MISSOURI GREEN BANC

REFERENCE GUIDE

C-PACE & Clean Energy Finance Glossary

Plain-language definitions for property owners, contractors, lenders, and local officials

Commercial Property Assessed Clean Energy (C-PACE) brings together property owners, contractors, capital providers, and local governments. Each group arrives with its own vocabulary. This glossary gives all of them a common reference.

It defines 70 terms used in Missouri C-PACE transactions and in the broader clean energy finance field. Where Missouri law or Missouri Clean Energy District practice shapes how a term applies, a Missouri context note follows the definition.

HOW TO USE THIS GLOSSARY

Terms are listed alphabetically. Cross-references under “See also” point to related entries.

For answers to common questions about how C-PACE works in Missouri, see the companion document, C-PACE Frequently Asked Questions.

ABOUT MISSOURI GREEN BANC

Missouri Green Banc (MGB) is a 501(c)(3) nonprofit green bank that administers the Missouri Clean Energy District, the statutory C-PACE authority under §67.2800 RSMo. MCED serves more than 300 member communities representing approximately 62% of Missouri’s population.

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A

Assessment Contract

The agreement between a property owner and the PACE authority under which the owner voluntarily agrees to a special assessment on the property to repay the cost of qualified improvements. The contract sets the assessment amount, term, interest rate, and payment schedule, and is recorded against the property.

Missouri context: In Missouri, assessment contracts are entered into under §67.2800 et seq. RSMo.

See also: *Special Assessment · Recording*

B

Benchmarking

Tracking a building's energy and water use over time and comparing it with similar buildings, commonly using ENERGY STAR Portfolio Manager. Benchmarking data helps owners identify candidates for retrofit and document results afterward.

See also: *Energy Audit · Measurement & Verification*

Blended Finance

A capital structure that combines concessionary funds (grants, program-related investments, public dollars) with market-rate private capital so that projects or programs reach terms that neither source could achieve alone.

See also: *Concessionary Capital · Credit Enhancement · Green Bank*

Building Decarbonization

Reducing the greenhouse gas emissions associated with a building's operations, typically through efficiency upgrades, electrification of heating and hot water, and on-site or procured renewable energy.

See also: *Electrification · Energy Conservation Measure*

C

C-PACE (Commercial Property Assessed Clean Energy)

A financing mechanism, enabled by state law, that lets owners of eligible commercial, industrial, agricultural, nonprofit, and multifamily properties fund qualified energy, water, and related improvements through a voluntary special assessment on the property. Repayment is spread over a long term and stays with the property if it is sold.

See also: *Assessment Contract · PACE · Special Assessment*

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Capital Provider

The lender, investor, or fund that supplies the money for a C-PACE transaction. The capital provider funds the project at closing and is repaid from the assessment installments collected on the property.

See also: *Assessment Contract · Securitization*

Capitalized Interest

Interest that accrues during construction and is added to the financed amount rather than paid in cash. It allows the owner to defer the first assessment payment until the improvements are operating.

See also: *Construction Draw · Soft Costs*

CDFI (Community Development Financial Institution)

A private lender certified by the U.S. Treasury's CDFI Fund that provides financial services in underserved markets. CDFIs are frequent partners of green banks as co-lenders or capital providers.

See also: *Green Bank*

Clean Energy Development Board

A public body a Missouri municipality may create, or join with other municipalities to form, to establish and administer a PACE program under state law.

Missouri context: The Missouri Clean Energy District is the statewide district serving 300+ member communities.

See also: *Clean Energy District · Member Community*

Clean Energy District

A political subdivision formed under Missouri's PACE statute to offer PACE financing across the jurisdictions of its member communities. It levies and administers assessments and approves projects.

See also: *Clean Energy Development Board · MCED*

Concessionary Capital

Funds invested at below-market returns, longer terms, or higher risk tolerance in exchange for public or mission benefit. Sources include foundations, government programs, and impact investors.

See also: *Blended Finance · Program-Related Investment*

Construction Draw

A disbursement of project funds released in stages as work is completed and verified, rather than in a single payment at closing.

