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**Testimony of David Sutherland – Director of Government Relations
Before the Banking Committee – March 8th, 2016**

**In Support of Bill 5563
AN ACT CONCERNING RESIDENTIAL PROPERTY ASSESSED CLEAN ENERGY.**

On behalf of The Nature Conservancy's Connecticut Chapter, I would like to express our strong support for Bill 5563, which would make critical clarifications and improvements to Connecticut's existing statutes in which a Residential Property Assessed Clean Energy (PACE) program was authorized by PA 11-80.

Connecticut already offers innovative mechanisms for facilitating and encouraging the deployment of renewable energy systems and energy efficiency measures. It is critical, however, that we and other states offer every possible incentive and financial mechanism to enable residents and businesses to first of all, use less energy, and secondly, utilize as many renewable sources as possible for the energy we do need. These initiatives save money for energy consumers, reduce the need for costly new fossil-fuel-based sources, and reduce the pollution of our air.

Although different states or jurisdictions structure the programs with some variations, PACE provisions generally allow property owners, if they choose, to repay the costs of renewable energy systems or fixed-in-place energy efficiency measures for a specified period of time as a part of their property taxes. The obligation is tied to the property rather than the individual owner who originated the loan, so is passed on in the event of a sale or transfer.

PACE programs and loans are an important addition to our roster of clean energy promotions because:

- **they are secured by the property and so can assist more property owners than many other financing mechanisms by enabling lower payments due to longer loan terms and lower interest rates;**
- **they enable moderate income property owners who have equity in their homes, but low income or cash flow, to more easily access renewable energy systems or fixed energy efficiency improvements;**
- **although property buyers can still request that a loan obligation be paid off prior to a sale, the fact that obligations are more easily and usually transferred with the property reassures owners who anticipate moving within several years;**
- **they can often be approved by PACE lenders far more quickly than conventional loans, which is particularly important when time is a critical factor; for example, when replacing an inoperable furnace.**

(over)

While Connecticut's C-PACE program enables energy loans to assume a senior loan position over mortgages, this bill would place residential PACE loans in a subordinate position. We support this legislation with its subordinate position provision, but would encourage the Green Bank and this legislature to continue to explore ways in which our R-PACE program could include a senior loan position provision. While Bill 5563's provisions are crucially important and will provide the advantages listed above, a senior loan position provision has been an important part of our C-PACE programs success, and would provide additional advantages.