Green Jobs – Green New York Advisory Council Meeting
December 9, 2010
Meeting Notes

Attendance:

Albany Office:
Frank Murray, NYSERDA; Jennifer Keida, Standard insulating CO.; Jackson Morris, PACE; Resa Dimino, NYS DEC; Alan Hipps, HAPEL; Mario Musolino, NYS DOL; Floyd Barwig, NYS DPS; Tony Joseph, NYS DOL; Ruth Horton, NYSERDA; Marilyn Dare, NYSERDA; Bryan Henderson, NYSERDA; Dave Munro, NYSERDA; Hal Brodie, NYSERDA; Sue Andrews, NYSERDA; Karen Villeneuve, NYSERDA; Jennie Schufelt, NYSERDA

Buffalo Office:
Kelly Tyler, NYSERDA

NYC Office:
Jillian Puszykowski, Sustainable CUNY; David Hepinstall, AEA; Myles Lennon, Laborers Union; Jay Ackley, CEC; Rick Cherry, CEC; Tria Case, CUNY; Dean Zias, NYSERDA; Michael Colgrove, NYSERDA; Luke Falk, NYSERDA; Sharon Griffith, NYSERDA; Paula Rosenberg, NYSERDA

(The following meeting notes capture comments, questions and discussions held at the meeting in response to the presentations given by NYSERDA staff. A copy of the presentation and any handouts provided can be found at www.NYSERDA.org.)

Members of the Green Jobs-Green New York (GJGNY) Advisory Council met via video-conference at NYSERDA's Albany, New York City, and Buffalo offices on 12/09/10. Telephone access was made available to members who could not make it to a video conference site. Also present at the meeting were several NYSERDA staff members and additional staff members from Advisory Council member organizations. The Meeting was videotaped and posted at www.NYSERDA.org.

Frank Murray, President and CEO, NYSERDA, chaired the Meeting.

WELCOME & INTRODUCTIONS

Frank Murray opened the eleventh meeting of the GJGNY Advisory Council, notifying the group that the One-to-Four Family component of the GJGNY Program was rolled out on November 15, 2010.

Since November 15th, NYSERDA has received more than 440 applications for free or reduced cost audits; closed two GJGNY loans, and has 75 more applications in process. Contractors are excited about the Tier-Two loan option that will enable them to reach more assisted customers (income below 80% of state median income or area median income), for whom NYSERDA can provide a 50% grant and hopefully qualify for a low-cost loan. One of the two loans that closed was for an assisted customer, this was a "soft launch," meaning that NYSERDA did not advertise or make public announcements about the availability of the program. NYSERDA chose this approach in order to test the new systems and policies: the audit application and reservation system, the new audit software tool, the audit pricing scale, the new customer database, the loan qualification criteria, the application and approval process, and other new features. NYSERDA also provided a number of training webinars for contractors prior to the launch.

Mr. Murray was pleased to say that all systems are working and are ready to go. Some contractors have started advertising the program, and a press release will be issued by the Governor's office today.

NYSERDA has released Program Opportunity Notices (PONs) and Requests for Proposals (RFPs) to support workforce development, has started offering audits to the multifamily sector, selected a marketing firm to develop GJGNY marketing messages and materials, is negotiating a contract with their training and implementation contractor to assist the Constituency Based Organization (CBO) effort, and released RFP 2038 for CBO's to provide outreach services. NYSERDA strongly encourages those who represent the CBO sector to spread the word regarding the availability of this solicitation, and remind them that proposals are due (February 22, 2011). Many of the most passionate advocates of the GJGNY legislation were the CBOs, who wanted to be involved in this program. The more activity, involvement, and response NYSERDA receives from the CBOs to this solicitation, the better. NYSERDA considers the CBOs an integral asset of the program. Without the participation of the CBOs, many communities particularly in need will not be reached.

NYSERDA has offered workforce development solicitations and the response was not as high as hoped for in some cases. This is an opportunity for CBOs to get involved in the success of this program. To emphasize again, NYSERDA encourages CBOs to respond to this solicitation. Those who have contacts in the CBO community, please encourage them to respond.

