

GREEN JOBS GREEN NEW YORK ADVISORY COUNCIL MEETING

May 26, 2010

Meeting Notes

Attendees:

Albany Office –Frank Murray, NYSERDA; Resa Dimino, DEC; Ronald Piester, DOS; Suzanne Haag, OTDA; Tony Joseph, NYSDOL; Jackson Morris, PACE; Bill Johnson, GAPPP; Tariq Niazi, CPB; Tom Holmes, Zero Draft; Dick Kornbluth, Green Homes America; Keith Corneau, ESD; Jen McCormick, ESD; Jennifer Keida, Standard Insulating Co; Drew Matonak, Hudson Valley CC; Dean D’Amore, EnerPath; Paul Shatsoff, Workforce Development Institute, Ryan Goodenough, Workforce Development Institute; Chuck Schwartz, LI Green

NYSERDA-Jim Reis, Jen Meissner, Karen Villeneuve, Victoria Engel-Fowles, Carley Murray, Ruth Horton, Larry Pakenas, Dave Munro, Hal Brodie, Linda Miller, Jennifer Rowe, Jeff Pitkin, Kevin Carey, Peggie Neville, Sue Andrews, Pat Fitzgerald, Susan Moyer, Kelly Tyler

NYC Office – Emmaia Gelman, Center for Working Families; Hugo Salinas, New York energy Co; David Hepinstall, AEA; Jay Ackley, CEC; Myles Lennon, LIUNA; Rick Cherry, CEC;

NYSERDA-Michael Colgrove, Rhona Saffer, Dean Zias, Sharon Griffith

Buffalo Office – No attendees

Phone: Judy Butler, Butler Building; Les Bluestone, Blue Sea Construction; Maribel Cruz, NYPA; Alan Hipps, Essex County Housing Authority

(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 advisory Council met via video-conference at NYSERDA’s Albany, New York City and Buffalo offices on 5/26/10. 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 will be posted to www.NYSERDA.org.

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

WELCOME & INTRODUCTIONS

Frank opened the meeting by announcing that this was the seventh meeting of the GJ/GNY Advisory Council. The Advisory Council was asked for any edits to the April, 28, 2010 meeting notes. Tariq Niazi of the Consumer Protection Board, noted that his name was not included in the participant list. NYSERDA will make the requested edit and post the final notes to the website.

BUDGET UPDATE

Karen Villeneuve, Director Residential Efficiency and Affordability Program, NYSERDA provided an update on the GJGNY Budget. The Advisory Council had expressed concern that there was not enough funding for the CBOs. The Outreach & Marketing budget had been divided in two parts evenly, one for the CBO and one for the general Outreach and Marketing. As a result of the feedback received, we have increased the Outreach & Marketing budget by \$2 million for a total of \$10 million. We have allocated \$500,000 from the general outreach and marketing portion of the budget to fund a support contractor that will assist with coordination and training of the CBOs. The full additional \$2 million is being put into the CBO portion of the budget. As a result, the program area budgets (Multifamily, Small Homes, & Small Business/Not-For-Profit) were adjusted downward proportionally. The Workforce Development budget remains unchanged. A summary of the new budget was provided as a handout and can be found at www.nyserda.org.

QUESTION: Where does the Small Business/Not-For-Profit (NFP) number come from and how was it determined that this amount was necessary for that sector? Is there prior program experience or other basis for thinking that is the right amount for putting into that pot?

ANSWER: We originally divided up the budget at 30% for Small Commercial/NFP and, 70% for the 1-4 family and multifamily areas. It was based on NYSERDA's prior program experience and what we thought we could do at this time when rolling out the program. As time goes on if we find that there is more or less demand in the small commercial sector that we thought we may look at that. That will be part of the process of evaluating where the program is from time to time in coordination with the Advisory Council.

QUESTION: I do not believe the Small Commercial/NFP sector needs the incentives that the residential sector needs and does not need the financing tools in the same way. Setting aside that amount for Small Business will let Small Business successfully tap into and potentially run through it and it will not be available for residential, even though the small businesses might not need that funding.

ANSWER: NYSERDA's experience is that the Small Business and NFP sector is underserved and they have not participated in energy efficiency projects to the extent that many of us would like to see and we think that this will open opportunities for them that they have struggled with in the past.

COMMENT: I suggest steering toward not-for-profit rather than business.

COMMENT: Small Business and NFPs have a very different cost structure in terms of the performance of an audit and retrofit work than the residential sector, and that was one of the drivers. Additionally, the law required no less than 50% for the residential side so all factors had to be balanced. The small business and NFP sector could afford an increase in the budget, but I am willing to proceed with the budget as is because it is understood that NYSERDA is going to be revisiting the budget as we get into the program.

QUESTION: Why did all the money come out of financing and not across the board?

ANSWER: We asked the managers of the programs to determine where they thought it was best taken from. We have fixed amounts for audits, targets for the number of audits we hope to perform, but it is less sure how many of these audits will result in loans. So that seemed to be an area where program managers felt they had the most flexibility. However, we will be watching these budgets as the programs roll out and will be prepared to make adjustments where we need to.

EVALUATION OPERATING PLAN PRESENTATION

Jennifer Meissner, Program Manager, Evaluation, NYSERDA presented the Draft Evaluation Operating Plan. A copy of the Plan, the power point slides and a video tape of the presentation can be found at www.nyserda.org.

A draft of the Evaluation Operating Plan was provided to the Advisory Council Members in advance of the meeting. NYSERDA will consider all feedback provided during the meeting as well as feedback provided via email by June 9, 2010

QUESTION: It makes sense to coordinate this with SBC and EEPS and other programs that are similar. But in this program there is an emphasis on jobs, in your evaluation how will that be different? This is not just more money for energy efficiency added to the EEPS budget. The emphasis is very different. Shouldn't the evaluation also be quite different and how will you measure how many jobs are created? Under EEPS and SBC jobs were created but the emphasis and balance is different.

