

**Written Testimony in Support of the U.S. Virgin Islands Commercial Property Assessed Clean Energy (C-PACE) Act  
Submitted by the C-PACE Alliance**

Senator James and Members of the Committee:

On behalf of the C-PACE Alliance (“CPA”), I am pleased to submit this testimony in strong support of the proposed Commercial Property Assessed Clean Energy (“C-PACE”) legislation for the U.S. Virgin Islands.

CPA is a national nonprofit trade association representing capital providers, law firms, and other stakeholders committed to advancing C-PACE as a scalable, private-sector financing solution for energy, water, and resiliency improvements in commercial real estate. C-PACE has been successfully implemented in more than 30 states and the District of Columbia and has facilitated billions of dollars in private investment.

**I. Overview and Relevance to the U.S. Virgin Islands**

C-PACE enables commercial property owners to access long-term, fixed-rate financing for qualifying improvements—including energy efficiency, renewable energy, water conservation, and resiliency measures—without requiring upfront capital expenditures. Repayment is made through a voluntary assessment on the property, aligning the cost of improvements with the useful life of the assets.

The proposed legislation is particularly well-suited to the needs of the U.S. Virgin Islands. The Territory faces high energy costs, increasing exposure to severe weather events, and a need for continued investment in building infrastructure. By enabling property owners to finance cost-saving and resilience-enhancing improvements, C-PACE can serve as a critical tool to address these challenges while strengthening the Territory’s economic and environmental sustainability.

**II. Private Capital Framework**

CPA strongly supports the bill’s structure as a **private capital-driven program**. The legislation appropriately authorizes the establishment of a program framework under which private capital providers may finance eligible projects, with repayment secured through a voluntary property assessment.

Importantly, this approach does not require public funding, appropriations, or the issuance of government-backed debt. Instead, the role of the public sector is to establish a consistent legal and administrative framework that enables private investment to flow efficiently into qualifying projects.

Provisions authorizing the designation of a program administrator and the imposition of voluntary assessments tied to the property are essential components of a well-functioning C-PACE program and are consistent with best practices observed across other jurisdictions.

### III. Economic Development and Market Impact

C-PACE is not solely an energy policy tool—it is also a driver of economic development.

The legislation’s inclusion of broad eligibility criteria—encompassing energy, water, and resiliency improvements, as well as the ability to support new construction—positions the U.S. Virgin Islands to attract investment into both existing building retrofits and new development projects.

In other jurisdictions, C-PACE has supported:

- Increased construction and retrofit activity
- Job creation across skilled trades and professional services
- Improved building performance and reduced operating costs
- Enhanced property values and asset competitiveness

These outcomes are directly aligned with the Territory’s economic development objectives.

### IV. Integration with Existing Financing and Lender Protections

CPA also supports the bill’s inclusion of provisions designed to ensure alignment with existing financing.

Specifically, the requirement that mortgage lenders provide **affirmative consent** prior to the placement of a C-PACE assessment is a critical safeguard that has enabled broad market acceptance across the United States.

Additionally, C-PACE assessments are structured as **non-accelerating obligations**, meaning that in the event of a default, only delinquent payments are due, rather than the full outstanding balance. This feature, combined with lender consent, ensures that C-PACE financing operates as a complement to traditional lending rather than a competing form of capital.

These structural elements are fundamental to maintaining lender confidence and facilitating capital formation.

### V. Program Design Considerations

As the Committee advances this legislation, CPA encourages continued attention to key program design elements reflected in the bill, including:

- Clear and comprehensive definitions of eligible improvements, including resiliency measures
- Transparent and predictable fee structures for program administration
- Flexibility to support both existing buildings and new construction
- Standardized and efficient administrative processes, including lender consent procedures

Careful implementation of these provisions will be critical to ensuring that the program attracts high-quality projects and sustained private capital investment.

## **VI. Conclusion**

The proposed C-PACE legislation represents a significant opportunity for the U.S. Virgin Islands to expand access to private capital, reduce energy costs, enhance climate resilience, and support economic growth—all without placing additional burdens on public finances.

CPA strongly supports the enactment of this legislation and stands ready to provide technical assistance as the program is implemented.

Thank you for your consideration.

Respectfully submitted,

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Executive Director