

Aggregation Function for Green Jobs – Green New York (GJGNY)

The following is a description of the aggregation function for constituency based organizations (CBOs), and contractors participating in CBO-based aggregations, based on the input of the Advisory Council Working Group, and also taking into consideration comments that have been received during the review of the draft Outreach and One-to-Four Family Sector operating plans. It is noted that contractors participating in GJGNY may also aggregate customers on their own, but this is done through their own marketing efforts and is not part of the CBO aggregation function. It is important to note that New York is in the midst of a market transformation effort – an effort to educate consumers on the value of energy efficiency for their homes and buildings, leading to them taking the step to have that work done, while also developing a marketplace with a network of contractors prepared to deliver high quality services. The CBO initiative is intended to complement, not compete with, ongoing market transformation efforts by expanding awareness, increasing education, and reaching populations not currently responding to the market transformation efforts .

Because of some of the challenges in effectively deploying an aggregation model, it is recommended that aggregation be piloted in two or three regions initially, and then deployed more broadly after working models have been successfully demonstrated. The pilot regions would be selected based on proposals from the CBOs who are responding to NYSERDA’s initial competitive solicitation seeking outreach CBOs.

The competitive solicitation will seek CBOs for outreach to potential customers and for outreach to potential workforce/training participants, as previously discussed. In addition, the solicitation will indicate that two or three outreach CBOs will be selected for pilot aggregation demonstrations, and that if the proposer is interested in being selected for one of the pilots, they should propose how they would implement aggregation in their region. Certain guidelines for aggregation would be provided in the solicitation while other aspects of the pilots would be left to the proposer to determine, thus providing the GJGNY program the opportunity to test different models. The guidelines established in this document are subject to change pending the findings and outcome of the pilots.

The aggregation proposals will be evaluated separately among those CBOs selected through the competitive process for customer outreach contracts. As it is an optional aspect of the solicitation, willingness to participate in the aggregation pilot will NOT factor into the general selection process for CBOs for outreach services; however it is expected that all CBOs will perform aggregation services at some point in the future, after successful models are demonstrated and replicated. Only after outreach CBOs have been selected will the aggregation pilot proposals be ranked and selected. It is expected that proposals from CBOs will identify at least one contractor within the region who has indicated agreement to the aggregation model terms and a willingness to participate in the pilot. The pilot initiative will seek to select proposals presenting different demographic scenarios.

Aggregation Defined

For the purposes of the aggregation function for CBOs, an “Aggregation” is a collection of eligible homes, businesses and/or not-for-profits in the same neighborhood, brought to the program by a CBO

under contract (or subcontract) to NYSERDA for outreach services, and who have all agreed up-front to use the same contractor or contractor team to perform audits and the ensuing retrofit work.

A “neighborhood” will likely be defined differently from region to region, depending on whether it is a very condensed urban environment, a suburban area with multiple cul de sacs and replicated housing designs, or a more rural area with a mix of old farmhouses and newer construction on large lots. It has been suggested that in order to provide aggregation benefits in an urban environment the neighborhood should be limited to a few blocks; while in a more rural location a neighborhood may encompass a group of buildings that can all be reached within a 15 minute drive. Other suggestions included using census or other existing geographic standards. This aspect of the aggregation model will need to be proposed by a CBO for their region and tested through the pilots.

It is suggested that an Aggregation consist of at least five buildings, but further that it consist of at least enough buildings to provide the benefits described below. This is an aspect of aggregation that will be proposed and tested through the pilot. The maximum number of buildings included in an Aggregation should be a reflection on the ability of the contractor/team to perform the audits and ensuing work in a reasonable amount of time. “Reasonable “ has been suggested as starting audits within three weeks of assignment to the contractor, and starting work at each building within three months of signing the contract with the building owner. This is also an aspect of the aggregation model that will need to be proposed and tested through the pilots.

