

**Green Jobs-Green New York (GJGNY)
Advisory Council Meeting Notes**

October 23, 2015

1:00 pm – 3:30 pm

NYSERDA Board Room

Albany, New York

Members of the Green Jobs-Green New York (GJGNY) Advisory Council met via videoconference at NYSERDA's Albany, Buffalo, and New York City offices on June 9, 2015. Telephone access was made available to members who could not be present at a video conference site. Also attending the meeting were NYSERDA staff members, additional staff members from Advisory Council member organizations, and members of the public. The meeting was videotaped and posted on the [GJGNY Advisory Council meetings page of NYSERDA's website](#).

Attendees

Albany Office:

Anthony Joseph, NYS Department of Labor; Ross Gould, Workforce Development Institute; Paul Shatsoff, P.D. Shatsoff Consulting; Jared Snyder, NYS Department of Environmental Conservation.
NYSERDA: Jeff Pitkin, Karen Hamilton, and additional NYSERDA staff.

NYC Office:

Lisa Tyson, Long Island Progressive Coalition; Ellen Redmond, IBEW; Jason Kuflik, Green Street Power.
NYSERDA: John Rhodes and additional NYSERDA Staff

Buffalo Office:

None

Phone:

David Hepinstall, Association for Energy Affordability; Monica Ferreri, NYS Department of Public Service; Kevin Rooney, Oil Heat Institute of Long Island; Will Schweiger, Efficiency First New York; Hal Smith, Halco; Tom Carey, NYS Homes and Community Renewal; Les Bluestone, Blue Sea Construction; Barbara Guinn, NYS Office of Temporary and Disability Assistance; Conrad Metcalf, Building Performance Contractors Association; Gregg Collar, NYS Department of State; Tanya Dugal, NYS Department of Public Service.

Members of the Public: Valerie Strauss, Association for Energy Affordability; Kathleen Langton, AHP Home Ownership Center; Kristen Chin, Pratt Center for Community Development.

NYSERDA: Adele Ferranti. NYSERDA Financing Contractor: Nancy O'Brien, Energy Finance Solutions.

I. Welcome and Introductions/Membership Update (John Rhodes)

John Rhodes welcomed participants to the 30th meeting of the Green Jobs-Green New York (GJGNY) Advisory Council. After reviewing the meeting agenda, he noted that Rick Cherry has resigned his membership to the GJGNY Advisory Council and thanked him for his many years of service and high quality of input to the Advisory Council during those years. In addition, Paul Shatsoff will no longer be representing the Workforce Development Institute on the Advisory Council, but will continue to serve as an individual member representing himself. Ross Gould will now be representing the Workforce Development Institute.

II. Loan Fund Sustainability (John Rhodes/Jeff Pitkin)

John Rhodes and Jeff Pitkin presented information about GJGNY Residential Loan Fund Sustainability. A copy of the presentation referenced can be found at the [GJGNY Advisory Council meetings page of NYSERDA's website](#).

Slide 2 shows the principles by which proposed GJGNY Residential Loan Interest rate transition is being guided.

- 3.49% for current LMI consumers (<=80% AMI)
- Expand access to low-rate loans for consumers with income up to 120% AMI
- Revise interest rate for consumers > 120% AMI to operate the fund sustainably for loans made to that sector.

For those who are already in the program (meaning a loan application is submitted prior to the date of the interest rate change) the former rates will apply. NYSERDA will allow for sufficient time for CBOs and contractors to familiarize themselves with the changes and products. NYSERDA will aim to avoid an artificial marketing push advertising that the rates will be rising.

Slide 3 shows the proposed changes in interest rates.

- Consumers <=80% AMI – No change 3.49%
- >80-120% AMI – Change to 4.99%
- >120% AMI – Change to 7.99% for energy efficiency loans; 9.99% for PV loans.

