

# Consumer Protection Concerns

## R-PACE and DOE Best Practices

### Why PACE?

#### The Primary Rational For R-PACE

R-PACE, or Residential Property Assessed Clean Energy, is a program administered by state and local governments to finance home improvement projects



defined as clean energy. This may include upgraded windows or insulation, an efficient heating or cooling system, or solar panels, to name a few. The financing for the project is secured by the home, similar to a mortgage, and therefore appears as a lien on the property until the loan is repaid.

### THE 2016 US DEPARTMENT OF ENERGY R-PACE GUIDELINES REPORT WAS ISSUED TO HELP STATES ADDRESS CONSUMER PROTECTION CONCERNS

#### Lack of Energy Efficiency Audit Requirement in SB 973

The DOE recommends that R-PACE programs require an energy audit to assess the current condition of the home and identify potential health and safety concerns prior to financing larger efficiency projects. An energy audit makes the home more efficient through air sealing and lighting upgrades, and serves to educate the consumer on available EnergizeCT upgrades and incentives.

#### Existing Utility Programs and Incentives

EnergizeCT and the Energy Efficiency Fund provide \$200 million per year in program services for energy efficiency in CT. We must ensure that consumers are not using R-PACE financing for services available through EnergizeCT, which include incentives and rebates for deeper measures, such as Windows, Insulation, HVAC and Lighting upgrades

#### Predatory Lending Practices

R-Pace programs in other states such as California are marketed by door-to-door salesman, often targeting low-income and elderly populations. Sales of expensive window replacements or HVAC systems are made with no credit check of the applicant and therefore no ability to determine the customers ability to repay the loan.

### EnergizeCT Services

#### AIR SEALING



#### INSULATION



#### LED LIGHTING



#### HVAC

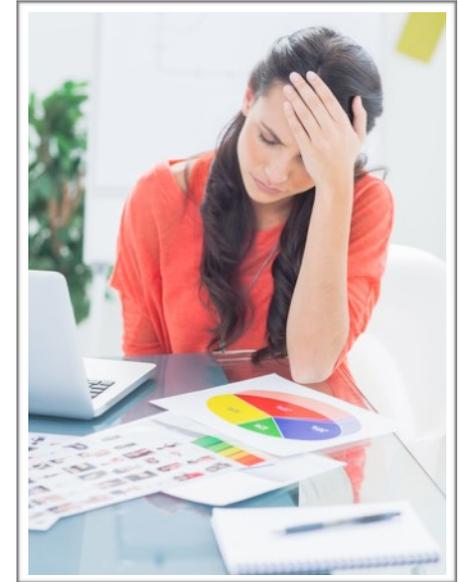


#### WINDOWS



## Solving R-PACE Concerns

PACE programs should provide information to help homeowners choose among eligible projects, including assessments or resources to help homeowners evaluate the cost and savings of energy efficiency, renewable energy, water conservation, and other improvements that meet the statutorily defined public purpose. Investments in clean energy for the home should be carefully considered for their costs, benefits, and the ability to repay the loan.



## STEPS TO PROTECT CT RESIDENTS

### ENERGY AUDIT

Require weatherization measures, such as air sealing, water measures, and lighting upgrades. These measures are cost-effective improvements that result in significant energy savings and can provide important non-energy benefits when installed properly, including improved comfort, durability, and indoor air quality.

### EDUCATION

Prior to financing any clean energy upgrade, customers should understand all of the options available to them and any existing programs that provide incentives or rebates, as well as the expected return on investment of their project.

### CREDIT CHECK

Reduce the possibility of default by requiring a credit check of the customer. Because an R-PACE loan is secured by the home and becomes a lien on the property, there is the risk of losing the property if the loan goes into default. Those living on fixed incomes are especially vulnerable.

### HEALTH AND SAFETY

Require a health and safety inspection of the home prior to financing with R-PACE. Many homes unknowingly have mold, asbestos, pest problems or gas leaks. Consumers should be aware of potential problems so they may determine how to best invest in their home.

## PROTECTING LOW TO MODERATE INCOME HOUSEHOLDS

Where feasible and available, PACE programs should consider offering PACE financing in coordination with existing utility programs to leverage other available incentives and support (e.g., energy assessments) to households. PACE programs should actively engage utility and other energy efficiency programs (including low-income assistance) available to households to maximize the benefits of PACE financing.

### **Example:**

Offer an income-qualified application and participation pathway for low-income households, with additional incentives (e.g., income-qualified utility rebates, reduced interest rates on PACE assessments) and technical assistance (e.g., energy assessments or analysis of energy usage with recommendations for energy upgrades).