See also: *Capitalized Interest*

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Credit Enhancement

A tool that reduces the risk borne by lenders, such as a loan loss reserve, guarantee, or subordinated capital, allowing them to lend at better terms or to borrowers they would otherwise decline.

See also: *Blended Finance · Loan Loss Reserve*

D

Debt Service Coverage Ratio (DSCR)

A property's net operating income divided by its total annual debt payments. Lenders use DSCR to judge whether a property generates enough cash to cover existing obligations plus a new C-PACE assessment.

See also: *Net Operating Income*

Decarbonization

See Building Decarbonization.

Default

Failure to pay assessment installments when due. Delinquent C-PACE installments are enforced in a manner similar to delinquent property taxes or special assessments.

See also: *Non-Acceleration*

Demand Charge

The portion of a commercial electric bill based on the highest rate of power draw (kW) during a billing period, rather than total energy consumed (kWh). Controls, storage, and efficient equipment can reduce demand charges significantly.

See also: *kW / kWh*

E

Electrification

Replacing equipment that burns fossil fuels on site, such as gas furnaces, boilers, and water heaters, with high-efficiency electric equipment such as heat pumps.

See also: *Heat Pump · Building Decarbonization*

Eligible Improvement

A project component that qualifies for PACE financing under state statute and the district's program guidelines, commonly energy efficiency and renewable energy measures and related work.

Missouri context: Eligibility is defined by §67.2800 RSMo and MCED program guidelines.

See also: *Energy Efficiency Improvement · Renewable Energy Improvement*

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Energy Audit

A professional assessment of how a building uses energy and where savings are available. Audits range from a walk-through (ASHRAE Level 1) to a detailed engineering analysis (Level 2 or 3) that estimates project costs and savings.

See also: *Energy Conservation Measure · Savings-to-Investment Ratio*

Energy Conservation Measure (ECM)

An individual upgrade that reduces energy use, for example LED lighting, a high-efficiency chiller, building automation controls, or roof insulation.

See also: *Energy Audit · Eligible Improvement*

Energy Efficiency Improvement

A permanent improvement fixed to real property that reduces energy consumption, such as HVAC upgrades, lighting, insulation, windows, and controls.

See also: *Eligible Improvement*

ENERGY STAR Portfolio Manager

The free U.S. EPA online tool for measuring and tracking building energy and water use, and for earning ENERGY STAR certification.

See also: *Benchmarking*

ESCO (Energy Service Company)

A firm that designs, installs, and often guarantees the performance of energy efficiency projects, sometimes under a contract tied to measured savings.

See also: *Measurement & Verification*

G

Green Bank

A public or nonprofit finance institution that uses limited public and philanthropic capital to attract private investment into clean energy projects. Green banks focus on filling financing gaps rather than competing with private lenders.

Missouri context: Missouri Green Banc is a 501(c)(3) nonprofit green bank headquartered in Chesterfield.

See also: *Blended Finance · Credit Enhancement*

Greenhouse Gas Reduction Fund (GGRF)

A federal program created by the Inflation Reduction Act to capitalize green banks and community lenders. Its funding status has been the subject of federal action and litigation since 2025.

See also: *Green Bank · Inflation Reduction Act*

H

Heat Pump

Electric equipment that moves heat rather than generating it, providing both heating and cooling at efficiencies well above conventional systems. Variants include air-source, ground-source (geothermal), and heat pump water heaters.

See also: *Electrification*

I

Inflation Reduction Act (IRA)

Federal legislation enacted in 2022 that expanded tax credits and grant programs for clean energy. Many provisions were modified by federal legislation in 2025; confirm current eligibility and deadlines with a tax advisor.

See also: *Investment Tax Credit*

Investment Tax Credit (ITC)

A federal income tax credit equal to a percentage of the cost of eligible clean energy property, such as solar or storage. C-PACE can finance the full project cost while the owner separately claims any credit it qualifies for.

See also: *Inflation Reduction Act*

K

kW / kWh

Kilowatt (kW) measures the rate of power use at a moment in time; kilowatt-hour (kWh) measures total energy consumed over time. A 1 kW load running for one hour uses 1 kWh.