ANSWER: Jobs are definitely a very important indicator. It was included in the legislation as a key metric along with energy savings and other indicators. In this case we will have to take a different approach in looking at jobs and trying to determine exactly what has been accomplished. In the past the approach we have taken for SBC evaluation has been a very high level look through a macro economic impact analysis. That approach may or may not apply in this case. We intend to involve our evaluation contractors and have some more discussion on that issue. But certainly jobs are something that the impact evaluation will try to get at and if a macro economic impact analysis is used, energy saving and all the other indicators that I mentioned will be key inputs to that.

QUESTION: The role of the CBO's is something that is significantly different. They have a significant flair that they did not have in SBC and EEPS.

ANSWER: Agreed, the plan addresses this.

QUESTION: How much thought has been given into incorporating this evaluation process into the broader RGGI evaluation process? It is important that we track the success of RGGI more broadly in NYS and protecting that pot of money. Ensuring that the program continues hinges on showing what we have gotten for that investment. We need to make sure that it is reflected fully in the operating plan updates.

ANSWER: This is related to how we will deal with attribution. Teasing out the effects of multiple funding sources that potentially touch a given project is a challenge. We have multiple funding sources or programs that are being coordinated or working together to influence activities in a given market that have very different overarching key metrics or goals. It will probably be difficult through our evaluation approaches to tease out specifically the stand alone impacts of each of these separate activities. Certainly with GJGNY we want to be able to talk about how the workforce development activities, the audits, the loans are all hopefully fostering a higher level of activity in the market in general, a higher level of adoption of energy efficient measures and projects by customers and really providing additional benefit to what the SBC and EEPS and other RGGI-funded programs are able to do. We need recognize up front that the programs are operated in a very coordinated manner, and that the customers in many cases will not recognize that they received GJGNY money and got incentives from another funding source. It may be difficult to separate out impact other than maybe considering after the fact a proportional allocation of impact based on funding.

QUESTION: It does make a lot of sense for the customer to see it as sort of seamless to take advantage of the programs. But in terms of the evaluation and showing what has been achieved, the monies allocated through GJGNY have to track that. Similarly, the role of different and new actors needs to be evaluated, because they could be more effective or less effective. In EEPS you do not CBOs in this program you have a role for the CBOs that will have to be evaluated.

COMMENT: An Advisory Council Member stated that reviewing the outcomes based on RGGI goals as well as the Green Jobs goals is critical. In the impact evaluation there is the discussion of evaluating jobs impact but there are a couple of deeper components that need to be evaluated in order to satisfy the Environmental Justice requirements of RGGI and the targeted and local economic impact goals of the GJGNY legislation. It is not just job impact that needs to be measured, but the impact on populations that are targeted for hiring and contracting which includes MWBEs and also individual people from targeted communities. Job retention and the long term economic outcomes for those populations are important. There is a lot of room for figuring out how to make the program operate better and that needs to be applied to the jobs and economic impact portions of the program. The Advisory Council member stated that this may be off NYSERDA's beaten path and is a challenge here, but that perhaps close coordination with DOL will aide in this area, as well as data gathering from the CBOs who are doing this type of work. NYSERDA should consider some way for the CBOs to track their progress as they go and then be able to report it back in some way that would be useable for evaluation purposes.

COMMENT: The key, if this program works, we have got to do everything we can in the evaluation process to show that a megawatt hour saved through GJGNY, while it may or may not cost more to achieve that a MWh reduction in another program, provides additional added benefits. We have to completely and fully reflect the other benefits and the unique nature of the MWHs that we saved. An analysis that looks solely at the cost per MWH is not going to reflect that and if we can't capture that effectively we are going to be missing out on the success this program will hopefully have over time.

COMMENT: Agreed, from DEC's prospective, it is absolutely critical to document the RGGI related gains of this program and the greenhouse gas benefits. We feel that is it critically important that we document the success of the program and build a case for these types of investments and that we are able to ensure the future for RGGI moving forward and the co-benefits - the economic development and jobs are really important to that overall picture. We understand that there is lots of overlap and you may not be able to attribute a particular MWH to a particular dollar, but DEC encourages a creative look at how the information can be presented so that if you have a certain amount of achievements or targets that are attributable to multiple funding sources, just be upfront about what that is, how much it was, and which funding sources were involved. The other thing that we want to prove here is that you can take a lot of different funding sources together and achieve greater gains using all of them towards the same ends then you would achieve with any one in particular acting alone. Because a lot of times, you go out to advocate for funding and there is a perception that you don't need to do that because NYSERDA (for example) has a program for that already. Part of what we need to document here is that multi funding streams gets you greater benefits that any single one or that group of them all working on their own. So no matter how you do that, if you want to do it proportionally fine, but I would also do a cumulative kind of assessment that says here is the overall pot of money that achieved all of these gains and here is the different funding sources that fed into that.

COMMENT: Frank Murray commented that the discussion was providing valuable feedback to NYSERDA and requested that Advisory Council Members also provide these thoughts in writing to NYSERDA so we have a record of the input. NYSERDA does not disagree with anything that was just said, but for those of you that do not deal with this on a day to day basis, evaluation and measurement is still more of an art than it is a science. You cannot over expect or overstate what we are going to be able to get from this. We want to make this program sound as effective as possible but at the same time NYSERDA needs to be cautious. We have other entities that we have to report to as well to demonstrate the cost savings and the certain standards that we have to meet. We have to be careful that we don't overstate what we are doing because that would create a credibility problem. Ultimately, to accomplish the objective we are trying to do here, we are going to have to rely on multiple funding sources and we would like to keep those multiple sources alive as we go forward. Every now and then the harsh reality interjects upon our aspirations and we need to balance the two.

QUESTION: To what extent have you been able to establish a baseline for these non NYSERDA other programs that we are likely to be collaborating with as we move GJGNY forward. If we are able to establish what has been accomplished to date as a baseline with these other programs surely that is in absence of GJGNY coming on line. We are not going to be claiming 100% of the delta going forward, but it makes a better case for whatever allocation you make for GJGNY. What is being done to establish that baseline - specifically, utilities, Energy Smart Coordinators, other WFD programs? They are more mature. They have a statistical database that precede GJGNY even coming on line. Have you been able to look at a plan of action to try to nail that down?