Advisory Council members received letters on November 10th with details on program standards and financing. On December 10th, they also received a copy of the letter sent to legislative leaders, committee chairs, and bill sponsors to announce major milestones, and to update them on the process of the program. As stated in that letter, NYSERDA is grateful to the Legislature for passing the GJGNY bill and to the Governor for signing it into law. NYSERDA believes the program will provide great opportunities for New Yorkers to save money on their energy bills, and to start careers in the green job sector. NYSERDA appreciates the input from the Advisory Council, the stakeholders who participated in the working groups and the public who provided input. Mr. Murray also thanked the NYSERDA staff. The development of the GJGNY program has cut across multiple sectors within NYSERDA and has incorporated numerous new approaches, while maintaining an open and transparent process. NYSERDA carefully reviewed and weighed the input from all participants before making final design decisions. NYSERDA is committed to continuing to monitor and evaluate the program to determine whether and when adjustments are required in order to achieve the maximum results.

Mr. Murray brought the Advisory council up to date on legislative actions which, is hoped, will improve financing for projects. A three-way agreement was tentatively reached on legislation to provide on-bill recovery financing for GJGNY projects. The bill passed the Assembly on November 29th but has not yet been passed by the Senate. The Senate leadership indicated support of this legislation; however, it is not clear what action the senate will take this year. Nevertheless, the prospects for this legislation are promising. NYSERDA's General Counsel, Hal Brodie, and NYSERDA's Treasurer and Internal Control Officer, Jeff Pitkin, are involved in the discussions with the Governor's office, the Department of Public Service, and the State Legislature.

The legislation would require utilities to file a tariff with the PSC within 60 days of passage to establish on-bill financing programs. The PSC would then have to act upon those tariff applications within 150 days. The utilities would then have to establish the on-bill programs as soon as practical. There were a number of details to be finalized, which would probably make more sense to discuss once the Legislation passes.

Question: Myles - It is encouraging that you believe the prospects for this legislation are promising. That is not what we sensed. It is unclear that the Senate will reconvene in this session and it is also unclear that we have the votes for on-bill when the new session is sworn in. Could you elaborate regarding your rational?

Response: It is not clear that the Senate is going to come back this year, but we do believe that there is support in the Senate for this legislation. Even if it is not passed this year, we think the prospects are promising next year.

Mr. Murray offered that there were objections raised at the end of the session by folks in the real estate industry. However, it was actually a discussion on some genuine concerns about the impact and specific language in the legislation. They were proposing and discussing solutions with the Governor's Office, NYSERDA, DPS, and both houses of the legislature that might permit working around those problems and allow an on-bill recovery program. There is no guarantee as we are going to have a new administration and a new legislature in Albany in January. However, assuming the concerns can be worked out there is a good chance of getting something in place.

Jackson Morris of Pace Climate & Energy Center offered that we were extremely close to seeing this passed on Tuesday and could not get it done. Supporters of the bill, in fact, had the Floor Votes necessary. However, The Rules Vote was ten 'Yes' votes and seven 'No' votes, which included two Republicans that had voted 'Yes' on previous versions of the bill. You need twelve votes to get it out of committee and on to the Floor. He thinks supporters of the bill do have a decent shot next year. However, it is going to be more difficult.

Program Updates:

FINANCING – Jeff Pitkin, Treasurer

November 15th was the soft launch of the financing component of the GJGNY program for the 1-4 family homes sector. The principal efforts involved in this launch were transitioning from the prior Home Performance with ENERGY STAR financing program into the GJGNY financing program. NYSERDA had customers at various stages throughout the program. The first order of business was triaging projects that were already involved with the program and then accepting applications from new customers.

NYSERDA has closed two loans, has seventy-five in process, with eight more approved and to be closed shortly. The program's financing entity, Energy Finance Solutions (EFS), has received a total of 128 applicants for financing in addition to the two loans closed and seventy-five in process. Of those 128 applications, 115 were new applications, not from people already in the program. Seventy-five of those new applications have been preapproved for financing and fifty-one were denied. Of the fifty-one denied applications, about half of them, twenty-six, were denied because they did not meet the program requirements for debt-to-income ratio which states that monthly debt payments cannot be more than 50 percent of income. The other twenty-five were initially declined due to credit scores. However, Tier-Two allows that if you have a FICO credit score of less than 640, you can still qualify if you can demonstrate a good payment history on a utility bill and a mortgage. However, at the time those applications were received, EFS had not finalized their contract and was informing customers that they were not yet approving Tier-Two loans. Some were informed that they were denied. Now, the contract is signed and EFS will be reaching out to these customers and offering them an opportunity to re-qualify under Tier-Two standards.