See also: *Demand Charge*

L

Lender Consent

Written acknowledgment from the holder of an existing mortgage on the property that it agrees to the placement of the C-PACE assessment.

Missouri context: MCED requires consent from existing mortgage holders before a project closes.

See also: *Lien Priority · Mortgage Holder*

Lien

A legal claim against property that secures payment of an obligation. A C-PACE assessment is secured by a lien on the improved property.

See also: *Lien Priority · Special Assessment*

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Lien Priority

The order in which claims against a property are paid. PACE assessment liens generally hold the same priority as other property tax and special assessment liens, ahead of private mortgage debt, but only for installments that are due and unpaid.

See also: *Lender Consent · Non-Acceleration*

Loan Loss Reserve

A pool of funds set aside to cover a portion of losses if borrowers default, used to encourage lenders to participate in a program.

See also: *Credit Enhancement*

Loan-to-Value (LTV)

The ratio of total debt on a property to its appraised value. C-PACE programs and capital providers often set limits on the combined financing, including the assessment, as a share of property value.

See also: *Debt Service Coverage Ratio*

M

MCED (Missouri Clean Energy District)

The statutory C-PACE authority established under §67.2800 RSMo, serving more than 300 member communities representing approximately 62% of Missouri's population. MCED is administered by Missouri Green Banc; the two are peer organizations.

See also: *Clean Energy District · Member Community*

Measurement & Verification (M&V)

The process of documenting actual energy and cost savings after a project is installed, often following the International Performance Measurement and Verification Protocol (IPMVP).

See also: *Benchmarking · ESCO*

Member Community

A city, county, or other political subdivision that has joined a clean energy district, making C-PACE available to eligible property owners within its boundaries.

See also: *Clean Energy District · MCED*

Mortgage Holder

The lender that holds an existing mortgage or deed of trust on a property. Its consent is typically required before a C-PACE assessment is placed.

See also: *Lender Consent*

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N

Net Metering

A utility billing arrangement that credits customers for excess electricity generated by an on-site system, such as rooftop solar, and exported to the grid.

See also: *Renewable Energy Improvement*

Net Operating Income (NOI)

A property's annual income after operating expenses, before debt service and income taxes. Energy savings from C-PACE improvements can increase NOI.

See also: *Debt Service Coverage Ratio*

Non-Acceleration

A feature of PACE assessments under which, if a payment is missed, only the past-due installments can be collected. The remaining balance is not called due all at once.

See also: *Lien Priority · Default*

NPCA (National PACE Capital Access)

A Missouri Green Banc program that operates an open registration platform connecting Missouri property owners with contractors and capital providers for C-PACE projects.

See also: *Capital Provider*

O

Operating Expense Pass-Through

A lease provision allowing a landlord to pass certain property costs, which may include property taxes and assessments, to tenants. Under many leases, tenants who benefit from lower utility bills also share the assessment cost.

See also: *Triple Net Lease*

P

PACE (Property Assessed Clean Energy)

The general term for financing repaid through a special assessment on real property. C-PACE refers to the commercial application.

See also: *C-PACE*

Payback Period

The time required for cumulative savings from an improvement to equal its upfront cost. A simple payback ignores financing costs and the time value of money.

See also: *Savings-to-Investment Ratio*

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Political Subdivision

A unit of local government created under state law, such as a county, city, or special district, with authority to carry out specific public functions.

See also: *Clean Energy District*

Power Purchase Agreement (PPA)

A contract under which a third party owns an energy system on a customer's property and sells the electricity it produces to the customer at an agreed rate. It is an alternative to owner financing such as C-PACE.

See also: *Renewable Energy Improvement*

Prepayment

Paying off all or part of an assessment before the end of its term. Prepayment terms, including any fees, are set in the assessment contract and financing documents.

See also: *Assessment Contract*

Program Administrator

The organization that manages day-to-day operations of a PACE program, including applications, underwriting review, closing coordination, and contractor and lender outreach, under contract with the PACE authority.

See also: *MCED*

Program Guidelines

The written rules adopted by a PACE authority setting eligibility, underwriting standards, required documents, and process steps for projects.

