



N A R U C
National Association of Regulatory Utility Commissioners

July 30, 2010

The President of the United States of America
The White House
Washington, D.C. 20500

Dear Mr. President,

The National Association of Regulatory Utility Commissioners (NARUC) strongly supports continuation of the innovative financing mechanisms known as Property-Assessed Clean Energy (PACE) programs. These programs permit residential property owners to afford the up-front expenses of a number of energy efficiency improvements to their homes. As regulators of the nation's electric and natural gas utilities, we understand how critical energy efficiency programs are to meeting our nation's growing appetite for energy.

Earlier this year, on July 6, the Federal Housing Finance Agency (FHFA) issued a statement that effectively stops these promising programs in their tracks. We urge you to immediately take steps to assure their continued viability.

Not only do PACE programs increase energy efficiency, they are also an effective way to get Americans back to work. With unemployment soaring over 9 percent, the FHFA's new policy will severely impact the economy as well as the sorely needed expenditure of federal stimulus dollars. For example, the State of California alone has allocated \$50 million in American Recovery and Reinvestment Act (ARRA) stimulus funding to PACE financing programs for weatherizing homes and placing solar panels on buildings.¹ As a result, more than 200 California communities have either launched or are preparing to launch PACE programs, and together they will leverage more than \$400 million that is now in limbo due to FHFA's statement. PACE programs also enable homeowners to dramatically reduce utility expenses, while simultaneously creating thousands of jobs. Indeed, according to some estimates, for every 100,000 homes that are retrofitted at an average expenditure of \$10,000, more than 10,000 jobs are created.

Your Administration has strongly endorsed PACE programs since its inception. Administration officials have repeatedly stated that PACE programs are key elements in the your plans to create a "green economy." Indeed, the White House issued a PACE Policy Framework

¹ California has adopted a Long Term Strategic Plan for Energy Efficiency and a key component is the comprehensive retrofit of buildings throughout the state. The California Public Utilities Commission, a NARUC member, has reshaped State energy efficiency and low income programs to align with PACE programs, so that utility ratepayer dollars can be combined with ARRA funding and PACE financing to achieve maximum energy and dollars savings. For California, the halt of PACE financing jeopardizes not only ARRA funded programs but also the commission's \$3.8 billion energy efficiency programs set for 2010-2012.

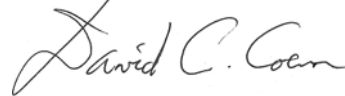
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(PPF) on October 18, 2009 outlining “important safeguards for ... homeowners and mortgage lenders.” According to that framework “federal agencies including DOE, HUD, and Treasury have worked together to understand how best to encourage energy efficiency and renewable energy loans and will also create effective rules and practices to prevent losses in the mortgage market.” The FHFA’s actions all but eliminate both the Administration’s framework and PACE programs as policy tools.

NARUC appreciates the Administration’s commitment to the PACE program in the ARRA and its framework document.

We respectfully request that your Administration immediately take steps to remove this cloud from the program. Specifically, we request the FHFA immediately publish revised guidelines to allow PACE financing programs to continue while ensuring that both taxpayer and private mortgage investments are protected.

Respectfully,



David C. Coen
President, NARUC

cc: The Honorable Timothy Geithner, Secretary, U.S. Department of the Treasury
The Honorable Shaun Donovan, Secretary, U.S. Department of Housing and Urban
Development
The Honorable Stephen Chu, Secretary, U.S. Department of Energy
Mr. Edward DeMarco, Acting Director, Federal Housing Finance Agency
The Honorable Nancy Sutley, Chair, Council on Environmental Quality
Ms. Carol Browner, Director, White House Office of Energy and Climate Change
The Honorable Bill Lockyer, State Treasurer and Chair, CAEATFA
Mr. Charles E. Haldeman, Jr., Chief Executive Officer, Freddie Mac
Mr. Michael J. Williams, President and Chief Executive Officer, Fannie Mae