ANSWER: That will be one of the initial steps once we get approval of the GJGNY plans and thinking in this area to move forward and work with our contractors to do that kind of thing. Some of the

programs have information that is readily available to be able to establish that baseline in a certain point in time and have good historical information as well. With others it is not as well documented. Also, as much as we would like to do that and will try to do that, it is not always perfectly clean because of the fact that we have had major changes in NYS, in terms of energy efficiency programs being offered, economic conditions, etc. There are many things that are going to lead to fluctuation in participation or activity level in those other programs and in the market in general. While we could look at over time what has happened since GJGNY has come on line and try to tease out any additional effects over and beyond what we think that changing baseline would have been, it might be difficult to do that. In particular, I am thinking of the EEPS gas programs where there is significant new funding right now, at the same time as the startup of GJGNY, and this will make for a complicated baseline.

QUESTION: Is this going to end up putting undo responsibilities on what NYSERDA is planning to do to try to figure that chaos out? It seems that if GJGNY comes on line with \$112 million budget and if we are looking at a \$1 billion dollar budget than you are going to end up spending more than 10% of the total statewide picture in trying to explain someone else's baseline; someone else's programs and accomplishments and reviewing that as well. That is a pretty onerous task to have to try to explain GJGNY in the context and relationship of all of these other programs that we clearly are relying upon to leverage in order to increase the whole, the retrofit, the whole WFD, the whole jobs and everything else. Is it possible to ask them for some budgetary line item transfer from their budgets to your budget? There is nothing wrong with thinking at this stage about the benefits that are accrued to the entire NYS market in this area. Clearly GJGNY is looking to better create efficiencies not just in terms in launching our program but create efficiencies relative to the utilities, relative to WFD. We are contributing to what they are mandated to do with those existing budgets. In which case, they will benefit from any analysis that you do in taking the lead to try to improve the statewide picture for GJGNY and energy efficiency. So with that as the basis, I recommend essentially forming a taskforce and require some of their people to spend time trying to plow their way through their own data as opposed to NYSERDA, under GJGNY, having to do that. I think it is a reasonable request. It does not mean that they are going to welcome this additional responsibility, because they may see NYSERDA as having the responsibility to pull all of the information together anyway. But they are clearly going to benefit.

ANSWER: This type of coordination and information sharing is something we can perhaps raise with the Statewide Evaluation Advisory Group that was set up by the Department of Public Service for the EEPS program. The group is represented by evaluators from the utilities, NYPA, LIPA and various other representatives. Our information needs could be brought up in this context to see if there is a way to collaborate on looking a program and market effects.

Frank Murray commented that to some extent, some of what is being requested, Jen Meissner and her group are the same group of people required to do that under the EEPS program. They are going to be developing similar information at least with effect to electric and gas savings under other programs that we operate. We do not necessarily collect all the data under those programs that has been suggested that

we should be looking at under GJGNY. That is one difference. Another big difference is that we do not control the utilities. They have the same requirement to meet certain targets under the EEPS program that will require them to create some sort of baseline that they can measure their progress toward development. So the EAG that Jen mentioned might be a good place to raise this issue. The Commission can be very helpful since they have jurisdiction over the utilities and making sure they provide that sort of information as well.

COMMENT(s): I am more concerned about the third parties, the non-NYSERDA areas of responsibility. They will benefit. In some ways It is a two way street, we will benefit from their programs. I still do not see some of the other third party non-NYSERDA programs having sufficient motivation like we do. To do what we are talking about here. We will have more of a responsibility relatively speaking because we are trying to outreach, integrate and collaborate with some of these other existing programs so that we do not spend our money on what they are doing. I don't hear that they are doing the same thing. I see that they got their money last year and they have been working on it with some success. We come along trying to integrate ourselves, do this very broad outreach within all these different property segments 1-4, multifamily, small business etc and we are the new kids on the block with our new dollars and new programs. I can't emphasis how much this benefits all parties concerned unless somebody can demonstrate otherwise. Where do these non-NYSERDA entities have a similar responsibility, they don't.

RESPONSE: There has been some coordination discussion with the utilities with the program administrators on the program development side of things. We can also attempt to begin to inject evaluation coordination and accounting of savings into that conversation. My main concern is when all the other program administrators besides NYSEDA try to evaluate their direct impacts and the spillover or additional market effects from their programs, there is going to be overlapping or double counting of these additional market effects from the training and CBO activities from Green Jobs. So it is important for us to do what we can to make sure that it is not being counted twice.

COMMENT: Commissioner Brown stated on Monday that they expect the scorecard for EEPS to be out this week. We have been hoping for a long time to see publicly on the DPS website how Consolidated Edison, National Grid, NYSEDA, etc. are doing with their programs. Basically, having that reporting public and being able to follow it adds creditability for the programs, can build greater public support for programs like this. In terms of GJGNY it is going to be really important too. EEPS has a two year head start, but this is really important for public perception on what these programs do.

QUESTION: There have been working groups established for most of the pieces that the evaluation will cover, but there has not been one for evaluation itself. Do you envision having a working group or a collaborative group? I'm less concerned of influencing the work you do because you all do a great job, but being closely aware of it so that we do not put an excessive burden on contractors that we are requesting data from related to jobs and labor market conditions.

ANSWER: We do not want to reinvent the wheel, we will leverage the DOL study that is going on and other NYSERDA baseline and market studies that are being done or are in the works, we would like to try to use as much of that as possible and coordinate on those activities so as to place a minimal additional burden on the market actors who need to provide the information.

QUESTION: As you develop your logic model and if you also integrate the relationship that GJGNY has with the other programs that it will become clearer how all of that goes together and if at the time you do your logic model if you also for each of the outcomes and outputs have an evaluation measure for each of those that it will give us something to look at and reflect upon long before we begin to collect the data.

