

# Clean Energy Financing Program

## PURPOSE

To help property owners finance energy retrofits or clean energy systems in order to help municipalities achieve their greenhouse gas reduction goals, create more jobs, lower utility costs for property owners and reduce air pollution from fossil fuel sources.

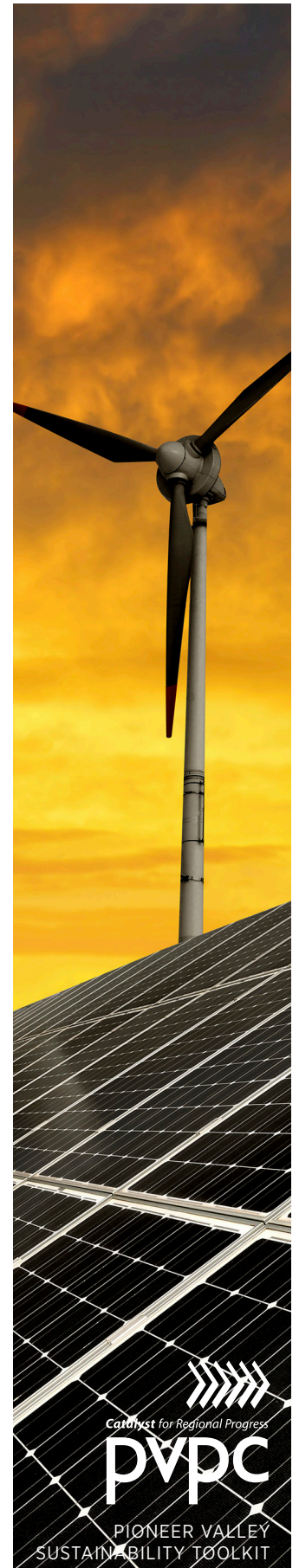
A clean energy financing program sets up a revolving loan fund where property owners can borrow to improve their home or business' energy performance and value.

## HOW IT WORKS

A clean energy financing program helps property owners borrow money to improve their home or business's energy performance and value. Often the property owner will not experience an increase in total monthly costs because reduced utility costs will offset the cost of the loan payment.

Municipalities can create a revolving loan fund and receive payment from program participants over an extended period of time. Some communities choose to enact a PACE Program which ties the loan to the a lien on the deed—rather than to the owner of the property (see box about PACE Program below). This encourages property owners to make long-term investments in energy efficiency; it frees them from worrying about whether their investment will be paid back within the period of their ownership.

Other clean energy financing programs are provided by municipal or privately-owned utilities. In some instances, the utility pays for a substantial part of the clean energy improvements. In other instances, the utility provides financing with low or no interest.



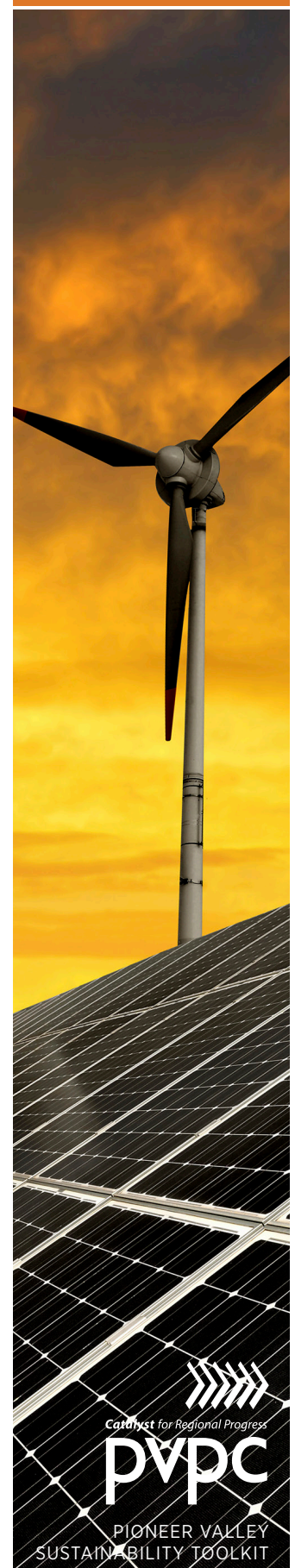
## What's a PACE Program?

