

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

April 15, 2016  
2:30 pm – 5:00 pm

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 April 15, 2016. 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 will be posted on the GJGNY Advisory Council meetings page of NYSERDA's website.

**Attendees**

**Albany Office:**

Hal Smith, Halco; Kevin Rooney, Oil Heat Institute of Long Island; Ross Gould, Workforce Development Institute, Michael D'Arcy, RUPCO; Valerie Strauss, Association for Affordable Energy, Anthony Joseph, NYS Department of Labor, Pam Hadad-Hurst, NYS Department of Environmental Conservation.  
NYSERDA: Jeff Pitkin, Karen Hamilton and other staff.

**New York City Office:**

Edward Rusch, Center for Working Families  
NYSERDA: John Rhodes, John Joshi, David Sandbank

**Buffalo Office:**

Clarke Gocker, PUSH Buffalo

**Phone:**

Tom Carey, NYS Homes and Community Renewal; Euphemia Martin, Public Policy and Education Fund of New York – Southern Tier; Ellen Redmond, IBEW; Kate Fish, Adirondack North Country Association; Tanya Dugal, NYS Department of Public Service; Conrad Metcalf, Building Performance Contractors Association; Vincent Ravaschiere, Empire State Development

John Rhodes welcomed participants to the Green Jobs-Green New York (GJGNY) Advisory Council meeting.

**I. Program Status**

Jeff Pitkin presented information about the GJGNY Loan Fund.

Slides 3-6 show the total volume of loans that have been issued since the launch of the program.

- Total value of loans is \$165M
- Solar PV has had a dramatic impact
- To date, \$59M in solar loans have been issued since April 2014
- Tier 2 loans account for about 15% of all loans since launch
- An increasing proportion of the loans are being issued to customers with higher income

Question: Can you provide a breakdown by income and Tier?

NYSERDA: Yes will provide at next meeting

Slide 7 shows the status of the GJGNY Revolving Loan Fund. Initially funded with \$26.6M

- Subsequently increased by \$35.5M
- Currently, the funding of Tier 2 loans and bond overcollateralization required to finance Tier 1 loans has exhausted the Revolving Loan Fund balance

## **II. Future Funding Realities**

John Rhodes and Jeff Pitkin presented information about the future realities of the Revolving Loan Fund. The level of funding required to support projected loans for FY16-17 will not be available this year nor in future years. Regional Greenhouse Gas Initiative (RGGI) estimates are still being finalized for FY16-17, but it is assumed that funds to support loans will be below FY15-16 levels.

## **III. Program Changes**

As stewards of the program, NYSERDA needs to figure out a way forward in close collaboration with the Advisory Council. The proposal is a starting point. Consensus should be reached within 30 days. A stop-start approach, which will occur if changes are not made, will not be beneficial to the program and involved contractors.

The starter proposal includes the following:

- Preserves On-Bill Recovery loans
- Preserves access to funding for all market segments, focusing attention on access for households which otherwise lack access.
- No change for households with income up to 80% of the area median income (AMI) (3.49%)
- Offers a low rate for households with moderate incomes, which could be defined as those with incomes up to range of 120-150% AMI (4.99% energy efficiency (EE)/ 5.99% solar (PV))
- Sets higher rate for households with incomes above the moderate income threshold of 120% - 150% AMI (6.99%-7.99% EE / 7.99%-9.99% PV)

## **IV. Analysis of Options**

Slides 10-11 provide projections for FY16-17. These projections are based on certain assumptions regarding growth in applications and distribution among the various income groups. Regardless of what changes are implemented, the impacts of the changes and volume of loans will need to be monitored. If needed for fund sustainability, NYSERDA may come back to the Advisory Council with additional recommendations.

## **V. Near Term Steps**

NYSERDA needs to confirm the volume and dollar value of loans in the pipeline. Applicants receive letters of loan preapproval or approval, with the conditions that must be met in order to move ahead with the loan process, and a deadline for achieving those next steps. There are currently 2000+ consumers in the database whose deadlines have passed, and we currently do not know whether they intend to continue with the loan process. For example, the deadline to provide income documentation to move from “preapproved” to “approved” is 60 days. However, we have not enforced the deadlines and canceled applications.

NYSERDA will send communications to consumers, contractors and installers, and CBOs in order to validate what is in the pipeline. Going forward, NYSERDA will set expiration dates for all loan approval stages, and withdraw loans that pass those dates without fulfilling the requirements or otherwise contacting the loan originator.

Question: Is 60 days for expiration of a preapproval (the current rule) a realistic number?

NYSERDA: No. A new number will need to be established with input from contractors and CBOs.

Question: How does the pipeline fit in with the projections/expectations for the coming year?

