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**Statement of the Connecticut Green Bank  
on Proposed Bill 5040**  
AN ACT CONCERNING THE PRIORITY OF BENEFIT ASSESSMENT LIENS  
UNDER THE COMMERCIAL SUSTAINABLE ENERGY PROGRAM  
February 21, 2017

*As the nation's first green bank, the Connecticut Green Bank ("Green Bank") leverages the limited public resources it receives to attract multiples of private investment to scale up clean energy deployment. Recently the Green Bank celebrated its 5-year anniversary, to which it has mobilized over \$1 billion of investment into Connecticut's clean energy economy, supported the creation of nearly 13,000 direct, indirect and induced jobs, reduced the energy burden on over 20,000 households and businesses, deployed over 215 MW of clean energy, and helped reduce over 2.6 million metric tons of CO2 emissions over the life of the projects. The Green Bank supports the policy vision of cleaner, cheaper and more reliable energy sources for Connecticut – while creating jobs and supporting local economic development.*

**The Green Bank opposes this proposal.** The Commercial Property Assessed Clean Energy ("C-PACE") program is the Green Bank's flagship financing product for the commercial and industrial market. If enacted, Proposed Bill 5040 would place C-PACE benefit assessment liens beneath non-real property municipal liens and assessments, in terms of repayment priority in the event of loan defaults. The adoption of this proposal would adversely affect the operations and success of the Green Bank's C-PACE program.

**Background on the Commercial Sustainable Energy Program: C-PACE**

C-PACE allows building owners to finance qualifying energy efficiency and clean energy improvements through a voluntary assessment on their property tax bill. Property owners pay for the improvements over time through this additional charge on their property tax bill, and the repayment obligation transfers automatically to the next owner if the property is sold. Capital provided under the C-PACE program is secured by a lien on the property, providing confidence in the likelihood of repayment. This confidence helps the Green Bank attract investment from the private sector at lower interest rates than might otherwise be available to a borrower using similar loan terms outside of C-PACE.

Several examples of C-PACE marketing material are included as appendices to this testimony; these are included for informational purposes only and are unrelated to this or any other legislative proposal.

### **Reasons for Opposition to HB 5040**

Current statute states that C-PACE liens “shall take precedence over all other liens or encumbrances except a lien for taxes of the municipality on real property.” Subordinating C-PACE liens to all other municipal liens - such as those for sewer or special district benefit assessments – would create unfair conditions for the private sector partners the Green Bank has attracted to the PACE financing market. These partners signed agreements with the Green Bank under certain sets of contractual assumptions and risk conditions that would then be subject to change if this proposal becomes law.

C-PACE currently has 126 out of 169 participating municipalities, covering approximately 90% of the footprint of Connecticut’s commercial real estate market. Despite being a statewide program, C-PACE does not cover every municipality in the state because the program is volitional – it was set up as an opt-in program. This optionality means there is already an avenue available for municipalities that see protection of their non-tax lien priority as outweighing the benefits of economic development, improved property and cash flow resiliency for local businesses.

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## What is C-PACE?

Green energy upgrades for commercial buildings are important, but can be hard for building owners to pay for. C-PACE (Commercial Property Assessed Clean Energy) is an innovative financing solution from Connecticut Green Bank that makes it affordable for building owners to modernize their building, lower their energy costs and increase their bottom line:

### All types of properties can use it...

Nearly any type of commercial property is eligible. Privately owned, non-residential buildings (such as industrial, office, retail, agricultural, nonprofit, multifamily, etc.) can all benefit from C-PACE.



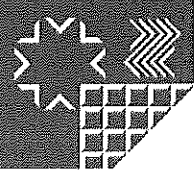
### ...to design a custom solution...

Building owners work with a contractor to develop a custom solution to save money and energy. Contractors contact with Connecticut Green Bank and its technical advisors to provide trustworthy savings projections.



### ...with all kinds of energy upgrades.

Contractors develop projects that reduce energy usage, including: lighting, heating and cooling, insulation, motors, pumps, solar panels and other green energy upgrades.



### 100% financing...

Long-term, 100% financing is secured through a capital provider. Terms of up to 25 years allow building owners to spread payments out over time, resulting in positive cash flow for comprehensive projects.



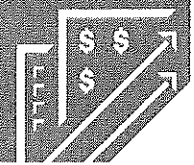
### ...with a simple repayment structure...

C-PACE financing is repaid through an assessment that is placed on a building owner's property by their municipality, similar to a sewer assessment, that can be transferred if there is a change of ownership.



### ...saves energy and money.

Energy savings should more than offset assessment payments. With lower energy costs, building owners unlock positive cash flow for their businesses and increase their buildings' value.