NYSERDA will continue to monitor the application approval and denial rates, but it is still too early to start reacting to denials or thinking about changing standards. NYSERDA needs to see how things progress. However, NYSERDA will continue to keep the Advisory Council informed on the progress of the financing components.

NYSERDA was able to launch the GJGNY financing with loan rates of 3.49% and 3.99% due to Governor Patterson granting NYSERDA the use of New York State Qualified Energy Conservation Bonds (QECBs). The State pledge of $20 million in bonds allowed $20 million worth of loans that could be bonded with the federal government paying 70% of the bond's interest costs. This reduced the cost of financing and allowed the savings to be passed along in the form of lower interest rates on GJGNY loans.

In addition to the $20 million bond allocation that the State received, there are $180 million in additional bond allocations that went to a number of counties, cities, and towns throughout New York State authorizing them to issue bonds for qualifying purposes. In November NYSERDA reached out to those local governments reminding them of the qualifying purposes and giving them the opportunity, consistent with the regulations, to reallocate their authorization to the State to support the GJGNY program if they did not have a use for them. To date three local governments have agreed to do that; Oswego County, Broome County, and the Town of Smithtown. This has increased our current QECB bond pool to over $24 million. NYSERDA will reach out again to the counties, cities, and towns that haven't responded. Since the bonds were authorized under ARRA, it would behoove local governments to put forth plans to use them, or be aware that someday legislation could be enacted that would suspend this authorization. Therefore, NYSERDA is encouraging these local governments to either use their bonding allocations or to agree to have them revert to the State for use in the GJGNY program.

Question: In those cases where NYSERDA received a municipality's allocation and put it into the GJGNY pool, is the funding derived from these allocations restricted to their jurisdiction alone?

Response: The three entities that have granted NYSERDA their allocation authorized statewide use. However, NYSERDA believes they are strongly encouraging their residents to participate in the program. NYSERDA thinks this represents another opportunity that will help drive demand for the program as local governments will most likely encourage their residents to take advantage of the GJGNY program.

Currently NYSERDA has over $24 million subsidizing lower-rate loans. Once this bonding authority is used up NYSERDA would have to revert back to the of 5.5 percent to 5.99 percent interest rates that NYSERDA had originally discussed. NYSERDA is also aware that it will be a while before RFP 2038 will have contracted with CBOs to promote the program. NYSERDA has therefore agreed to ensure that at least $10 million of low-cost loans are available at the time the CBOs come on board. However, NSYERDA is hopeful more local government QECB allocations will be already accumulating an even larger funding pool. NYSERDA does not anticipate that the program will have to revert to a higher interest rate and then lower the rate again when the CBOs are on board.

NYSERDA has been working with the NYS Environment Facilities Corporation (EFC). EFC issues bonds for the State Revolving Fund for the Water-Wastewater Program, on a plan whereby EFC would permit GJGNY to link to their bonding authority. This would provide GJGNY a credit enhancement that would allow bonds NYSERDA would issue in support of GJGNY to achieve an AAA rating. This again would substantially reduce the interest rate on our loans. This course of action is still in a preliminarily phase, but it is promising and NYSERDA hopes it will come to fruition. NYSERDA appreciates the work that EFC has done and is hopeful it can be put in place.

NYSERDA is continuing to develop the financing approach for the Small Commercial and Not-For-Profit Sector. NYSERDA has had discussions with a few lenders who currently work in the New York Energy $mart Loan Program. There has been some productive dialogue with one lender in particular, Key Bank. Key Bank has a statewide presence which is important in rolling out the statewide GNGNY financing. Discussions are advancing and NYSERDA is hopeful that they will agree to be the initial lender in this sector's financial program. As in the residential sector, NYSERDA would like to start with one lender, make sure the process is working well, and then open the program up to multiple financial institutions.

