

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

April 27, 2016

3:00 pm – 5:00 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 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 posted on the [GJGNY Advisory Council meetings page of NYSERDA's website](#).

Attendees

Albany Office:

Hal Smith, Halco; Paul Shatsoff, PS Consulting; Jared Snyder, NYS Department of Environmental Conservation.

NYSERDA: John Rhodes; Jeff Pitkin, Jennifer Meissner, Karen Hamilton, David Sandbank, Rebeca Hughes

Guests: Kathleen Langton, Affordable Housing Partnership - Home Ownership Center

Buffalo Office:

NYSERDA: Kelly Tyler.

New York City Office:

Stephen Edel, Center for Working Families; Lisa Tyson, Long Island Progressive Coalition.

NYSERDA: Michael Colgrove, Sharon Griffith

Phone:

Ross Gould, Workforce Development Institute; Conrad Metcalf, Building Performance Contractors Association; Tanya Dugal, NYS Department of Public Service; Kevin Rooney, Oil Heat Institute of Long Island; David Hepinstall, Association for Energy Affordability; Tom Carey, NYS Department of Housing and Community Renewal; Tony Joseph, NYS Department of Labor; Kristen Chin, Pratt Center for Community Development, Alan Hipps, Housing Assistance Program of Essex County; Lisa Tyson, Long Island Progressive Coalition.

Guests: Euphemia Martin, Public Policy and Education Fund of New York-Southern Tier; Guy Kempe, RUPCO; Valerie Strauss, Association for Energy Affordability

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

I. Questions and Follow Up from Last Meeting

Jennifer Meissner presented information about GJGNY program impacts (see presentation.)

An evaluation of GJGNY-related job benefits was completed in 2013. An updated study will be completed in the fourth quarter of 2016, which will provide results through 2015. In 2013, of the 1,585 GJGNY related jobs, 272 were located in disadvantaged communities and 962 were new jobs. Annual

energy savings, carbon reduction and cost benefit ratios are available for each of the GJGNY programs (1-4 Family assessments, 1-4 Family Financing, Multifamily Performance Program, Small Commercial Energy Efficiency Program). When measured against other RGGI-funded programs, GJGNY impacts are comparable. More detail can be found in the RGGI Annual Report on NYSERDA's web site (links to all reports provided in the presentation.)

Comment: Appreciation expressed for putting together this information in response to a request at last meeting.

II. Continuation of Discussion on GJGNY Revolving Loan Fund

John Rhodes summarized the principles and approach used in developing the materials presented at the last GJGNY Advisory Council meeting, as well as discussion points from that meeting. During the last meeting, it was discussed that with the growing volume of GJGNY loans, there is a cash strain on the Revolving Loan Fund. In addition, cash limitations exist for the coming year. Strategizing is necessary in order to maintain a program that is solvent and best meets the abilities to serve different sectors in different ways.

Three principles need to be maintained. The program should:

- Preserve On-Bill Recovery loans,
- Preserve access to funding for all market segments,
- Focus attention on access for households which otherwise lack access.

The starter proposal identified during the April 15 meeting suggested the following:

- No change for <80% AMI (3.49%)
- Modestly higher rate for moderate income, which could be defined as up to 120-150% AMI (4.99% EE / 5.99% PV)
- Higher rate for >120 - 150% AMI (6.99%-7.99% EE / 7.99%-9.99% PV)

During the last meeting it was noted that there is considerable growing demand for resources associated with the solar photovoltaic (PV) loans, which leads some tension around the topic of PV vs energy efficiency (EE) loans, and also between high income and low income access to resources. In addition, it was agreed upon that effort should be focused on trying to reduce the likelihood of changes to the GJGNY programs moving forward, although the status of the loan fund will need to be monitored and additional changes made if necessary.

Any chance of additional funding will be affected by Regional Greenhouse Gas Initiative (RGGI) auction proceeds; there is currently a RGGI program review underway which could potentially result in allowance pricing impacts.

Jeff Pitkin presented information continuing the discussion on plans for the GJGNY Revolving Loan Fund (see presentation.) Slides 2 and 3 provide estimated overcollateralization requirements by tier and income level. The bottom half of each slide provides a menu of options for different potential interest rates, and the required level of RGGI funding needed for each technology/income level segment of loans. This provides a view of the relative trade-offs of the amount of RGGI money that would be required to satisfy the portfolio. This analysis presumes that the volume of GJGNY loans remains

consistent, even though it is recognized that an increase in interest rates could lead to a change in volume.

