

## **PACE Program for Dummerston?**

Bob Sherwood

The Dummerston Energy Committee is recommending that the Town look into the possibility of enrolling in a state-sponsored program that would enable residents to make energy-efficiency investments in homes and businesses.

The program, Property Assessed Clean Energy, or PACE, would enable owners of residential, commercial, and industrial properties to take out long-term loans for weatherization improvements and renewable-energy technologies such as water heaters, lighting, furnaces, boilers, heat recovery systems, programmable thermostats, energy management systems, insulation, and more.

PACE has been approved in 16 states, and is currently being implemented in California, New York, and Colorado. The State of Vermont included PACE in its Vermont Energy Act of 2009 as part of the state's commitment to energy efficiency and greenhouse gas reduction.

PACE is designed to help property owners overcome the initial financial hurdle involved in such improvements and let them repay the loan at a low, fixed rate for up to 20 years, with no upfront costs. Participating residents would pay the loans back through a special assessment charged as a new line item on their property tax bill. If a property is sold, the loan balance would be transferred to the new owner, or the assessment obligation paid in full at transfer. PACE loans are funded by taxable municipal bonds or other municipal debt, to be repaid by the town over a similar 20-year period. There are no costs to property owners who do not participate—the program is strictly voluntary.

With the energy improvements facilitated by PACE, property owners would immediately save on their power and/or fuel bills and help reduce greenhouse gas emissions. Experience in other states shows that the energy savings are considerably greater than the loan repayment, so participants would immediately free up household income for mortgage payments and other uses.

Should Dummerston choose to participate in PACE, the town would create a “municipal financing district” that is essentially a bond market made up of municipal bonds, federal loan guarantees, federal stimulus dollars, and private funding. A PACE district may include a number of local municipalities, thereby obtaining funding at a cost-effective rate. Dummerston would likely seek to partner with the town of Putney and other nearby municipalities to achieve this lower rate and to share resources for implementing the program.

The Dummerston Energy Committee and Selectboard have requested that the Vermont Energy Investment Corporation (VEIC) provide certain administrative and consulting services to assist in the research and development of a PACE district in Dummerston. These include a portfolio of financial, technical, and legal services, model documentation, community education materials, training, and other assistance, to enable us to determine whether we want to move forward with the creation of a PACE district. The VEIC effort is a federally funded program, so there are no costs to Dummerston for collecting this information.

The committee will soon be studying the materials sent to us by VEIC and will present the findings at town meeting next March. We are in close touch with the town of Putney, which is a year ahead of us in this process, and will be collecting information from them based on their

experience.

The implementation of PACE would benefit Vermont by injecting millions of dollars directly into the Vermont economy, creating jobs that enable lasting energy and building infrastructure improvements. It would also provide a steady and growing demand for energy efficiency professionals, as well as installers of small-scale renewable energy systems. We would also be helping to establish a steady and predictable demand for energy efficiency and renewable energy products, helping suppliers and retailers expand their businesses.

For ongoing information on the PACE program in Dummerston, go to the Dummerston Energy Committee Web site at [www.herakleitos.net/energy\\_comm/current\\_projects.html](http://www.herakleitos.net/energy_comm/current_projects.html).