NYSERDA is also working on financing for the Multifamily Sector. NYSERDA has had discussions with the Housing Financing Agency and other entities that provide financing for multifamily buildings. NYSERDA is considering a traditional revolving loan that could be quickly implemented with lenders from the New York Energy $mart Loan Fund Program. The concept being that NYSERDA provides half of the funding for a multifamily building and the lender would provide the other half. The funding that NYSERDA provides would be at a zero percent interest rate. Therefore, the borrower would end up paying only half of the interest that they would normally pay when financing a loan of equal size. The lender would hold the loan and NYSERDA would share equally in any loan delinquencies and/or defaults. NYSERDA is working through the details and will bring the results back to the Advisory Council.

The latest financing endeavor being explored involves the HUD notice seeking public comment by the end of December on a pilot program extending their PowerSaver Title I financing program specifically for energy efficiency loans up to $25,000. PowerSaver has been a Title-One loan product for which HUD has an existing program and a network of Title-One lenders. Present loans are available for general remodeling projects. They are incentivized by the Federal Government providing insurance on these loans. Since insurance is provided by the Federal Government, lenders are able to offer the loans at lower rates. NYSERDA thinks that there may be an opportunity to work with some currently approved New York Title-One lenders to access PowerSaver loans as part of the GJGNY program. NYSERDA can provide lenders with a network of energy efficiency projects and the lenders can provide financing.

Question: Would this become a blended rate program?

Response: No. HUD is asking lenders to propose in their expression of interest what, if any incentives, they would seek to provide subsidies to the loans that they would be offering to customers. A lender could propose to do 2,000 loans and request incentive of (x) amount to lower the interest rate and offer loans at 3%. HUD indicated that they are intending to select a limited number of lenders and ensure geographic diversity for this pilot program. HUD has also expressed an interest in ensuring that lenders are selected from entities who have received grant funding from the DOE under the DOE Retrofit Ramp Up, or what they now call the Better Buildings Grant Program. NYSERDA has received funding under this program. HUD and DOE are anxious to get a New York lender involved in this pilot program. NYSERDA is starting discussions with some current HUD lenders. Unfortunately, HUD lenders are generally small community banks or S&L's. But, none-the-less, there might be an opportunity to work with them even on a statewide basis. We are really at an early stage in the discussions. NYSERDA doesnot have a lot of time as HUD is looking for an expression of interest by the end of December.

In terms of upcoming activities, NYSERDA will be offering an RFP to select a Master Loan Servicer. The loans that are currently being offered by EFS are being serviced by a separate company, Concord Servicing Corporation. However, it has always been NYSERDA's intention to have one entity that would interact with all of the lenders who will be approved for the program. The Master Loan Servicer would be responsible for servicing the loans and monitoring the status of loan repayments. NYSERDA is hoping to get that RFP issued in the coming weeks and have an organization onboard in the first quarter of next year.

A second activity being initiated is the issuance of an RFP to select underwriters to assist in the issuance of the bonds. Based on projected loan activity, NYSERDA anticipates that the first bond issuance will occur sometime in 201.

Question: Of the loans NYSERDA has so far, what is the average size and where are they coming from?

Response: The two loans that are closed total $16,000. One of the loans was an assisted loan for $4,700; the other was $11,300. Historically, Home Performance loans have averaged $7,500-$8,000 per loan. Details were not available during the meeting as to where the two loans were located.

Question: Generally, are the loans in the pipeline coming from all over the place or from one area?

Response: They seem to be scattered. Again, much of this activity is transitional activity from customers who were already working with contractors when the program launched. NYSERDA is now going to start seeing more new GJGNY activity.

Question: Regarding the HUD PowerSaver program, how would that work with the GJGNY program? Assuming the criteria and approved measures for the loans are different, how can they be incorporated into the existing program and still meet the statutory requirements of the GJGNY program?

