



Connecticut Chapter
2074 Park St.
Hartford, Connecticut 06105
<http://www.sierraclub.org/connecticut>
Martin Mador, Legislative Chair

Committee on Banking
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Testimony in Support of HB 5563 AAC Residential Property Assessed Clean Energy

I am Martin Mador, 130 Highland Ave., Hamden, CT 06518. I am the volunteer Legislative Chair for the Connecticut Chapter of the Sierra Club. I hold a Masters of Environmental Management degree from the Yale School of Forestry and Environmental Studies.

The Sierra Club has long been an advocate for a Residential PACE program. Clearly this concept has enormous potential to finance clean energy upgrades and performance. In 2011, we hosted a lecture at the LOB by Cisco deVries, originator of the PACE concept. Core to a PACE program has always been guaranteeing payback of a loan so that lenders have the confidence they can provide low, long term, lending rates. Linking the loan to the property rather than the current owner is the key. The lien is recorded on the town land records.

Establishment of a state residential program has long been blocked by the Federal Housing Finance Agency, which would not allow a PACE loan to be senior to the home mortgage they were backing. Meanwhile, Connecticut did establish a commercial PACE program, which has proven highly successful.

Greenbank has structured a residential PACE program so that it can succeed. We are somewhat concerned that making the PACE loan subordinate to the first mortgage will satisfy the lenders, but Greenbank advises this will work.

We endorse HB 5563. It mirrors PACE programs established in other states. It will certainly help attract private financing to provide capitol for energy upgrades at low rates. In fact, a homeowner could be cash positive from day one as the energy savings could well be greater than the loan payments.

We are hopeful that the financial sector lenders will find the security of PACE loans sufficient to be willing to grant the necessary low rate, long term financing.

Greenbank has run the C-PACE program well, so we raise no objection to placing oversight of the R-PACE program it their hands.

A few comments on the draft language of HB 5563:

CGS 16-1 does not define “clean energy”. There must be no confusion that the program will finance only renewable energy upgrades (solar, geothermal, etc), energy efficiency, performance audits, and other improvements as in lines 4-15 of the draft bill.

Using the term “Bank” to refer to the Greenbank (lines 46-47 and following) is horrendously confusing, as the PACE program requires the presence of financial lenders, known to the general public as “banks”.