**Green energy builds better businesses. Learn more at [cpace.com](http://cpace.com).**

# pacesetters >>

Accelerating the Growth of Connecticut's C-PACE Financing Program

C-PACE (Commercial Property Assessed Clean Energy) is an innovative and affordable way for businesses, manufacturers and nonprofits to pay for green energy upgrades. C-PACE financing covers 100% of project costs with no money down and is repaid as a long-term assessment on the property. C-PACE not only makes green energy accessible, it allows owners to immediately increase cash flow and improve their building's value.

PACEsetters are the building owners, investors, contractors and municipal leaders who are using the C-PACE program to drive investment, improve our commercial building stock and accelerate the impact of green energy on our environment, economy and communities.

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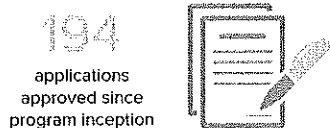
SPARKED BY  
CONNECTICUT GREEN BANK

This quarterly dashboard tracks the growth catalyzed by PACEsetters in 3 key measures:

## INVESTMENT

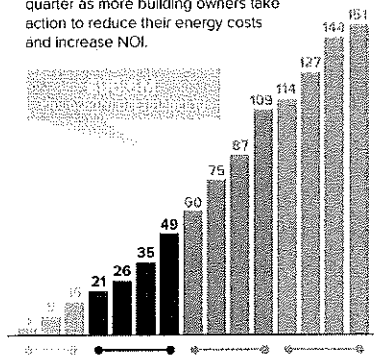
### Demand is Growing

Approved applications are on the rise. Interest among building owners is growing thanks to an investment structure that provides confidence.



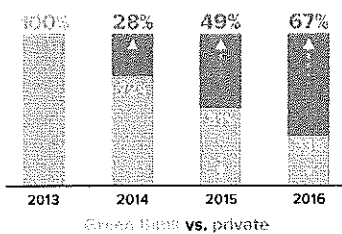
### Closed Projects

Funded projects are increasing every quarter as more building owners take action to reduce their energy costs and increase NOI.



### Total Capital Invested

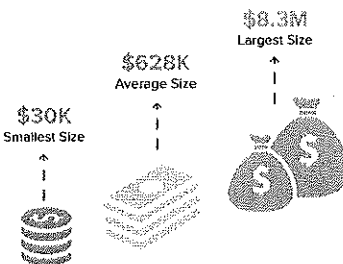
Since program inception, the Green Bank is using fewer of its dollars to attract a growing amount of private capital.



## IMPROVEMENTS

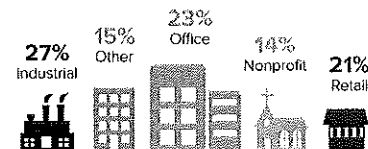
### All Sizes of Projects

C-PACE can bring virtually any green energy project, small or large, from a vision to a reality.



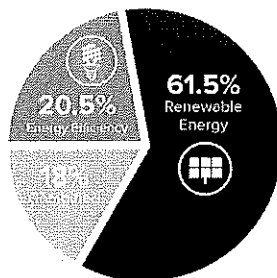
### All Shapes of Properties

From manufacturing facilities to YMCAs all commercial properties are eligible to use C-PACE for an energy saving project.



### All Types of Green Energy

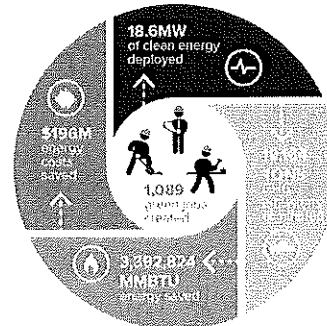
From simple boiler replacements to solar C-PACE works for any upgrade that reduces energy costs.



## IMPACT

### The Power of Green Energy

C-PACE projects are creating jobs, saving businesses millions of dollars, and supporting a cleaner, healthier environment.



### Making Green Work

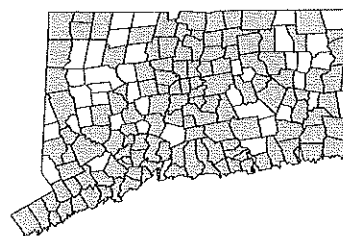
With financing available for hard and soft costs, C-PACE contractors can design comprehensive projects and gain access to new customers.

84 contractors have completed at least one C-PACE project



### More Green Communities

126 participating cities and towns can use C-PACE to fuel economic development, make their community cleaner and help their citizens thrive.



\*Energy savings based on projections

For more information and to see how Connecticut's C-PACE program is setting the pace, visit [C-PACE.com](http://C-PACE.com)

Sources: Connecticut Green Bank C-PACE program

The Connecticut Green Bank is the nation's first green bank. We're creating a thriving marketplace to accelerate green energy adoption in Connecticut by making green energy financing accessible and affordable for homeowners, businesses and institutions.

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