ANSWER: That is the key purpose of the Logic Models. They are usually developed at the beginning of the programs once all the key decisions have been made and the program is rolling out. We are not quite at that stage of having all the individual program operating plans approved. We hope to be able to develop the logic models shortly after that occurs.

QUESTION: Will you be developing the logic models in house, or not?

ANSWER: NYSERDA has typically used evaluation contractors to do that work. It involves a lot of discussion with program staff, with others involved in implementing the program, as well as review of program documentation and plans. The intention would be to conduct this work in a similar manner as in the past.

QUESTION: When do you expect that to be complete?

ANSWER: We hope to be able to complete some logic model work in 2010. Obviously that is dependent on approval of programs and the evaluation operating plan, but we would like to get started on them this year.

QUESTION: What about the potential impacts of Home Star. How would you tease out the effect of that kind of incentive on the program? I imagine that if Home Star is an across the board stimulus in NY maybe there is a way to put it into the baseline for everything. It seems to me will be a challenge.

ANSWER: I think it will be. This is one of the things that will be external influences that will be identified through the logic model process. Then we will have to work with our evaluators to figure out how this external influence comes into play and affects the market we're working within for GJGNY.

QUESTION: Will NYSERDA be one of the administrators of Home Star?

ANSWER: NYSERDA will likely be administrating at least part of Home Star, the Gold Star part. The Gold Star aspect will certainly be something that integrates well with Home Performance with ENERGY STAR. Silver Star will not integrate as deeply, but it will to some degree. There will be a mix of Gold

Star and Silver Star influences on this program. Some of it may be negatively impacting the whole house program. The Silver Star rebates may cause some people not to participate in comprehensive work, while Gold Star may positively influence peoples' willingness to go through these programs. It is going to have an influence, if it happens.

COMMENT: Home Star is an excellent example of how to make a suggestion early on so that the Federal Government starts thinking about how they intend to structure their Federal level Home Star program activities. This is not just a NYS issue, it is not just a GJGNY issue, and by just simply raising the questions in the form of a letter you can at least get them thinking about these issues so you have them working on it. Let's get the Federal dollars to work. If it is not a part of the structure of the written program guidelines to date, that is an omission on their part. Put it back in their corner to develop some tools of assistance.

COMMENT: A member of the Advisory Council stated that efforts are being made before the end of this legislative session to amend the on-bill legislation and the Green Jobs legislation to align better with Home Star so that homeowners using GJGNY can leverage the full benefit of Gold Star which they can not now because the cost cap is too low for folks to get the full \$8,000.

QUESTION: Aren't there people looking at baseline data collection and analysis from DOL, federal government, etc. Are we talking about trying to build a custom thing that only functions within a NYSERDA based program or are we talking about going and getting off the shelf data and using it effectively.

ANSWER: Absolutely, that is always the first thing that we try to do in developing the baseline characterization of the market for a program. We try to use secondary data sources that are readily available from the Federal Government and other recent studies, if we feel they are applicable to NYS and if we can get the level of granularity to effectively inform the program and the measurers going forward. Once we exhaust any secondary sources of information, we identify and consider other primary data collection options.

QUESTION: With programs like Home Performance with Energy Star is there any effective way to start now, you have got a base of existing contractors. Are you asking any of these guys any of these questions? Like how many guys did you hire and where did they come from. One of the challenges with the ARRA funding is that there are supposed to be some rules associated with hiring in terms of what who you are hiring and how you are reporting it. Depending on who you ask and when you ask it, I am not really sure what they are. It would be really useful to have that tool. I do not know where it comes from. I am not sure if NYSERDA is going to take the leadership of it. It would be really great if everyone started off on the same page and then we could get additional information as it become available.

ANSWER: We will look at upcoming evaluations in the very near term to determine if we can leverage those to try to get the answers to some of these questions to inform what's going on pre GJGNY.

COMMENT: Regarding reporting. It is my understanding that absolute everybody that is getting direct ARRA money has to report on Form 1512 on a regular quarterly basis.

AGGREGATION

Karen Villeneuve led an in depth discussion on the Aggregation Function for Green Jobs Green New York. A copy of the handout can be found at www.nyserda.org. What follows captures the essence of what turned out to be a very in-depth discussion of this topic. Although every attempt was made to capture everyone's points, the reader is invited to view the videotape of the session if more exact transcription is needed. Those passages preceded by "ANSWER" are NYSERDA staff responses to questions or comments.

DISCUSSION POINTS BEGIN

QUESTION: Is there now an unambiguous, clear, agreed-upon definition of what a CBO is?

ANSWER: The CBO as defined in the legislation has certain criteria associated with it. "An organization, incorporated for the purpose of providing services or other assistance to economically or socially disadvantaged persons within a specified community, and which is supported by, or whose actions are directed by, members of the community in which it operates." When we put out the solicitation, we will encourage anyone who intends to propose to submit documentation to us that shows that they meet the definition of a CBO; for example, articles of incorporation, by-laws or other documents that show the purpose of the organization, why it exists, who the constituency is, and showing that they meet the requirement of being economically or socially disadvantaged; letters of examples to show that the community is supporting the organization or show how they are directing the organization. This may include having individuals imbedded in the community as members of the board of directors. . We will list a number of pieces of documentation that they can provide to demonstrate that they meet this definition.

QUESTION: The last part about supporting is the part that sounds a little gray; how it is actually defined?

ANSWER: "Which is supported by or whose actions are directed by members of the community in which it operates." It might be enough to show that members of their board of directors are from their community and from other organizations that serve disadvantage individuals. Those are the kinds of examples that we would want them to send us. We work with a number of CBOs that do not meet this definition and so they would not be eligible to propose under this particular solicitation. This will bring in a number of new organizations that we have not worked with in the past and this is great, as we are expanding our outreach effort.

