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