Three sets of sample interest rate/technology/income level scenarios were used to provide projections as a point of reference.

- First scenario presented results in \$35M of RGGI needs.
- Second scenario presented results in \$32M of RGGI needs.
- Third scenario presented results in \$29.5M of RGGI needs.

Question: The availability of RGGI funds is key, which is what we don't know. Is that correct?

NYSERDA response: That is correct. A detailed RGGI budget is not available at this time, and future budgets are based on assumptions regarding the price and volume of allowances sold. A RGGI need over \$30M for the coming year is not ideal.

Question: Is it possible to further segment the interest rates by income so that there are not such broad gaps between them, perhaps creating five different categories of income instead of three?

NYSERDA response: NYSERDA has not attempted this approach. As shown on the charts, the highest percentage of loans being issued are at the highest income levels – so breaking low-to-moderate income sectors into more groups does not significantly impact the amount of RGGI funds needed to cover those loans. In addition, the amount of RGGI funds associated with Tier 2 loans does not change – so dividing them into smaller groups would not make a difference. The most effective approach is to determine the top interest rate that can be tolerated by the highest income sector – that is where the greatest impact on RGGI funds needed will be seen. But the element of this program that is most impactful in general is providing access to loans for consumers who cannot otherwise qualify for market-rate loans.

Comment: There is no advantage to raising the interest rate on Tier 2 loans.

NYSERDA response: The cash drain is unaffected by alterations to options to Tier 2 consumers.

The group used the charts to explore several other scenarios – different combinations of interest rates/income levels – to see how it impacts the overall funding need.

Question: When will the exact RGGI funding amount be known?

NYSERDA response: While we can estimate the amount for each upcoming auction (June, September, December 2016 and March 2017), we will not know what the auction will bring until it happens.

Question: What is the timeline for the proposed changes?

NYSERDA response: We are seeking advice for timing as well as numbers. We previously felt that 120 days lead time would be good. We are hoping to arrive at an approach by the May 13 meeting so that changes can be implemented before the heating season.

Comment: Many of the lower income customers are participating in EmPower and Assisted Home Performance, where NYSERDA is paying a large portion of the cost of the work. When you consider the energy savings, even if the interest rate is slightly higher that it is now, the savings will still be valuable. The customer will still come out ahead. The most important thing is to keep the money available for loans.

Comment: Some other states base interest rates on cost-effectiveness.

NYSERDA response: NYSERDA has considered using interest rates that are derived based on achieving cost effectiveness for the work being done.

Comment: Part of the trust in the program has to do with the rates being locked in.

Comment: Rates would be locked in, but could be different from project to project according to cost-effectiveness of the measures put in place.

Question: When considering rates that are varied according to cost effectiveness, how can safeguarding against contractors increasing the price of a project if the cost effectiveness is overestimated?

NYSERDA response: Having different rates to achieve cost effectiveness would be an option for the future, not the immediate term. Other tools need to be in place for that to work.

Comment: Tier 2 is a high priority to keep consistent. Decisions need to be made around Tier 1.

It was observed that the loan fund might have other values, or could consider other features that provide benefits, other than a low interest rate. Discussion followed with some ideas.

Comment: What about considering a Tier 3 secured loan option?

Question: Do we need a different kind of product that can serve PV customers above 120% that gets repaid more quickly and replenish the loan fund at a faster pace? Creating a bridge loan for the income tax refund could help.

NYSERDA response: Smart Energy Loans might be easier to facilitate than an On-Bill Recovery loan.

Question: Is there an opportunity to talk with the Green Bank about solutions?

NYSERDA response: Further discussions with Green Bank can continue, but it would not be difficult to facilitate through Smart Energy Loans.

Question: Do we want to distinguish between EE and PV for the 120% or greater income group?

NYSERDA response: Yes. We need to distinguish between them based on the cost of financing and cash drain being different between the two.

III. Next Steps

- NYSERDA should run the numbers regarding offering a loan with two income groups – less than and greater than 120% AMI.
- NYSERDA should explore the short-term option for the PV bridge loan (bridge to the income tax refund.)
- NYSERDA should consider the third tier option.
- As a group, the Advisory Council should discuss transition timing, so far estimated at between 60-120 days.

NYSERDA will generate additional options for moving forward and share them ahead of the next meeting on May 13. Advisory Council members are encouraged to provide additional feedback in the meantime. The goal is to develop a final approach by the close of the May 13 meeting.