Response: It appears that the HUD pilot program will allow lenders to provide loans for energy efficiency for particular measures. They are not using a whole house approach. Also, they did not include requirements for Quality Assurance/Quality Control (QA/QC), contractor standards, or contractor certifications. The proposal really left things pretty wide open. It may have been intentional on HUD's part, because in some other states the Home Performance Program is not used. But if NYSERDA is going to partner with a HUD lender as part of GJGNY, NYSERDA would assume all of the standards that have been established as part of the GJGNY program. The HUD program allows for an uneven playing field. HUD could approve a lender in New York and that lender could compete with the GJGNY program using different standards, different criteria, and different interest rates. NYSERDA is hopeful this can be avoided by working with an approved lender to put forth a strong proposal and be selected.

Frank Murray, NYSERDA, stated that he attended a presentation on the HUD PowerSaver program in Washington last week and the issue of quality assurance came up. The concern is that people do not distinguish between funding sources. If somebody invests in efficiency equipment and it does not work, everybody ends up getting tarred. States are expressing that they would like to have quality assurance attached to this program. HUD appeared open to discuss this.

In respect to eligibility this is a traditional loan product. Therefore, there are going to be a whole class of GJGNY customers who, due to income levels or credit history, are not going to qualify for this financing.

Jeff Pitkin, NYSERDA's Treasurer, advised that the HUD criteria for loan underwriting is more conservative than what NYSERDA established under GJGNY. HUD has a slightly higher debt-to-income ratio and FICO score requirement. HUD also looks at the value of the home. It is more of a secured loan. The number of customers that could ultimately benefit from HUD financing may be more limited then what NYSERDA is able to achieve through GJGNY.

Frank Murray commented that Jeff and his team have been creative in seeking ways to reach the homeowners in NYS and they deserve a great deal of credit. Increasingly both regional and national organizations are reaching out to New York and inviting Jeff and others to speak at their forums. There is recognition that what GJGNY is trying to do in New York is cutting edge.

Question: USDA does have programs that appear to be applicable for rural sections within NYS. Has NYSERDA had any conversations with them?

Response: No, we have not, please send us information on their programs and NYSERDA will be happy to contact them.

1-4 FAMILY HOMES – John Ahearn, Program Manager – Building Performance

NYSERDA is proud to be able to offer our financing at the competitive interest rates of (3.99% and 3.49% with automated payments) and hope these rates are going to help contractors sell a lot of work in the coming months. NYSERDA recently revised the GJGNY free and reduced cost audit application based upon contractor and applicant feedback. There was some confusion created by the earlier form as to who was responsible for gathering the one-year minimum of energy usage. NYSERDA hopes the revised form will eliminate that confusion.

NYSERDA has received forty applications for audits. Processing time is currently in the area of 48 hours. NYSERDA intends to get processing time down to 24 hours by shifting responsibility for processing the loan applications to a unit better suited to the rapid turnaround of applications.

NYSERDA currently has 208 participating contractors. A few contractors have opted-out of providing free GJGNY audits. NYSERDA has, however, allowed them the opportunity of opting-out of the audit and still retaining the capability of offering their customers GJGNY financing, as long as they get their customer to acknowledge that they chose to pay for their audit rather then select a free one. Very few contractors opted-out. So far, there have only been 16 and those contractors have not done any significant work in the program. This is a non-issue.

Question: Can people apply for loans and audits over the internet?

Response: The audit application cannot be completed on line but it is available to be downloaded and sent in via email, fax, or hard copy. The loan application can be done completely on-line. The applicant does need to provide income verification, but they can copy and scan documents and send them over the internet. Applicants can also fax income verification or mail it.

Question: If someone wants to access the AMI (Average Monthly Income) data for their area where can they find it?

Response: That information is available online.

SMALL BUSINESS/NOT-FOR-PROFIT – Ruth Horton, Program Manager Strategic Initiatives – Energy Analysis

PowerPoint Presentation available at:
http://www.nyserda.org/GreenNY/advisory_council_meetings.asp

Question: Where we have businesses and residences in the same building, they do not qualify under the 1-4 Family Sector. Would the Small Business Sector serve this category of buildings or will they be left out of the loop?

Response: NYSERDA will serve the mixed-use sector through this program. Details are being worked due to complexities such as; the small business portion of the building is eligible for a larger portion of money than the residential portion. If the Advisory Council members are aware of interested multi-use buildings, please let John Ahearn of NYSERDA know, and we will determine how to proceed We do not want to miss the opportunity to reduce energy usage in those structures.

