electric vehicle charging stations, and variable speed motors for heating and cooling.

When the Michigan Public Service Commission (MPSC) planned its move to 7109 W. Saginaw Highway last year, it approached the property owner – Saginaw Plaza Ltd – to finance certain energy efficiency improvements using PACE financing.

This innovative financing method overcomes the problem of a “split incentive,” where a property owner with an inefficient building has little incentive to improve it because the tenant pays the utility bills. Under PACE, energy efficiency projects are financed through property tax payments rather than regular bank loan payments.

That arrangement reduces risk to the lender and allows the landlord to pass on the cost of the project as part of the tenant’s monthly lease payments, along with associated accelerated depreciation and tax credit benefits, which substantially reduce the net cost of the project.