Those who do not use On-Bill recovery loans, or who do not subscribe to automatic payment from their checking account (ACH) for a Smart Energy Loan, will see an interest rate at a half percent higher than the proposed rates.

As shown on slide 4 of the [original presentation](#), NYSERDA originally proposed a date of December 1 for the interest rate changes.

- Applications received on or after December 1, 2015:
 - Change >80 up to 120% AMI to 4.99%
 - Interim change >120% AMI to 5.99%
- Applications received on or after April 1, 2016:
 - Final change >120% AMI to 7.99% for energy efficiency loans/ 9.99% for PV loans

NYSERDA will communicate change to contractors, installers, CBOs and continue to promote information exchanges for market-based finance

Sides 5 shows recommended GJGNY residential loan rate information, highlighting the effect of the proposed rate change on cost deficit over the loan term and cash deficit (overcollateralization).

Slide 6 shows the cash flow effects of the proposed rates. Continuing to offer lower interest rates to lower income market segments is continuing a subsidized approach. The new rates proposed for the higher income market segment is a sustainable approach for that market sector.

The proposed strategy leverages existing resources and addresses the consumer market that is most in need and where there are not as many options for that consumer market segment. NYSERDA will publically communicate these changes in the near future.

Question: Is there any opportunity to extend the change further into the future to avoid an abrupt shift?

NYSERDA response: Is the concern about not having time to consider other products or about working with customers to transition to the newer rates?

Response: Both. There will be changes in project eligibility. Contractors may need to review projects in the pro forma tool to help predict eligibility changes.

NYSERDA response: NYSERDA appreciates the challenges described, but NYSERDA is concerned that pushing out the date to far might encourage an artificial marketing push for the loans, causing a flood of applications.

NYSERDA comment: The date is associated with when the customer applies for financing, not when the customer submits a project application.

Comment: Strongly advocate for 90 or 120 days before the changes take place. Benefits outweigh the risks because of the huge impact this will have on contractors. Even 60 days would be helpful.

Question: Seventy-nine percent of loans went to homes with 120 percent income level or greater. Will the changes effect participation of the lower income households without adversely affecting participating households with over 120 percent income?

NYSERDA response: Yes. We are multiplying access by taking these actions. The market is showing that there are many accessible products for upper income categories that have been sitting idle because they cannot compete with the GJGNY interest rate. Because there will be more of a level playing field, with the GJGNY product reflecting the true cost of making the loans, the other products backed with hundreds of millions of dollars will now become accessible to many households. Unfortunately, many of those products are not accessible to lower income household with significant debt-to-income challenges, which suggests that the lower income market categories still require support.

Comment: This will be a difficult change over for CBOs, who developed materials and web sites with program information. More lead time would be appreciated.

Comment: From the CBO perspective, more time is needed before the rate change to go into effect. It may feel like a bait-and-switch situation to consumers who have recently been informed about the old rates.

Comment: The interest rate is more than doubling for those above 120 percent. This will significantly reduce the number of consumers who want energy efficiency work done.

NYSERDA response: There is potential for impact on cost effectiveness determinations. NYSERDA might be able to allow more flexibility on cost effectiveness during the transitional period for the Smart Energy loans. The cost effectiveness test will be examined as a result of the recommendations made by the GJGNY Low to Moderate Income Working Group report, and we will consider the interest rate change in that process as well.

Question: What amount of money will be needed from the RGGI account?

NYSERDA response: The exact amount will depend on demand, but we are estimating that \$5-7 million per year will be needed to subsidize the lower income categories.

NYSERDA comment: The decisions are being made from a strategy that prioritizes making the loan fund sustainable.

Question: If there is a decrease in the participation at the above 120 percent income category, will there be any impact on sustainability?

NYSERDA response: There will be no impact. There is no cross-subsidization between the income categories.

Question: Will there be any change to the small commercial program?

NYSERDA comment: The Small Commercial and Nonprofit program is currently offering 2.5 percent financing to small commercial and nonprofit organizations. The program will continue through March of 2016. The status of remaining program funds will continue to be evaluated.