See also: *Eligible Improvement*

Program-Related Investment (PRI)

A below-market loan or equity investment made by a private foundation primarily to advance its charitable purpose, which counts toward the foundation's required annual distributions.

See also: *Concessionary Capital*

R

REAP (Rural Energy for America Program)

A USDA program providing grants and guaranteed loans to agricultural producers and rural small businesses for renewable energy systems and energy efficiency improvements.

See also: *RESP*

Recording

Filing the assessment contract or notice of assessment with the county recorder of deeds so the obligation appears in the property's public title record.

See also: *Assessment Contract · Title Report*

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Renewable Energy Improvement

A permanent improvement fixed to real property that generates energy from renewable sources, such as solar photovoltaic, solar thermal, geothermal, or wind systems.

See also: *Eligible Improvement*

RESP (Rural Energy Savings Program)

A USDA program that makes zero-interest loans to eligible entities, which relend the funds to rural consumers for energy efficiency and renewable energy projects.

See also: *REAP*

Retroactive Financing (Look-Back)

Using C-PACE to refinance eligible improvements that were recently completed, where program guidelines permit. The look-back window and conditions are set by the PACE authority.

See also: *Program Guidelines*

S

Savings-to-Investment Ratio (SIR)

The total projected savings from an improvement over its useful life divided by its cost. An SIR above 1.0 means projected savings exceed cost.

See also: *Payback Period · Useful Life*

Securitization

Pooling many assessments or loans into a security sold to investors, which returns capital to originators so they can fund new projects.

See also: *Capital Provider*

Soft Costs

Project expenses other than equipment and construction labor, such as engineering, energy audits, permits, legal and closing fees, and capitalized interest. C-PACE can often finance eligible soft costs.

See also: *Capitalized Interest*

Special Assessment

A charge levied by a public authority on specific properties that receive a benefit, collected in installments like property taxes. C-PACE uses a voluntary special assessment agreed to by the owner.

See also: *Assessment Contract · Lien*

Stranded Asset

A property or piece of equipment that loses value before the end of its expected life because of changing regulations, markets, or technology, such as a building that no longer meets tenant or performance expectations.

See also: *Building Decarbonization*

T

Term

The length of time over which an assessment is repaid. C-PACE terms are typically long, often up to the useful life of the improvements financed, which helps annual savings offset annual payments.

See also: *Useful Life · Weighted Average Useful Life*

Title Report

A report from a title company showing a property's ownership and all recorded liens, mortgages, and encumbrances. It is used to confirm ownership and identify mortgage holders whose consent is needed.

See also: *Lender Consent · Recording*

Transferability

The feature of a C-PACE assessment that keeps the obligation attached to the property rather than the owner. When the property is sold, remaining installments pass to the new owner unless paid off at sale.

See also: *Special Assessment*

Triple Net (NNN) Lease

A commercial lease under which the tenant pays property taxes, insurance, and maintenance in addition to rent. C-PACE assessments may be passable to tenants under the lease terms.

See also: *Operating Expense Pass-Through*

U

Underwriting

The review a program and capital provider conduct before approving financing, typically covering property ownership, title, property value, tax and mortgage payment history, existing debt, and the project scope.

See also: *Debt Service Coverage Ratio · Loan-to-Value*

Useful Life

The expected number of years an improvement will operate as designed. Industry and program tables assign useful lives to common measures.

See also: *Term · Weighted Average Useful Life*

W

Water Efficiency Improvement

A permanent improvement that reduces water use, such as low-flow fixtures, efficient irrigation, and cooling tower upgrades, where permitted by statute and program guidelines.

See also: *Eligible Improvement*

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Weighted Average Useful Life (WAUL)

The average useful life of all measures in a project, weighted by each measure's share of total cost. Many programs cap the assessment term at the WAUL.

See also: *Term · Useful Life*

IMPORTANT NOTICE

This document is provided for general educational purposes and is not legal, tax, accounting, or investment advice. C-PACE financing in Missouri is governed by the Property Assessed Clean Energy Act (§67.2800 et seq. RSMo) and the program guidelines of the Missouri Clean Energy District. Program terms, eligibility, and federal incentives change; confirm current requirements with MCED and qualified advisors before making financing decisions.

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