

**RESIDENTIAL
PROPERTY ASSESSED
CLEAN ENERGY (R-PACE):
LEGISLATIVE
CONSIDERATIONS**

Nov. 30, 2016



NATIONAL CONFERENCE *of* STATE LEGISLATURES

Outline

- Introduction
- Current policy landscape
- Framework for R-PACE
- Legislative components
- Discussion

Residential Property Assessed Clean Energy

- Already been the focus of several NASEO calls
- Goal: increased access to long-term, favorable financing for renewables and efficiency for residential customers
 - Enough flexibility to allow for programs to develop and operate
 - Enough regulations to provide security to lenders and protection to customers
 - To be successful there has to be benefits and security for all stakeholders



Policy Landscape

- 33 states and D.C. have enabling legislation for PACE but...
 - 19 states and D.C. have active programs
 - In terms of residential PACE, only 3 states have active programs: California, Florida and Missouri



Structural Components of Legislation

- An explicit public purpose
- Stating an assessment is a lien on the property
- Addressing transferability across owners



Common PACE Legislative Components

- ❑ Owner consent
- ❑ Eligible technology
- ❑ Access to private or third-party capital
- ❑ Administration
 - Local, inter-local, or state
 - Public, private
- ❑ Cost-effectiveness
- ❑ Mortgage must be in good terms
- ❑ Mortgage-holder notification or approval
- ❑ Allowing leases and PPAs
- ❑ Disclosure documents
- ❑ Public record keeping
- ❑ No penalty for early repayment
- ❑ Lien-to-property maximums
- ❑ Annual reporting



R-PACE Components

- Education
- Customer disclosures
- Property value considerations
- Additional financial parameters
- Owner occupancy requirements



Legislative Considerations

- ❑ Loan loss reserve funds and credit enhancements
- ❑ Lien subordination
- ❑ Requiring home ownership for R-PACE participation
- ❑ Discontinued R-PACE programs



Lessons from Outside the PACE Sphere

- ❑ Legislative passage rates are low, enacting legislation may take multiple sessions
- ❑ Multiple states have enacted supplemental legislation due to market, environmental or policy changes
- ❑ Coalescing stakeholders early may ultimately expedite successful legislation



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