COMMENT: On the definition, I agree that it is a little ambiguous. The idea of being “supported by members of the community” was intended to encompass fiscal support, for example membership-based organization whose constituency pays in. To make sure that the definition was not limited to organizations where people pay in, “directed by” the community was included. This could either mean that 50% or more of a board that is directing the work are from the community or that decisions are made by some kind of community process. That obviously is not written into the law but that is certainly a standard argument.

QUESTION: Is there a NYSERDA decision that 50% is the threshold?

ANSWER: NYSERDA has not determined that 50% is the threshold. We will encourage anyone who is intending to propose to submit their information early on before they spend a lot of time writing their proposal. It will be a two-step process. The first step will be optional. But if a proposer does not submit during the first step, they will be required to include the documentation in their proposal.

QUESTION: Would the aggregation pilot preclude a CBO from applying for the competitive RFP and not putting aggregation into their proposal but then going ahead and aggregating units independently of the pilot program? Would that be against the rules of the program?

ANSWER: We are concerned about certain issues related to aggregation, making sure the process is fair to contractors in the region, being sure that all contractors are going to have the opportunity to work with the CBO process for the referral of customers. We do not want the CBOs to aggregate on their own without coming through the pilot initially. We want to have a certain set of rules around aggregation that make sure that it is being done fairly within a community. If someone does not participate in the pilot, it will not influence in any way whether they are selected as a CBO for outreach. It is not going to penalize you if you do not propose or participate in a pilot for aggregation. The evaluation for CBO proposals will be done independently of looking at aggregation. As a CBO for outreach you will be expected to do aggregation at some point. So you will have to be mentally prepared to do that but not until we get through the pilot phase and make sure we have a set of rules and guidelines that we are all comfortable with.

QUESTION: If this is the case, my feeling about this is the same as the conversation we have been having about how you do outreach. You do outreach only through the one novel element of the program which in this case is CBOs, you allow as many actors as are interested to do the outreach. The reason is because we need as many takers as we can. I understand and respect the idea of highlighting aggregation to try to make sure that NYSERDA does the kind of jobs that it has done well and wisely. But I do not think that we can limit the scope of aggregation in a program that has a budget that runs two years. We have 11 CBOs around the state that are poised to do work in a region relative to the scale of the program. They probably should not all be a site of an aggregation pilot, but they all have the possibility and intention of doing aggregation. They have relationships. Their capacity to do this is based on relationships that they have built over the last 2 or 3 years with contractors. Some are small to mid size contractors, whose investment in this is partly based on the idea that they would be working in concert with the CBOs toward the economic development goals of the program and that they would be securing for themselves the ability to compete with larger national organizations such as MASCO, who may be interested in coming to NY and entering into

the home performance industry and possibly squashing out all the local businesses. To say that CBOs can't partner with the contractors that have been working with them in good faith without resources over the last couple of years to aggregate and that only a few CBOs will be allowed to do any aggregation at all, will have the unintended side effect of really narrowing the scope of the program. The answer is just to set some technical standards for who can participate in this. If NYSERDA wants to pilot aggregation in a couple of places that is great. In other places CBOs should be able to aggregate work for contractors that meet the technical standards set by NYSERDA including having done 20 projects in home performance and also have some community benefits standards. To limit the possibilities to a couple of pilots seems to be hobbling the program. My impression from the 1-4 unit operating plan was that any job and hiring standards were entirely in the aggregation model. So if we are only going to have a couple of pilots that further limits the job and hiring standards. The idea of making the folks who are applying to the pilot wait until the end of the RFP process to know whether they are going to be working on the aggregation model or not, is going to make it difficult for CBOs. They are not going to be able to do it. I am concerned about the whole picture because aggregation is also the only place that we have addressed WMBEs.

ANSWER: First of all, no CBO will even know they have a contract until the end of the RFP process. They will find out if they are doing aggregation at the same time they know they have a contract. We fully expect we will have a good number of proposals for the CBO initiative so there isn't any CBO who should be counting on getting a contract when they submit a proposal. It will be a competitive process and they will probably be competing with 2 or 3 other CBOs within their region. We are hoping get proposals from CBOs that are ready to go into this aggregation pilot quickly. We are hoping that they will be able to have some results in 6 months or so. We do not want to artificially lengthen the process. If we find that a CBO is doing a great job with aggregation and that they have figured out a model that works we would intend to get that out to the other CBOs as quickly as possible so they could copy it. However, we do have some real concerns about some unanswered questions that really need to be answered through a pilot. Some of it has to do with standardized pricing, how you assign projects to the different contractors, local hiring standards, etc. There has been a lot of input from contractors who are not sure how some of these proposed standards may impact their businesses and we need to test them and find out what happens. In the 1-4 Family Operating Plan, although we require contractors meet certain standards for aggregation, there is also a voluntary component to the program as a whole so we can give contractors the opportunity to step up and say they will adhere to this local hiring standard voluntarily. We will make sure that the customers are aware of which contractors have committed to certain standards. This goes back to the market transformation philosophy. You put voluntary standards out there and the market responds to it. When you get a certain level of penetration of these standards then you raise the standard to a new level. That is how you move the bar up in a manner that allows the contractor community to adapt to the new standard and find a way to put it into their business practices without putting it out there as a requirement right away and negatively impacting some of those contractors.

COMMENT: What you are suggesting regarding setting a bar for standards and putting it out there is very encouraging so that consumers know who is following what standards and can make their choices

accordingly, if they so choose. Regarding aggregation - I would recommend staying a little more open and think in terms of what proposals we get and then decide how many pilots to conduct. If you go out for a limited period of time with more than 2 or 3 and you see some real problems, you should be able to pull the brakes; but at least let them get started. I also think you could have a CBO in an area do aggregation in only part of the region and not in the other part and see if there is a difference.

QUESTION: Do you have standards in here for how you would choose between one aggregation proposal and another? If we get 11 proposals for aggregation how would you decide which ones to approve.

