

CONNECTICUT GREEN BANK: PROGRAM ADMINISTRATION AND TRANSPARENCY*

Connecticut passed PACE-enabling legislation in June 2012, codifying the Connecticut Green Bank (CGB) as program administrator and allowed any local government to join. This approach created a standardized and transparent commercial PACE (C-PACE) market that operates across Connecticut's 169 local governments, 130 of whom have joined and represent 95 percent of the state's commercial and industrial space. There was widespread support for the statewide model among municipal leaders, because this approach reduced the cost and liability local governments would have to assume if they started their own PACE program¹. Eligible projects include energy efficiency in renewable energy and all kinds of commercial buildings. Accomplishments to date² include: \$130.4 Million total closed project financing, with average loan amount of \$546,000, and 239 closed projects (66 percent renewables, 18.5 percent efficiency, 15.5 percent combined). The CGB is a quasi-public agency that was established in 2011 to support green energy investment. CGB programs receive funding from electric utility surcharges as well as other public and private sources.



SIGNIFICANT IMPACT

Since the C-PACE program launched in 2013:³

3.96M

MMBTU energy saved

29.6MW

Clean energy deployed

489,350

Tons of greenhouse gas emissions eliminated

1,431

Jobs created

* Connecticut did not participate in the City Energy Project, however the city's approach serves as a model for other cities to follow.

WHAT IS PACE?

Property Assessed Clean Energy (PACE) is an innovative model for financing energy efficiency, renewable energy, or water conservation projects in commercial and residential properties. Since its inception in 2007, PACE has provided nearly \$6 billion in project financing across the U.S. The program has the potential to overcome some of the major barriers to greater energy efficiency adoption, such as large upfront costs, difficulty obtaining financing, and split incentives between owners and tenants. In addition, there is enormous potential for cities to leverage policies like mandatory benchmarking audit ordinances to support PACE uptake in the commercial sector.



LEARN MORE

Introduction to PACE Fact Sheet

The City Energy Project Resource Library features the [INTRODUCTION TO PACE FACT SHEET](#), designed to help a city implement a PACE financing program.

[VIEW FACT SHEET >](#)

MinnPACE Case Study

The City Energy Project Resource Library features the [MINNPACE CASE STUDY](#).

[VIEW CASE STUDY >](#)

SUCCESSFUL FEATURES OF CT C-PACE

Single Statewide Option. The CGB administers the only C-PACE program permitted to operate in Connecticut. It was the first C-PACE program to utilize a statewide market approach.

Open-Market Financing. The CGB initially provided all project capital with internal funds. However, the Green Bank successfully encouraged private capital to be the predominant financier, accounting for 31 percent of the total in 2018.⁴ This approach gives borrowers a choice in capital providers and limits the use of Green Bank resources.

Stakeholder Engagement. CGB leaders made a deliberate attempt to engage the many stakeholders relevant to C-PACE, such as chambers of commerce, BOMA chapters, and financial institutions. Most importantly, they worked with contractors and energy auditors to help educate their clients on the benefits of C-PACE. This comprehensive approach has raised program awareness and allayed concerns from parties that could delay the project.⁵

Robust Technical Standards. Connecticut's PACE legislation mandated that all projects have a savings to investment ratio greater than 1. Potential borrowers must complete an energy audit, which is subject to third-party technical review to ensure the project meets all technical standards.⁶

Program Standardization. The statewide approach is the key that has made C-PACE so successful in Connecticut. This gives resource-constrained local governments a chance to participate and share the benefits. Moreover, the contractors and commercial property owners that operate throughout Connecticut benefit from uniform standards and a single administrator across their portfolio.

Collaborative Relationships—The statewide model fosters a collaborative relationship between the state and municipalities. Municipalities participating in the program are involved in recording, collecting, remitting, and assigning the benefit assessment. The CGB handles programmatic energy- and financing-related functions like overseeing the program and its underwriting requirements.⁷

REFERENCES

1. Sandy Fozelli, "Accelerating the Commercial PACE Market: Statewide Programs and State Energy Office Participation in Property Assessed Clean Energy Financing" (Arlington, VA: National Association of State Energy Officials (NASEO), April 2016), https://naseo.org/data/sites/1/documents/publications/CLEAN_Master%20NASEO%20PACE%20Memo%202016-5-18%20FINAL.pdf.
- 2, 3, 4. C-PACE Quarterly Update, Q3, 2018.
5. Sandy Fozelli, "Accelerating the Commercial PACE Market: Statewide Programs and State Energy Office Participation in Property Assessed Clean Energy Financing."
6. "C-PACE Program Guidelines" (Connecticut Green Bank, January 19, 2016).
7. Sandy Fozelli, "Accelerating the Commercial PACE Market: Statewide Programs and State Energy Office Participation in Property Assessed Clean Energy Financing."