Question: As a contractor, who do we notify? In the past, these structures have been declined.

Response: Notify John Ahearn and NYSERDA will determine internally how to proceed.

Question: Can this be a building where a non-for-profit is a tenant and not the owner?

Response: It can be a building where a non-profit is a tenant, but the owner has to be the applicant under the program. In the legislation residential and the small commercial/not-for-profit buildings are treated a little bit differently, NYSERDA is going to have to work through the legalities of how to handle those properties and remain consistent with the legislation.

Question: Jackson Morris from the Pace Climate and Energy Center stated that, hopefully on-bill-recovery will get passed early next session, but assuming it does not, there is an (on-bill) pilot being discussed using EEPS funding that will not require legislation. Have there been any discussions about overlapping the EEPS pilot for use in GJGNY applications? If the legislation does not pass,

has there been thought about overlapping the (EEPS) pilot with GJGNY? Also, utilities are wondering if they will be able to count savings toward their EEPS targets if they provide on-bill recovery for GJGNY.

Response: During the call NYSERDA had with the Association of Realtors and the utilities that issue came up. NYSERDA advocated that we should be looking at the collective good. Some of the utilities were stating that they see (utility billing requirements) as an impediment. In the call NYSERDA discussed allocating savings or using some other mechanism. NYSERDA hopes that this does not become an impediment to on-bill financing going forward.

Response: Different programs are serving the same household. NYSERDA has recommended: where incentives are provided, the party providing the incentive gets to claim the savings. In a case where a utility is not involved in the project, other than the financing, there will be other parties lined up for those saving. It is not going to be simple.

Question: With Commission action, could NYSERDA explore a small business/not-for-profit on-bill program as an expanded pilot with different funding source?

Response: NYSERDA has had discussions with National Grid on a pilot program that could have been done without legislation, because the program would not permit termination of service for failure to repay the loan. NYSERDA has worked through the process with National Grid and presented DPS staff with a concept for the pilot which is being evaluated. The concern is whether the program would require Commission approval even as a pilot. NYSERDA believes it would require Commission action. But obviously if the legislation goes forward this is a moot point.

MULTIFAMILY – Michael Colgrove, Director - NYSERDA's New York City Office

The multifamily program has processed thirty-nine applications for GJGNY audits. The thirty-nine applications have either encumbered and/or spent about $375,000 of the $3 million dollars allocated for audits for multifamily buildings. Of those thirty-nine applications NYSERDA has actually conducted thirteen low-income audits and six market rate audits, the rest are being scheduled. NYSERDA is talking to all the GJGNY stakeholders and others who have been engaged in financing discussions about the multifamily financial product. NYSERDA hopes to move quickly to figure out exactly when Financing will be available. There are discussion on what will be paid for, the attractiveness of the subsidy, the interest rate, what is incentivized, and who is involved in servicing the loans. The basic question is about making the product easy to integrate into existing structures.

Question: Do you think that the GJGNY MPP loan product will vary drastically?

Response: Since the Energy $mart Loan fund is no longer available for multifamily projects, the final MPP financial product will depend on whether NYSERDA emulates the Nebraska model. That model would result in a product similar to the Energy $mart Loan fund. In that model, there is a multiplicity of lending institutions that would all interact with NYSERDA but ultimately the customer relationship would be directly with the bank.

If NYSERDA determines that it would be better to use the credit enhancement in a different capacity, it could have a different look and feel. If NYSERDA were to make direct loans through EFS or somebody else directly affiliated or under contract with NYSERDA, that would again be slightly different

NYSERDA is trying to ensure that the tool that is put together is not just another CPS or HFA loan product. The City also has a pool of financial funding and they have just created a new agency to manage their financing for retrofits. NYSERDA has been in discussions with them and are working to ensure that even if they do not find anything that already exists, that they do not create anything that runs against the grain.

Question: Are the thirty-nine applications primarily in NYC or are they spread around the state?

Response: Mike Colgrove stated that he believes the applications are split roughly 60-40. 60% of the projects are in the city and 40% are spread throughout the rest of the state. The percentage of city projects (buildings) is about 60%; however, the number of apartments (units) is 75%.