ANSWER: Evaluation criteria would be developed in the course of developing the solicitation. If we get 11 proposals that all have very strong aggregation components to them, we will have to figure out where we go from there. The suggestion to not limit it to 2 or 3 and see what comes in is a good one. However, when you have an open ended situation where you have not said you are going to select X number it makes the evaluation criteria much more difficult.

COMMENT: I do not think it makes the criteria more difficult. It actually makes evaluating the application under that criteria easier. If your criteria has some objective standards then you either meet it or you don't. I personally can not imagine what kind of standards you would have that would judge an aggregation model that has never been done before. I do not know what the criteria would be. I am curious to see what you come up with. But I think you need more flexibility on that to allow people more opportunity to experiment and see what works.

COMMENT: I participated in some of the aggregation discussions and we don't know all the answers. What I hear NYSERDA saying is they want to try to develop something that would allow an opportunity to get better answers. That would not automatically mean that 2 or 3 is the only way to do that. But what should drive it [the number of pilots] is your intent. Your intent is to try and learn something about the best answers to some of those questions that have come up. Ensuring that what you put in motion yields answers within that 6 month period is the most important result - not whether it is 2 or 3 or 11- you want to achieve your results. I think you have a good concept of trying to learn something during that period.

COMMENT: I want to go back to the two points that are in danger of getting lost here. One is that I understand the need to set standards for contractors who get the benefits of aggregation. They want to make sure that they are contractors that will do the work well and competently, and on the other hand make sure that they meet the economic development goals and meet some kind of contracting and hiring standards. But I do not understand why you would limit the aggregation pilots since aggregation is such a critical component of this program. In the legislation it is how we are going to scale up. You are absolutely right in setting standards. However, I have not heard a good argument yet for curtailing the power of aggregation to get us the numbers that we need. Additionally, how are we going to deal with MWBEs? The legislation points to them specifically. I spent time during the last month organizing conversations with WMBEs to figure out what the barriers are to getting them on board and it has become crystal clear that the only way that they are going to get into this is if there is some set-aside. There is not enough of a way to have a set-aside in individual homeowner/contractor contracts, so aggregated

contracts are the only venue for this. By limiting our capacity for aggregation we are really losing critical components that the legislation requires.

ANSWER: The legislation does not require aggregation. It requires us to award contracts to CBOs for outreach. Aggregation is one of the ideas for how CBOs can provide a big impact on their outreach. But we fully expect CBOs are going to be doing outreach to individual homeowners and building owners who will contract with contractors individually as well. Part of what CBOs will be doing is outreach in a large massive way, in which they can use some of the other community resources to do outreach effectively to a whole group of people. There are a lot of ways that CBOs are going to be able to ramp up the participation levels and it doesn't fully depend on aggregation and their ability to get a whole group of people to use the same contractor and get their work done all at once. Having said that, we believe that aggregation has a lot of potential. We just want to make sure that the way it is carried out is fair and effective. We want to test some of the things that the group could not come to agreement on as being "the right answer." It may be that in some areas that there is not one right answer and it has to be developed on a regional basis. Something that works in one area may not work in another. NYSERDA appreciates the comments that maybe 2 or 3 is too small a number and that we should reconsider that, and think about whether we could accommodate a larger number of pilots. We will take note of all other concerns expressed. We do not want to hold CBOs back but we do want to make sure that the way we are delivering this aggregation model is fair to the contractors in the regions and is fair to the consumers in the region who might have expectations of getting certain price decreases through the aggregation model. We want to make sure that we can deliver that. There are a number of things that we need to deliver through this aggregation model.

QUESTION: I do not understand why it would be unfair if there are existing networks between CBOs and contractors and there are standards for aggregation that all contractors are going to have to meet. If a homeowner is willing to sign up to be part of an aggregation with a certain contractor, I don't see how that is unfair to anybody.

COMMENT: Is it unconceivable that a contractor could be cheaper than the one that the CBO has a relationship with? From my perspective the CBOs primary responsibility is to try to connect the constituents to a project and not to a specific contractor.

ANSWER: Standardized pricing from the contractor who receives aggregated bundles will be expected.

QUESTION: The standards that are set out in the document are good for some additional community benefits as long as they are applicable to any contractor that a CBO can refer work to. There are two components. CBOs have existing relationships with contractors built on the promise of this program. It is not unreasonable for them to want to continue to work with those contractors on that basis and if we say that they are not allowed to there is going to be a huge number of work-arounds and it is going to get terribly messy. The other thing is that since there is an enormous amount of quality assurance done by NYSERDA and BPI, why should CBOs not be able to aggregate work for any such contractor, what is the barrier?

COMMENT: The question is more what if the CBO wants to limit to just one contractor. That is where part of the unfairness comes in. When a CBO is pushing business only to one contractor it would seem that would be unfair when there are other contractors also interested in serving that community and ultimately to the community itself.

ANSWER: That is exactly right. This is something that we discussed early on with the Advisory Council. NYSERDA has a responsibility to make sure that the program is fair to all the contractors out there. It would not be the case that we could have CBOs just teaming with one contractor and CBOs should not be coming into the process thinking that is what they are going to be doing. Even under the aggregation model, all contractors serving an area have to be given the opportunity to become a participant in the aggregation model.

COMMENT: It seems to me that we need a pilot. Pilots are generally needed when you are unsure of the results of the untested area. The view I am getting from NYC is that if it is untested and uncertain it makes sense to go with 2 or 3. You wouldn't need a pilot if there was sufficient experience with aggregation. The decision we did not make is whether this is an untested area with uncertainties. If the answer to that is yes, we should go with a pilot.