A building owner can opt-out of an Aggregation at any time before a contract is signed with the participating contractor. However, if opting-out causes the number of buildings to be less than the minimum for an Aggregation, that may cause the Aggregation to be dismantled because the benefits may not be achievable. This will likely need to be at the discretion of the participating contractor, who will have to determine whether the pricing can still be achieved.

Benefits of Aggregation

Aggregation is expected to result in benefits for the building owners, the businesses providing services, and the community:

- Lower costs for the project because of lower travel costs, more efficient use of crews and materials, ability to buy in bulk and reduced business marketing expenses;
- A ready audience of multiple hot leads who are more likely to sign a contract;
- A simplified process – meaning the building owner won’t have to choose a contractor, or get multiple bids on work to find out who has the best prices.
- Program standards and community development standards, established by NYSERDA, documented in enforceable agreements between contractors and NYSERDA.

Because the contractor stands to benefit greatly through participation, it is not unreasonable to expect the contractor to also provide benefits to the community. Contractors must, at a minimum, meet all

standards of the programs being used as the basis for program delivery. For example, contractors providing services to one-to-four family homes must be participating in NYSERDA's (or LIPA's) Home Performance with ENERGY STAR program and meet all of the requirements of that program, such as BPI accreditation requirements. In addition, the contractor must sign an Aggregation Participation Agreement, which will include additional requirements or standards, such as the following:

- Contractor must have completed at least 20 projects through NYSERDA's Home Performance with ENERGY STAR program.
- Contractor must cite experience enabling them to effectively manage an aggregation, such as experience managing retrofits to a multi-unit housing facility or other large renovation projects.
- Contractor must have received favorable ratings through NYSERDA's Quality Assurance (QA) process, be responsive to findings of the QA process, and not have any outstanding QA findings at the time of enrollment in the Aggregation model.
- Contractor must agree to hire some percentage of future employees over the term of their Aggregation Participation Agreement from the local region. The location and size of the "local region" will be defined for each region contracted to a CBO considering the characteristics of the region, but is generally considered to be the target area of the CBO plus any surrounding areas that would encompass a population of at least 75,000 people. It is important that contractors be able to hire individuals with the right skills for the work, and so NYSERDA will also be issuing contracts to CBOs to support workforce development efforts within the target areas, to better ensure the availability of an appropriate workforce. In addition, the contractor will have access to NYSDOL resources to assist in meeting local hiring requirements. Because of the limited control a contractor has over the availability of appropriate workforce within the local community, the actual percentage of local hires will be established as part of the pilot.
- Some kind of encouragement for hiring MWBEs as subcontractors (particularly those just getting into the energy efficiency services business) may be provided by the program, as allowed by law. At a minimum, the MWBE status of contractors and their subcontractors will be publicly noted.
- Contractor must have some kind of structured training program which may consist of contractor-sponsored classroom, on-the-job, pre-apprenticeship or apprenticeship programs, to enable entry-level staff to develop and to support continued career development for employees. The training program may be in-house or in coordination with a local training or labor organization.
- Contractor must agree to use standardized pricing for Aggregations. This will enable assignment of Aggregations to all participating aggregation contractors in turn without the need to bid projects between contractors. Standardized pricing is generally considered to be a lower price than normally used by a contractor for single projects, and is associated with labor rates, "per-square-foot" rates, bulk-purchase rates for materials, etc. The nature of standardized pricing is an aspect of aggregation model that will be established through

Comment [kev1]: Some additional "due diligence" criteria used by NYSDOL is being provided. NYSERDA currently has some additional business-related criteria in the participation agreements and BPI also has criteria. These will be reviewed to see what else might be added.

Comment [kev2]: Note that these are still under development

the pilots, may be different from region to region, and should be established by the CBO/contractor team proposing to perform the pilot through the initial CBO solicitation.

- Contractor must agree to the work assignment process developed for the program.