OUTREACH AND MARKETING – Sue Andrews, Sr. Project Manager – Outreach and Marketing

Power Point Presentation – http://www.nyserda.org/GreenNY/advisory_council_meetings.asp

Question: What is the geographic area under the RFP seeking the CBOs?

Response: In the RFP NYSERDA has defined the geographic area. There are actually twelve regions throughout the state. The CBO needs to be part of the region and needs to have a Board of Directors that lives in that region and supports the CBO.

Question: Is it the whole region, not necessarily the area the CBO has worked in up to that point?

Response: It is the whole region. NYSERDA is expecting that the CBO will not be blanketing the entire region. They are probably going to be selecting communities within that region where they can run their program.

Question: Can their Board come from the whole region? This has been a point of confusion.

Response: Yes. This question about the Board of Directors had not been raised up until now. It will be included in the RFP Q&As.

Question: What happens if someone on the board does not live in the region?

Response: It is actually the majority; it is not everyone on the board. The statute does not really deal with that.

Question: It would seem that a CBO's ability to project how many units they could bring into a building aggregation plan would change if there was an on-bill recovery mechanism. In their application, would it be appropriate for CBOs to include different projections, one if on-bill is available and if on-bill is not available?

Response: NYSERDA stated that it would be fair.

Response: Jeff Pitkin, NYSERDA commented that the on-bill mechanism, in and of itself, is not necessarily expected to result in a difference in qualifying consumers to access financing. It will lead to lower interest rates because on-bill provides a stronger mechanism for repayment. But, customers will still be credit qualified for access to the financing in the same way they are currently being credit qualified for the GJGNY program. Mr. Pitkin questioned whether the absence of on-bill should give rise for some to think that their numbers would be lower without on-bill recovery, and higher with on-bill recovery.

Response: Karen Villeneuve, NYSERDA offered that CBOs have expressed that they think it will be easier to sell the program if they can advise the customer that they are paying their utility bill now and when you take out this loan it will be part of your utility bill and essentially it won't increase your utility costs. It (the loan) will essentially pay for itself. It is the salability of the projects (that they foresee with on-bill availability.)

Question: Does NYSERDA think that the utility will charge for on-bill recovery servicing? Will that add to the cost of the loan?

Response: No, there was not any provision in the bill for the inclusion of servicing costs. The utilities would essentially recover those costs through rates. NYSERDA is looking forward to the opportunity to work with the utilities and get into the details of what requirements will be necessary for carrying out collections and if modifications will be required on their systems. It is NYSERDA's intention to make that process as easy as possible on the part of the utilities.

Question: Let us assume that on-bill recovery does pass and we get into an implementation mode. The assumption has been that measure energy savings will reduce the size of the bill even with financing costs. Using that assumption, the length of financing and the projected savings from the measures become important technical issues. Assuming that, where is NYSERDA regarding ensuring that over the course of the loan the measures will pay for themselves through the financing, that nobody will be paying higher bills. That is a tough challenge.

Response: NYSERDA has been assessing that issue all along and continues to evaluate it. NYSERDA feels comfortable that among the assisted population, it can be structured to enable people to take out a loan at whatever length is appropriate to ensure that their utility bill does not go up. This is possible because NYSERDA is paying for half the cost of the measures. It becomes much more challenging outside the assisted population.   NYSERDA is not yet convinced that in all cases it can be ensured that bills will not increase. It is going to vary from project to project depending on what measures are installed. NYSERDA continues to look at the issue, but sense that in some cases that assumption will not be realized.

Response: Although the salability of the product would hope to be enhanced by encouraging consumers to undertake these projects with on-bill recovery, it would not necessarily result in any decrease to the bill. The legislation does not require that.

Response: The current version of the legislation does not require lower utility bills, however earlier versions of the legislation did have that requirement. The current on-bill legislation is fuel neutral and does not contain a requirement whereby the savings would have to be at least equal to or higher than the repayment amount.

Statement: Maybe it is just on the sales side, but some of the marketing of the legislation has included statements as if (lower bills) would be the result. That image is out there.

Response: In terms of marketing the concept of on-bill recovery, it has been broadly promoted as being something that would not increase utility bills. NYSERDA has said from the very beginning that is not going to be the result in all cases. With assisted consumers NYSERDA can probably achieve that goal, but it is going to be more challenging with market-rate programs and you will not hear NYSERDA's staff stating that all utility bills will be lowered.