COMMENT: There are huge unknowns in all of this. There is not a mechanism for determining average retail price in any given area. If there is no mechanism for establishing what the retail price is there is certainly no mechanism for establishing a standardized price. How that works is really a huge open question and whether you have 2 CBOs or 10 CBOs it has to be defined initially as a pilot with a fixed time line and a period in which it will be evaluated, as opposed to saying "go forth and aggregate," because I don't think that there is any way that is going to end up working. You will have breakdowns in the system until you have some answers to some of these fundamental questions. Whether it is a rural area or an urban area or a suburban area, pricing is at the heart and soul of all of this. The only reason for a contractor to engage in an aggregation process is that they trade off something for something. They trade off a certain amount of profit for a guaranteed amount of work. Those two things have to be defined in such a way that it works for the contractor and also works for the community and the organization. There is no precedent for this anywhere. Keep in mind that aggregation is not aggregating jobs; it is just putting potential customer face to face with potential contracts and there still has to be a one on one relationship between the contractor and the customer.

COMMENT: That is precisely why the kind of CBOs envisioned by the program are absolutely critical to the program. There is a balance between fairness with the contractor and fairness to the community. Contracting and hiring standards are ultimately equal, so these bigger programmatic standards that will come about as this aggregation model gets tested out and becomes successful are important. But access to this contract work means adherence to those standards. When a CBO goes out and says that contractors X, Y and Z are all part of our consortium, and have agreed to an enforceable document that says that they are going to hire from this community, and we are going to have a liaison with this contractor, it is a one-on-one relationship that can leverage the stuff that is already built through this CBO relationship with the contractor. That is a huge incentive for the communities that we are hoping to transform. You can't overstate that. They are all connected in the constellation of those perceived fairness issues not just to the contractor, but to the communities - which is continually sublimated in the conversation about standards.

We are focusing standards conversation on contractors, not consumers. That is leveraging the relationship to result in broader participation from the community. That will ultimately be where the hiring standards and community benefits becomes much more important to development. I do not necessarily say “do not pilot,” but sort of create the infrastructure to implement in an “across the board” way, so that aggregation can begin and so that ultimately everyone is aggregating, if it is going to work. People will get locked out if they are not participating in some form of. The steering function and the community benefit function is central to the uptake because of that trust [in the CBO] and that is important to the success of the overall program. We are banking on this plan for it. We have to look with longer lenses toward the overall success of the program.

COMMENT: We do have a GJGNY act and there is a program that will be developed arising from that act. NYSERDA has been put in charge of that program, not the CBOs. As I am listening to some of these arguments it is beginning to sound as if some of the CBOs feel like they are already entitled to win that competition. At the end of the day this is still a competition. So irrespective of those CBOs that may have 99 different coalitions already prefabricated and preorganized across the state, the competition is not over yet. You have not been awarded something. So you have every right to take what you consider the best go cart or lambergini and put that in the proposal and compete with everybody else. I think that when we look at this debate from a program integrity standpoint, setting aside who may have whatever issues with regards to whether we should have pilots or should not have pilots. What is in the best interest of the program. To basically give these CBOs, whoever they may be, an opportunity to put down in writing why they think they have the best Lambergini or the best go cart and why they should be in front of the competition in their region. Let them put it down in writing and then let NYSERDA make its decision about what you want to do on the 99 proposals that come in. Do you want to do two or three or 11 or 82 or however you want to do it. But I do not think that we should be trying to advocate in advance of even seeing the RFP that somehow we should try to dispense with this pilot program concept. No way. You may not be talking about it, but that is what I am hearing and I think that my ears are sufficiently tuned so that I am not the only one that is hearing that. So whatever advantages or disadvantages certain CBOs may perceive the competition has not begun yet. This will be a competition and I invite all CBOs to just put it in writing and submit it.

COMMENT: We are talking about pilots. I think we are saying about 6 months to pilot a couple of projects and get a couple of things all the way through the pipelines. We have been sitting around this table for more than 6 months. 6 months is a short time frame. Dealing with homeowners is like dealing with cats. You can not put 20 cats in a bag and say here you go. There is a lot more to it than that. It is going to take longer than 6 months. You are going to need to put 10 projects together and mess it up and put another 10 projects and make it work before you have any idea of what happens when you put 10 projects together. You need to pilot that, and try and control that damage so that a lot of cats don't get scraped and a lot of homeowners don't end up with inferior products and a lot of contractors don't go out of business because the aggregation model that they are working with does not work. Taking the time to control that [through a pilot] and come up with some standards, I think makes an awful lot of sense.

COMMENT: I agree with that 100%. I don't think anyone is talking about scrapping the idea of a pilot to roll out a program live and allow CBOs to aggregate all they want without some rational framework for doing it. If a group takes charge of developing some standards or attempts to answer the questions that

are hanging in this document before we go out and give the opportunities for CBOs to put their Lambergeni's or go-carts on the table , I think it affords them the opportunity to not mess up the first 10 projects. It is much for focused. Now is the time to think about those things, so when this RFP comes out we have a rational system to have people make decisions on whether they want to apply and then to evaluate them objectively later on.

ANSWER: Just a reminder that because there are a number of organizations sitting around this table who will likely propose to this solicitation, we will not be able to share the solicitation in advance or the questions that we are going to seek to answer through this solicitation. We won't be able to share this with you because that would give the CBOs sitting around this table an unfair advantage over other CBOs that are not sitting around this table. At some point NYSERDA is going to have to take this process and write our RFP and our evaluation criteria. We will bring in outside organizations that have some kind of relative expertise, as well as some State Agencies, but we will not be able to share those kinds of details with the Advisory Council.

COMMENT: We have spent an enormous amount of time sitting around this table and I think it is clear that everyone is trying to build the best program. The CBOs who are working on this in NYS have been working on it for three years and don't have any profit margins out of which to take that, so in sort of respect for their investment, this is warranted. Second, they are the people who have been doing the on the ground research about how you engage an enormous set of customers that have never been engaged in this work. They have not been paid for doing the research. It may not be at the level of scientific scrutiny that we would like the evaluation of the program to be. But it is research that NYSERDA, community groups in other places, and the state has never undertaken. The value of the information in figuring out how to scale up a program that last year did 6,000 units to do 20,000 units next year is not a matter for dismissal. It is not a matter in which you can say it is all a competition and everybody needs to be in the competition. There is an enormous amount of investment that has already been made and frankly there are stakeholders who have a level of information beyond the level of information that folks like me who are fundamentally bureaucrats have. I think it behooves us to give them a little bit more latitude to try and put that into the conversation.