Aggregation Process

The homes will have been screened by the CBO to determine their suitability for energy efficiency services under the program and for aggregation, i.e., that these are likely candidates for contracts. The CBO will also qualify the households for free or reduced-cost audits. A screening checklist is under development but should address the need for services as well as common barriers that prevent a household from moving ahead with work. Although the CBO will not qualify a household for financing, it is expected that the screening checklist will include some criteria that will determine whether a household is likely to qualify for some type of financing offered through the program, or whether the household has some other funds or financing to pay for the work. When the CBO has identified at least the minimum number of eligible (appropriately screened and qualified) projects for an Aggregation (although it is recommended that the CBO identify significantly more than the minimum number) the Aggregation will be submitted to NYSERDA for review. (This part of the process will be in effect for the pilot period, but will be re-visited after completion of the pilot phase to determine if it is necessary.)

All participating Aggregation contractors within a region will be placed on a “wheel” in order of receipt of complete applications. Aggregations will be assigned to contractors by NYSERDA in wheel order. If a contractor has too much work and cannot commit to the schedule, that contractor will be skipped on the wheel. That contractor would then be re-visited for assignment of the next Aggregation. Contracts for audits and work will be between each homeowner and the contractor. The CBO will stay in touch with the project to ensure the audits/work are on schedule, and will notify the contractor and NYSERDA if audits/work have not started on time.

Other aspects of Aggregation to be Explored in the Pilots

1) There has been concern expressed by some about the potential overlap of aggregation efforts by CBOs and by individual contractors (those not participating in the aggregation pilot) using their own outreach and marketing efforts. Some of the concerns include the following:

- Customers will be confused about who to contact
- Non-participating contractors will be taking advantage of the work that a CBO has been doing to “prime the pump”
- Customers that otherwise might have gone to a contractor committing to the Aggregation model standards (community development standards) may be signed up by a contractor not committing to such standards
- The program will be paying twice for the same marketing efforts by paying a CBO and also paying co-op advertising incentives to other contractors participating in Home Performance with ENERGY STAR.

It has been suggested that contractors who are not participating in the aggregation initiative should be precluded from doing their own door-to-door or targeted marketing within CBO target areas. However, the following counter-points have also been made:

- It is just as likely that the advertising done by contractors, at their own expense, is also preparing customers to respond favorably to the outreach of CBOs.
- The customers targeted by the CBO are hard-to-reach customers who may not normally respond to the contractor marketing, so there is not really a conflict.
- Multiple marketing efforts should be seen as being good for the program, expanding participation rates, not be seen as competing for some limited pool of participants. There are an extremely large number of households in need of services and therefore plenty to go around.
- Many home performance contractors already routinely act in the manner listed as potential contractor standards for aggregation, so they are also supporting community development even though they may not sign a commitment to do so.

During the pilot phase, contractors and CBOs will be asked to identify to NYSERDA any issues they believe may be related to overlap, but no restrictions will be placed on contractors at this time. It is important that contractors participating in Home Performance with ENERGY STAR be able to continue their business practices for obtaining customers. The co-op advertising initiative combined with NYSERDA marketing for the program has led to consistent growth of the program, and this growth must not be negatively impacted through restrictions.

2) It has been suggested that contractors who agree to even higher standards for community development than those required by the program should receive more project assignments than others, or in some other way be rewarded for their performance with respect to their commitments. Part of the purpose of the pilot is to establish appropriate program standards. In addition, there are other aspects of performance that are critical to success of the program – including quality of workmanship, adherence to schedules, follow-up and resolution of problems, etc. Therefore during the pilot phase there will be no “tiers” established to reward community development practices above and beyond the minimum. However it should be a goal of the pilot to determine to what extent these types of commitments can be made and to what degree they can be verified as having positive and long-lasting impacts on the community, and to what degree these practices also result in increased household/business participation rates. If it is determined to be appropriate, consideration may be given to this type of reward or public recognition system in the future, as well as for other important performance criteria mentioned above.