



VERMONT ECONOMIC DEVELOPMENT AUTHORITY

April 2, 2026

House Committee on Energy and Digital Infrastructure
Vermont Statehouse Room 32

Dear Chair James and Members of the Committee:

Thank you for the opportunity to provide testimony on S.138, an act relating to commercial property-assessed clean energy (C-PACE) projects. As Vermont's statewide economic development lender, the Vermont Economic Development Authority (VEDA) supports financing tools that strengthen the energy performance, environmental resilience, and long-term economic viability of Vermont's commercial and industrial properties. We appreciate the Legislature's work to develop Vermont's C-PACE framework and offer the following recommendations to improve clarity and financial feasibility for borrowers and lenders participating in this market.

1. Add "Resiliency," Including Stormwater Retrofits, as a Permitted Use in § 3275(b)

Under § 3275(b), S.138 currently authorizes C-PACE financing for renewable energy and energy-efficiency improvements but does **not** list resiliency as an eligible project category.

While § 3276(b)(3) references "resilience improvements" in the context of engineering certification, this applies only after a project is already deemed eligible under § 3275(b).

To ensure consistency and clarity, VEDA recommends explicitly adding some **resiliency improvement examples** to § 3275(b), including:

- stormwater retrofits,
- flood-proofing and drainage improvements,
- electrical or mechanical system hardening,
- climate-related hazard mitigation measures, and
- other improvements that reduce operational risk and enhance long-term building durability.

Including these measures explicitly aligns the program with real-world property-owner needs and supports Vermont's climate-resilience objectives.

2. Replace "Assessed Value" with "Appraised, As-Complete, or Stabilized Value" in § 3276(f)

Under § 3276(f), the bill limits total obligations (C-PACE assessment plus outstanding mortgages) to "90 percent of the **assessed value**" of the property.

Municipal assessed values often lag market conditions and may not reflect:

- the value of new construction or major retrofit projects,
- the cost and effect of energy or resiliency upgrades, or
- stabilized net-operating-income for income-producing properties.

To ensure proper underwriting and alignment with commercial-lending practices, VEDA recommends replacing "assessed value" with:

- **appraised value**,
- **as-complete appraised value**, or
- **stabilized value** (where applicable).

This will allow lenders and capital providers to evaluate projects based on accurate and current economic information while maintaining prudent loan-to-value safeguards.

3. Allow Projects to Meet or Exceed Code Requirements in § 3276(b)(4)

§ 3276(b)(4) currently requires that new construction projects be certified to **exceed** the prevailing building or energy code.

However, many eligible C-PACE projects—especially retrofits of older commercial buildings—are designed to **meet** existing code requirements rather than exceed them. Meeting code is often necessary for safety, occupancy, and modernization, and can require substantial investment.

VEDA recommends clarifying that projects may:

- **meet** applicable building, energy, or water-efficiency code requirements, **or**
- **exceed** them through higher-performance design.

This language ensures that essential code-compliance upgrades are eligible for financing without unintentionally discouraging participation or excluding needed improvements.

4. § 3277. PROGRAM ADMINISTRATORS

§ 3277 (a)(1) currently states that a capital provider or lender shall not serve as a program administrator in a municipality where it is also lending. If VEDA were a lender and the municipality requests that VEDA also handle the administration of the program, this clause would prevent us from acting as administrator. We think at this early stage of developing the program without a set administrator, we would not want that limitation placed.

Conclusion

S.138 provides a strong foundation for enabling the availability and effectiveness of C-PACE financing in Vermont.

By:

- adding resiliency—including stormwater retrofits—to the list of eligible uses in § 3275(b),
- modernizing valuation methodology in § 3276(f),
- allowing projects to meet or exceed building code standards in § 3276(b)(4), and
- removing obstacles to administration

the Legislature can ensure that the program reflects real-world commercial project needs and supports responsible underwriting by lenders like VEDA.

We appreciate the Committee's consideration and stand ready to support the development of a robust and sustainable C-PACE marketplace in Vermont.

Thank you for the opportunity to testify.

Sincerely,



Joan Goldstein, CEO

Vermont Economic Development Authority