ANSWER: We certainly have been getting input from CBOs and we very much appreciate it but the legislation does require that we award grants through a competitive process and that is what it will be.

COMMENT: Because this is publicly funded, I have to assume that the process for contractor involvement has to be based on some type of totally objective standardized criteria. If work is going to be awarded through aggregation, all contractors that meet those standards will have an equal opportunity to get that work. The relationship any CBO has with any current contractors is irrelevant to the program and the process in the long run.

COMMENT: Shouldn't the RFP define what the standards are? "If you are going to do aggregation here are the criteria for doing it." Don't make it mandatory but allow people to do it. Everybody applies and they all meet the criteria and the criteria are objective and meet those standards. I don't see the argument for not allowing people to use that model if it works best for them. At DEC we are most concerned that we are not going to reach enough people through this program unless we use innovative means. This is an innovate means to reach large amounts of people. I appreciate the fact that it is

ultimately NYSERDA's decision and I have the utmost respect for NYSERDA's delivery of these types of programs. But this is a very different type of program than your conventional program. That is why you have this advisory group because this is a different animal than your traditional approach. We need to look at it a little differently. We need to provide all of the safeguards. DEC was the source for this money through our regulations - we don't want it to be non-competitive by any means either. We understand all the legal implications and obligations NYSERDA has, we operate in the same way. By the same token you can do it in a way that is fair and objective but setting those standards and setting criteria.

ANSWER: The reason we are proposing the pilot is because in some areas we feel that we don't understand it well enough to establish those criteria. The reason we want a pilot is to test some of those. The pilot is a short term thing it is not the permanent program. We want to get through it as quickly as we can and then establish the criteria.

DISCUSSION ENDS

Frank Murray summarized this discussion by stating that this is clearly an issue that people feel deeply about. NYSERDA wants to make it clear that no one was dismissing or even implying that we were dismissing the role that the CBOs have played in getting us from where we were three years ago to where we are now. It would be extremely helpful to NYSERDA if Advisory Council members and others could review the Aggregation document provided and provide Karen with their comments/suggestions within 2 weeks time. At some point, NYSERDA will have to make decisions on which way we will go but frankly the conversation today was very illuminating and helpful.

SCHEDULE AND REPORTING

Karen Villeneuve reviewed the proposed schedule for quarterly meetings of the Advisory Council as well as a proposed timeline for the development of the Annual Report due to the Legislature on October 1, 2010. A copy of these handouts can be found at www.nyserda.org.

Frank Murray commented that with so many pieces of the program in motion, he was uneasy waiting three months to reconvene the Advisory Council. A recommendation was made for a July meeting. The Advisory Council agreed with this. NYSERDA will canvas the Advisory Council to determine a date that works for most members.

Any comments on either of the meeting dates or the report timeline should be sent to Peggie Neville at man@nyserda.org.

1-4 FAMILY HOMES OPERATING PLAN COMMENTS

Jim Reis, Program Manager Building Performance & Advanced Technologies, provided an overview of the comments received on the 1-4 Family Operating Plan. Due to the interest in this Operating Plan, comments were accepted well past the original due date. In total, 19 separate entities provided comments,

including contractors, CBOs and labor. The overall sentiment of the comments was that we all need to work together to make this program successful. Many of the comments related to aggregation, which have been sufficiently addressed by our earlier discussion. Comments related to standards ranged from addressing very specific standards to general statements that “there should be standards.” There was also a recommendation to delay finalizing the Operating Plan until financing tools are finalized. However, because aspects of On-Bill Financing (OBF) and PACE are out of our control, we don’t want to hold up all other parts of the plan, particularly because these may still be several months away. Recommendations for the costs of the audits ranged from \$250 - \$1,200, but there seemed to be a theme in comments that \$250 was not enough to make it work. Additionally, it was recommended that we develop a walk-through audit and tips for those that we know aren’t going to proceed with work.

QUESTION: Are all comments public?

ANSWER: NYSERDA will figure out a way to disseminate the comments.

COMMENT: Recommend that NYSERDA hold off on the plan until the end of the legislative session.

COMMENT: Concern was expressed that if OBF and PACE are not available, many CBOs will not be willing to do this. Additionally, concern was expressed that without these financing options, goals will not be met.

ANSWER: While we feel OBF and PACE are important, we don’t want to hold up work for those consumers who can take advantage of existing financing options.

QUESTION: How does the funding NYSERDA just received from the Feds relate to GJGNY?

ANSWER: It relates to PACE, however the projects are targeted to certain communities who were on the proposal team and there are not enough additional funds in the grant to make PACE available in every community. Additionally, amendments are needed to the Municipal Sustainable Energy Loan Program to make it happen effectively.

QUESTION: What kind of financing you have available will play a direct role in the target audience. For example CBOs won’t market unsecured loans. If we only have PACE, you have to only deal with those with enough equity in their homes. If there is a limited pool of resources, I am concerned about having the unsecured loan option run through the funds before OBF and PACE are ready to be implemented. Has NYSERDA considered designating portions of the finance budget to the different options?

ANSWER: We have not considered this to date, but we could look at this.

PUBLIC INPUT

Charles Schwartz of LI Green provided the following comments during the public comment period:

- November 8-9, 2010 there will be an Advanced Energy Center Conference with an estimated 2,000 people in attendance;
- They are starting a program in Huntington, Long Island with 2,000 homes using the CBO Model;
- Recommends looking at the direct install programs run by the utilities in the context of aggregation. These programs have a small number of contractors performing the work. There are over 900,000 single family homes and 85-90% would be suitable to do this type of work;
- LI Green's experience has been that sales for energy efficiency home improvements are way down because home owners are waiting on the federal programs they are hearing about.

NEXT MEETING:

The next Advisory Council Meeting will be held on Tuesday, July 20th at 1:30 pm.