Question: If in fact the financing was through on-bill recovery and the cost is actually higher, this means that the bill does end up being higher. Everybody has to know that the bill could be higher and that the repayment risks could be greater. Let's say someone pays the main part of the utility bill but does not pay the incremental costs of the energy efficiency project financing. What is the penalty?

Response: Jeff Pitkin stated that the current version of the legislation requires an apportionment of the payment between the utility charge and the on-bill repayment charge. In the example just presented, although the customer thought that they had fully paid the utility charge, the legislation would require the utility to apportion the funds. The customer would have short-paid their utility charge and also short-paid their on-bill loan repayment charge.

Question: Would they have their power turned off?

Response: If the short-payments continue, then under normal processes the non-payment of the entire utility charge and non-payment of the entire on-bill loan charge could eventually lead to termination of services.

Statement: Except in the middle of the winter under HEAP.

Response: Yes, consistent with all the current practices, including the ability of the utilities to enter into deferred payment arrangements and all the other provisions.

In summation Frank Murray, NYSERDA again emphasized how important NYSERDA considers the outreach program and the role of the CBOs in reaching customers. Advisory Council members were encouraged to make their CBO contacts aware of NYSERDAs solicitation.

Question: At this point in time, what impact do you see the current economic environment having on the financing and uptake of the program? Specifically what the economic environment was when the legislation was passed and where it is today.

Response: The economic condition when the legislation passed was not all that good. The economic condition now is, maybe, getting a little bit better. The finance program now and always needs to include credit criteria to ensure that NYSERDA is providing financing to customers who have a reasonable likelihood of repayment. Certainly, NYSERDA wants to broaden that as much as possible. However, the risk is, if it is broadened too much and they are not careful, they will deplete the funding and give energy efficiency financing a black eye. NYSERDA has to walk that line carefully. The good news is that this financing has a fair amount of RGGI funds that were provided to support it. NYSERDA is also supplementing that funding with DOE grant funding that can be used to cover losses on loans. NYSERDA believes they are constructing a financing program that will be fairly sustainable and allow us to continue to provide financing during the current economic environment. The rating agencies are going to make their projections and estimates of expected losses on these loans and again NYSERDA believes funds will be on hand to address those contingencies. NYSERDA is hopeful that the financing program being constructed will work and can be sustained.

Response: To comment further on increased participation rates. This year's participation in HPwES is about the same as last year, as opposed to the typical 20% yearly program expansion. However, now NYSERDA is going to be able to offer consumers both the full 10% incentive and the financing. Also, contractors can now determine if they can get the customer more by having them take advantage of the utility rebates instead of the NYSERDA 10% cash back. Contractors can now access and offer the best deal to their customers. By packaging all of the opportunities that a customer is eligible for, in a way that is most advantageous for that customer, NYSERDA hopes that more customers will be able to proceed with projects. Contractors and customers will now have access to more incentives. Therefore, NYSERDA is hopeful that participation will increase.

PUBLIC COMMENT:

None

NEXT STEPS:

Frank Murray thanked all the members of the Advisory Council as well as the NYSERDA staff: recognizing that there are members of the Advisory Council, as well as members of the public, who do not totally agree with every single element of the program as NYSERDA rolled it out. However, NYSERDA believes the program is much better today than it would have been without the active involvement of everyone on the Advisory Council.

NYSERDA is going to learn through experience and going forward probably translate some of those lessons into changes in the program. The active involvement and participation of the Advisory Council remains very important. NYSERDA's recommendation is to continue the practice of meeting quarterly and proposes 2011 meeting dates of, March 16th and June 15th. As indicated before, additional meetings can be scheduled in the interim if there should be a reason or if there should be a request from among the Advisory Council member(s). Advisory Council Members were asked to consider the proposed dates and let Karen Villeneuve know if there is a problem.

The length of the future meetings was discussed with a proposal for two hour meetings (2:00 p.m.to 4:00 p.m.). NYSERDA agreed to keep the meeting lean but to allow flexibility if more time is needed to appropriately address the agenda.