

Property Assessed Clean Energy¹ - Provisions of Act 45 – (Sec. 15e)

For the full legislation, visit the State Legislature's website:

<http://www.leg.state.vt.us/docs/2010/Acts/ACT045.pdf>.

- Municipal powers expanded – Municipalities may:
 - act alone or in concert with other municipalities; – 24 VSA § 2291 (23)
 - incur debt or other financing to finance renewable energy or energy efficiency projects for property owners: - 24 VSA § 2291 (23)
 - must follow underwriting criteria consistent with BISHCA standards; - 24 VSA §3262 (a)
 - not liable for project performance failure; - 24 VSA §3265 (a)
 - may create reserve fund to use in event of foreclosures; - 24 VSA §3269
 - funded by participating property owners – requires disclosure;
 - capitalized in accordance with standards approved by BISHCA;
 - if use bonding to finance this, must pledge full faith and credit of municipality; - 24 VSA §3265 (b)
- Voters must approve the PACE designation at annual or special meeting: - 24 VSA §3261
 - Only those who have entered into written agreement are subject to special assessment - 24 VSA §3262.
- Process for property owners:
 - analysis that quantifies project costs, energy savings and carbon impacts including annual cash-flow analysis;
 - Analysis must be reviewed and approved by PSB-appointed energy efficiency utility (EEU) – i.e. Efficiency Vermont & BED. Analysis can be performed by EEU or other qualified entity, as determined by municipality. -24 VSA §3262 (b)
 - Written agreement must provide: - 24 VSA §3262 (c)
 - length of time to repay assessment. Length of time must be \leq average life of measure (weighted by cost) as determined by EEU or qualified entity.
 - provision for collecting *past due* balance at transfer of property - future payments able to continue as lien, unless property is foreclosed;
 - risks associated with participation;
 - analysis above recorded in land records and disclosed to potential buyers; *Recording Cost* - 24 VSA §3262 (d)
 - minimum of 30 days notice to existing mortgage holders; -24 VSA §3262 (e)
 - maximum amount (principal) for all properties; – 24 VSA §3262 (f) & (g)

¹ In the Vermont legislation, this provision is described as the Clean Energy Assessment District program, or CEAD. However, as this concept has gained popularity nationally, it has come to be generally referred to as PACE.

- 15% of assessed value of property, capped at 30K for residential;
 - assessment + outstanding mortgages = $\leq 90\%$ of assessed value;
 - For residential (1-4 family) owners: - 24 VSA §3262 (g)
 - must meet lending requirements in Chapter 4 of Title 9 (interest $\leq 18\%$, disclosure, etc);
 - max term = 20 years;
- may enter into private agreement for installation or construction of project; - 24 VSA §3264
- pay assessment;
- release of lien after; - 24 VSA §3268
 - full payment of value of assessment;
 - foreclosure action ;
- Eligible projects are defined as:
 - energy efficiency projects – list to be developed on or before July 1 of each year by EEU; - 24 VSA §3267
 - renewable projects as defined in 30 VSA 8002 (2) - “resource that is being consumed at a harvest rate at or below its natural regeneration rate” - not fossil fuels or nuclear, yes to methane and hydro $\leq 200\text{MW}$;