A PACE program is a mechanism which allows loans to be tied to the property owner through a lien on the deed. Therefore, if a home or business owner sells their property before having paid off the clean energy loan, the next owner will be responsible for continuing to repay the loan as they enjoy the benefits of the property's clean energy. PACE financing is allowed in under Massachusetts General Laws Chapter 44, Section 53E <sup>3</sup>/<sub>4</sub> and requires municipal action to be enacted at the local level.

Program participation in clean energy financing programs may be open to everyone, or limited based on income level, energy use as determined by an energy audit, geography or some combination thereof. The program's first step is usually to conduct an energy audit of the residence or business, analyze the results and recommend the energy retrofits with the best monetary payback and positive environmental impact.



Thermal image of a house in the Pioneer Valley. Such imaging software helps auditors identify heat leaks to perform comprehensive energy retrofits.



After improvements have been performed, program costs can be recouped through periodic loan repayments by participants, or other innovative methods. For example, program costs may be partially repaid by utility subsidies, a monthly surcharge may be added to the utility bill of the customer, or the loan can be paid through a Property Assessed Clean Energy (PACE) financing mechanism.

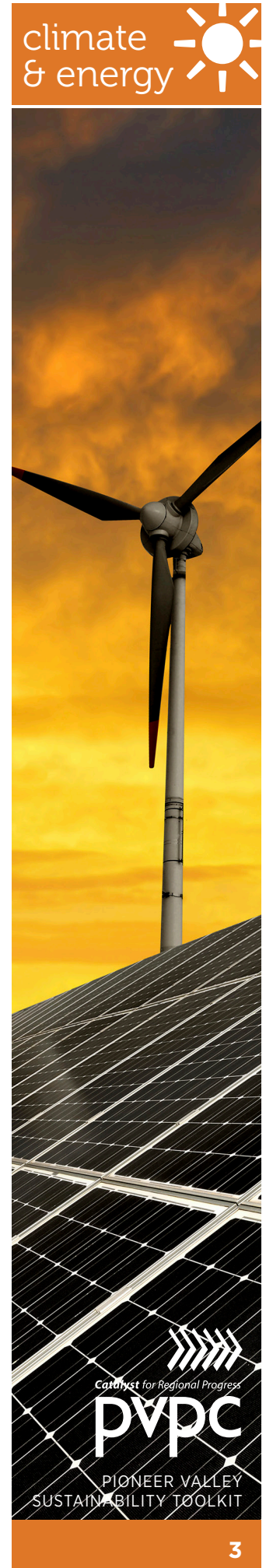
## EXAMPLES OF WHERE STRATEGY HAS BEEN ADOPTED

The City of Holyoke’s Municipal Gas and Electric Company assists residential customers with loans to help make energy saving improvements on their homes. The loan provides 0% interest assistance of up to \$5,000 for single-family homes, or \$10,000 for multi-family homes with 4 or fewer units. Customers are required to pay a \$100 administrative fee in order to participate in this program. The loan is repayable over up to 5 years and charged to the customer’s monthly HG&E bill.

Throughout Western Massachusetts, Columbia Gas will cover up to 75% of the cost to weatherize homes, up to \$2,000. Columbia Gas performs an energy audit and reports energy-saving measures that qualify for incentives. Energy saving measures eligible for the rebate include: attic, wall, and heating pipe/duct insulation and thermostats. When needed, water heater tank wrap, low-flow showerheads, and faucet aerators are installed at no cost.

The City of Northampton adopted a PACE program in 2011 for commercial and multifamily properties, whereby owners will be able to borrow money from the City and repay the loan via a special assessment on their property taxes over a period of years (up to 20 years).

The City of Berkeley, California was the first to offer financial support for residential renewable energy systems, specifically for solar energy sources in a pilot district. They now offer this assistance through the City’s PACE financing program.





# LINKS TO MODEL BYLAWS OR MORE INFORMATION

## HG&E PROGRAM

[http://www.hged.com/html/incentive\\_programs.html#RECProgram](http://www.hged.com/html/incentive_programs.html#RECProgram)

## COLUMBIA GAS PROGRAM:

<https://www.columbiagasma.com/en/ways-to-save>

## PACE FINANCING INFORMATION:

<http://pacefinancing.org/>

## NORTHAMPTON PACE ORDINANCE:

<http://www.northamptonma.gov/1051/PACE-Ordinance>

## BERKELEY RENEWABLES FINANCING:

<http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=26580>

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## FOR MORE INFORMATION, PLEASE CONTACT

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