NYSERDA comment: Would moving the date to January 1 instead of December 1 satisfy the concerns of Advisory Council participants?

Comment: The sales cycle for a solar job can last up to three to four weeks. The presale period can be up to two months. The loan application happens after the signed contract in some business models.

Comment: More ideally, the date would be pushed to February 1.

After receiving input from the Advisory Council members, **NYSERDA agreed to move the first interest rate transition date to February 1** and will preserve April 1 as the ultimate date of the interest rate transition, as shown in the [revised presentation](#):

- Applications received on or after February 1, 2015:
 - Change >80 up to 120% AMI to 4.99%
 - Interim change >120% AMI to 5.99%
- Applications received on or after April 1, 2016:
 - Final change >120% AMI to 7.99% for energy efficiency loans/ 9.99% for PV loans

NYSERDA will communicate change to contractors, installers, CBOs and continue to promote information exchanges for market-based finance.

Question: How would project extensions be handled?

NYSERDA response: The original rate would be grandfathered in.

III. GJGNY LMI Working Group Report – status of recommendations; discussion on process for addressing additional recommendations and topics (John Rhodes/Karen Hamilton)

A summary of LMI Working Group recommendations was distributed and is available online on the new [GJGNY Low to Moderate Income Working Group website](#). Whenever the status of the recommendation is updated, a notice will be included in the GJGNY Monthly Report notification email.

Comment: Section 4 recommendations and responses are commendable, specifically item 4.3.4 regarding financing necessary non-energy improvements. Homes and Community Renewal (HCR) has an interest in this topic as well, along with some of the other recommendations. There should be coordination between the two organizations.

NYSERDA comment: NYSERDA can share information and discuss approaches about any recommendations that involve overlap with HCR programs.

There were a number of additional recommendations made in the [GJGNY LMI Working Group Report](#) that were outside of the scope of the Working Group's mandated charge. Section 7 of the report contains these recommendations. In addition, Appendix C of the report contains additional comments submitted toward the end of the LMI Working Group process.

As an initial response to some of the concerns raised, NYSERDA maintains that community-based outreach is a priority and intends to continue the discussion about how to best to leverage these resources to continue to work toward best outcomes for households. In addition, contractor concerns raised in a letter will also be considered in the ongoing discussions about Section 7 recommendations.

NYSERDA and the Advisory Council need to agree on a process and timeframe for how to address and prioritize the recommendations.

Comment: CBOs have new ideas about how to do things better and differently. This should be an immediate priority.

Comment: Contractors have ideas about workforce initiatives. Initial discussions were focused on PV but would be applicable to other aspects of workforce development as well.

NYSERDA comment: Two priorities will be community outreach and workforce development. Initial planning committee suggestions are as follows. These lists will be circulated and can be updated, then work can begin on both topics.

Community outreach discussion: Lisa Tyson, Stephan Edel, Will Schweiger, Hal Smith, Kevin Rooney, Conrad Metcalf, Jason Kuflik, NYSERDA staff to be assigned. Clarke Gocker was not present but is anticipated to participate. Kathleen Langton and Guy Kempe, members of the public, also volunteered.

Workforce development discussion:

Jason Kuflik, Ellen Redmond, Ross Gould, Dave Hepinstall, Tony Joseph, Will Schweiger, Stephan Edel, Hal Smith, Paul Shatsoff, NYSERDA staff to be assigned. Clarke Gocker was not present but is anticipated to participate.

IV. Public Comment and Next Steps

John Rhodes called for public comment.

Karen Hamilton requests feedback on the content of the GJGNY Monthly Advisory Council Reports in order to make them more useful to the Advisory Council. She noted that they are quite lengthy. Please send any feedback on how to improve these reports to Mishel.Filisha@nyserda.ny.gov.

Meeting was adjourned. John Rhodes thanked everyone for their participation.