NYSERDA response: The trend analysis is based on loans issued rather than application rate.

Comment: The most important thing is serving customers with energy efficiency work.

Question: Do Tier 1 loans result in profit? Would issuing more of those loans be useful to making the program sustainable?

NYSERDA response: It is unknown how a change in interest rate will affect the volume of loans.

NYSERDA response: The proposed interest rates for higher income households were developed to cover the cost of issuing the loans. They are fair and comparable to others in the market. Higher income households will not subsidize lower income households.

Comment: In a sense, PV customers have been subsidized by other customers. Energy efficiency loans are declining. The entire program has been subsidizing PV loans for high income households. This needs to be addressed.

NYSERDA: Adjustments that make the most sense are the ones that raise the rates for higher income households. We would continue to subsidize rates for households that can least accommodate higher interest rates.

NYSERDA: Every one of the loan categories is losing money.

Comment: Is NYSERDA suggesting that this proposal is more sustainable?

NYSERDA response: It's a start. It is more sustainable than doing nothing.

Question: Should more drastic cuts be made?

NYSERDA: If the program escalates, it will be difficult to sustain a revolving loan fund. But we could start here and see how the market responds.

Comment: I was always concerned that after PV was added to the program there would be decreasing availability of funding for energy efficiency.

Question: Where is most of the business? You have to preserve the work.

Comment (Advisory Council member and program contractor): Depends on region. In my rural region I serve more low-income households.

NYSERDA response: It also may be useful to consider access to financing, not just income levels since there isn't 100% correlation between income level and creditworthiness. The program's deepest impacts are providing financing to consumers who do not have access to financing through traditional means.

Comment: Clip board audits done through the PV program are not sufficient to drive energy efficiency work.

NYSERDA response: Agreed. NYSERDA intends to be more proactive in incorporating energy efficiency with PV.

NYSERDA: A couple of clarifications: in dollars, as opposed to percentage of the loans made, the energy efficiency loans continue to grow; and Slide 11 shows that once interest rates increase, the loans at the higher interest rate no longer lose money and therefore are no longer a drain on the RGGI funds.

Question: What's happening with other programs funded with RGGI? How does that impact GJGNY?

NYSERDA response: The plan is still being developed for the coming year. Some RGGI programs are new and are a priority of the State. Some programs have run their course and have been ended. Some are still up for debate as to their priority.

Question: Is there any discussion about allowing GJGNY more money?

NSYERDA response: As tight as the budget is, there will be no increase in RGGI funds for GJGNY. In addition to having to budget for all of the programs that are considered priorities, there is a significant decrease in revenue from the auctions.

Question: Is there any analysis being done on how this program is measuring up compared to other RGGI programs?

NYSERDA response: NYSERDA can report on that at the next GJGNY meeting.

Comment: Is there any data on number of jobs created as a result of the program?

NYSERDA response: The evaluation group is looking at that.

Question: Has there been any discussion about leveraged funds or capital sources?

NYSERDA response: NYSERDA has given thought to other approaches and is open to further discussion of other ways to leverage money from other sources.

Comment: We should be careful about ways in which pipeline customers will be approached. Sensitivity should be exercised, as some have gone through a difficult process just to get preapproved.

NYSERDA response: The strategy will be to start with those who have been stalled the longest. We won't be sending letters to those whose expiration date just passed.

NYSERDA comment: Participation from contractors and/or CBOs may make the process easier.

Comment: Maybe 90 day increments would be a good approach. After first 90 days, a customer gets a notice that asks if they want an extension.

Question: What other revenue sources are being considered?

NYSERDA comment: our starter proposal focuses on RGGI funding.

Question: Do you need something formal in terms of comments regarding changes to the eligibility levels and interest rates?

NYSERDA Comment: Refinements and alternatives will be considered when the Advisory Council reconvenes.

Question: Has NYSERDA considered taking into consideration tax credits that are embedded into loan products for PV installs? A two-stage loan?

NYSERDA response: NYSERDA has considered, but not acted upon, this option. It does not work for OBR. We can take another look at this if it helps address the current challenges.

Comment: Perhaps structure two different loans – one short term and one long term. That's what the private market is offering now.

NYSERDA: This should be revisited at the next meeting.

NYSERDA: Is there any additional information that you need from NYSERDA?

Response: As already requested, a comparison of program outcomes with other RGGI programs and number of jobs created.

NYSERDA: Slide 11 provides some scenarios for changes to the interest rate. NYSERDA welcomes feedback and thoughts around the variables within the models. The proposal as it is will put us in better shape, but all ideas will be considered.

The next meetings will be April 27, 3:00 and May 13, 2:30. We need to reach closure by May 13<sup>th</sup>.