

**Statement of Michael Yaki, Senior Counsel for Market Development and Policy
of Renovate America, Inc.**

QUADRENNIAL ENERGY REVIEW STAKEHOLDER MEETING

***Panel 2, Electricity Distribution and End Use: How Do We Manage Challenges
and Opportunities?***

May 10, 2016

Good afternoon, and I am pleased to be amongst my very distinguished colleagues at this important hearing. My name is Michael Yaki, and I am the Senior Counsel for Market Development and Policy at Renovate America, the largest residential Property Assessed Clean Energy (PACE) financing company in the county.

On behalf of Renovate America, we want to express our appreciation at the opportunity to discuss PACE as an innovative solution for supporting investment in residential end-use efficiency.

Increased efficiency in building standard, LEED and Green homes are all the new rage in home design. However, we also know that much of our nation's housing stock pre-dates these design and construction trends. Owner-occupied homes built before 1980 now account for more than 66% of the total US housing stock, whereas homes built after 2010 – when new building materials and systems have enabled greater focus on energy efficiency – make up only 2%. Residential homes are a major energy user, responsible for 21% of the nation's energy consumption, according to U.S. Energy Information Administration. And within the home, heating and cooling systems drive over 40% of energy use.

When it comes to meeting energy demand and reducing emissions, it's clear that the efficiency of our nation's more than 132 million housing units matters.

Residential PACE, in a few short years, has proven to be a powerful means to overcoming hurdles that previously prevented homeowners from adopting energy-efficient or renewable energy improvements.

PACE provides financing for these improvements as an assessment on the property, with repayments made through the homeowner's property tax bill. Homeowners may finance 100% of the cost of the products, with fixed rates and terms up to 20 years as determined by the useful life of the products installed. Additionally, if the property is sold before the PACE assessment is paid in full, any remaining balance may be able to transfer to a new property owner. PACE's potential transferability can help alleviate reticence towards investing in a more efficient, yet possibly more expensive, product when a homeowner's future plans are uncertain. Both access to financing and

financing transferability have been identified as key hurdles to driving homeowner energy efficiency investment.

In addition, PACE sets forth a public-private partnership with other benefits, like economic growth, job creation, lower utility bills, and greenhouse gas reductions, utilizing private sectors strengths. It can do so without a government subsidy. PACE providers like Renovate America build any administrative costs incurred by municipalities and governmental PACE administrators into the financing itself.

Furthermore, Renovate America has created software platforms that help connect contractors with homeowners, quantify efficiency and renewable benefits for homeowners and communities, make financing seamless and straightforward for homeowners, and allow for same day underwriting. Renovate has further established dedicated and proactive customer service and consumer protections that are unparalleled among other financing products. These protections include: limiting financing only to approved products; maximum financing amounts across all major product categories to ensure fair pricing; requiring homeowner sign off that the work is complete prior to contractor receiving payment; a contractor license check; and additional protections for seniors over age 64 to ensure they are moving forward with a project that is right for them.

As a result, over the past four years, we have provided more than 61,000 homeowners throughout California with over \$1.4 billion in financing for improvements which will, by our calculations using industry accepted formulas, result in approximately 9.3 GWh of energy and nearly 4 billion gallons of water saved, 2.5 billion in lower utility bills, in addition to 2.5 billion tons of emissions reduced over the installed projects' useful lifetime. We also estimate more than 12,200 local jobs have been created as well as \$2.5 billion in stimulus to the California economy.

It is also important to note that Renovate America's PACE/HERO Bond platform is now the first asset-backed securities (ABS) platform to solely produce green bonds, with each of the company's six securitizations assessed by a second opinion provider. We have securitized over \$1 billion in PACE-backed securities thus far and continue to produce marketable securities, providing investors with a green investment opportunity that helps make tens of thousands of homes more efficient. The cumulative environmental benefits of the assets backed by PACE/HERO Bonds are significant, real, and immediate.

Thank you for this opportunity to comment, and for considering PACE as a solution as we work together to achieve a more energy efficient and sustainable future.