

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

December 3, 2014

1:00pm - 5:00pm

NYSERDA Board Room

Albany NY

Members of the Green Jobs-Green New York (GJGNY) Advisory Council met via videoconference at NYSERDA's Albany, Buffalo, and New York City offices on December 3, 2014. Telephone access was made available to members who could not be present at a video conference site. Also attending the meeting were NYSERDA staff members, additional staff members from Advisory Council member organizations, and members of the public. The meeting was videotaped and posted on the [GJGNY Advisory Council meetings page of NYSERDA's website](#).

**Attendees—**

**Albany Office:**

Gary Goodman, Building Performance Institute of New York. Members of the public: Kathleen Langton, Affordable Housing Partnership; Tom Carey, NYS Homes and Community Renewal; Pam Hadad Hurst, NYS Department of Environmental Conservation; Ellen Redmond, International Brotherhood of Electrical Workers. NYSERDA: John Rhodes, Karen Hamilton, John Ahearn, Jeff Pitkin, Michael Colgrove, Kevin Carey, Sue Andrews, Rebecca Hughes, Pete Savio, Ed Morrison, Dayle Zatlin, Mishel Filisha, Kevin Hunt, Lillie Ghobrial, Carolyn Reuss, John Mazzarella, additional NYSERDA staff.

**Buffalo Office:**

Clark Gocker, PUSH Buffalo.

**NYC Office:**

Stephan Edel, Center for Working Families; Lisa Tyson, Long Island Progressive Coalition; Members of the Public: Chuck Schwartz, LI Green; Nick Lombardi, Conservation Services Group; Sharon Griffith, NYSERDA.

**Phone:**

James Berry, Service Employees International Union 32 BJ; Kathryn Lyson, AHP Homeownership Center; Hal Smith, Halco; Les Bluestone, Blue Sea Construction; Barbara Guinn, Office of Temporary and Disability Services; Anthony Joseph, NYS Department of Labor; Kate Fish, Adirondack North Country Association; Kevin Rooney, Oil Heat Institute of Long Island; Rick Cherry, Community Environmental Center; Alan Hips, Housing Assistance Program of Essex County, Rachelle Moses, PUSH Buffalo.

The following meeting notes capture discussions, questions, and comments held at the meeting in response to the presentations given by NYSERDA staff. A copy of the presentations and any handouts provided can be found at the [GJGNY Advisory Council meetings page of NYSERDA's website](#).

## **I. Welcome and Introductions (John Rhodes)**

John Rhodes welcomed participants to the 26th meeting of the Green Jobs-Green New York Advisory Council.

NYSERDA, along with New York's other energy agencies, is currently planning for the future. Green Jobs-Green New York (GJGNY) initiatives were designed to support clean energy markets and provide financing assistance for communities interested in the benefits of investing in energy efficiency and renewable energy, particularly for low- to moderate-income households. Over past several years, NYSERDA continued to develop an infrastructure for the delivery of those services. Since the launch of the GJGNY program in the fall of 2010, the clean energy market has continued to grow and mature with NYSERDA having supported the completion of over 62,000 residential energy efficiency audits and over 24,000 comprehensive energy savings projects. These projects have resulted in average household energy bill savings of \$753 per year and about one third of the participants in the program have been low- to moderate-income (LMI) households. In addition, solar photovoltaic has made significant gains although low- to moderate-income households have participated to a lesser degree.

Moving ahead, NYSERDA needs to address strategies that take advantage of changes in the marketplace and focus on animating market forces to scale up the amount of energy efficiency and renewable energy work that is taking place in New York. What this means to GJGNY initiatives is that for those households that can take advantage of market rate financing options we need to let the markets take over and not hinder natural market growth. This will allow NYSERDA to have a focus in GJGNY on low- to moderate-income households and disadvantaged communities, which is what the law intended to do.

Today's meeting agenda focuses on shifting strategies to enable and support that scale up of energy services. This shift in strategies applies not only to GJGNY but also across NYSERDA's entire portfolio, in light of the NYS Public Service Commission's work on the Clean Energy Fund and Reforming the Energy Vision.

## **II. Clean Energy Fund Process (Karen Hamilton)**

NYSERDA submitted a proposal for the Clean Energy Fund (CEF) on September 23, 2014. On November 6, 2014, the Public Service Commission issued a notice for the CEF proceeding that lays out the process that they are going to use to have NYSERDA continue to provide information and give opportunities to all of the stakeholders to provide comment and input.

Related materials can be found on the [NYS Public Service Commission documents website](#). Use the Case Number search field to search for Case Number 14-M-0094. Look for the November 6, 2014 filing date to find a notice soliciting comments.

NYSERDA's filing requested reallocation of existing Energy Efficiency Portfolio Standard (EEPS) and Systems Benefit Charge (SBC) funds to better accommodate program activities. When budgets were established a few years ago, NYSERDA anticipated a certain level of participation. Over time some programs have exceeded expectations and some programs have performed lower than expectations. Now, funds will be moved around to make sure it is where it needs to be.

NYSERDA submitted a supplement to the original filing dated November 18, 2014. Anyone who has comments on that reallocation should submit them by December 8, 2014. NYSERDA has the opportunity to reply to any comments submitted by December 22, 2014. After that, the Commission will rule on

NYSERDA's proposed reallocation. NYSERDA also submitted a filing concerning the New York Green Bank and how to continue to fund the green bank. There is an allotted comment period for this filing.

With respect to the CEF, the next event on the agenda is an outreach session that will be scheduled prior to February 20, 2014 to brief stakeholders on what NYSERDA is proposing and to get feedback. Then on February 20, 2015 NYSERDA will file a CEF information supplement which will provide more detailed information. Stakeholder comments will be due by March 20, 2014. Finally, by April 10, 2014 NYSERDA will reply to the stakeholder comments submitted in March.

### **III. Residential Report: Impact of Early Wins, Stats on Those Denied Financing (John Ahearn)**

Presentation materials are provided on the [GJGNY Advisory Council page of NYSERDA's website](#).

At the last Advisory Council meeting there was a question raised about what happens to Assisted Home Performance projects that are associated with loan denial. For the six-month period ending December 2013, there were a total of 614 loan denials. Of those, 100 (16 percent) moved forward with completion of work. Of the 100 that moved forward with completion of work, 88 (88 percent) were associated with Assisted Home Performance projects.

To address the impact of changes to loan underwriting guidelines made in July 2014, statistics are available over time beginning in July 2013. Number of applications received in July 2014 is significantly higher than the number of applications received in July 2013, which in part is accounted for by the inclusion of photovoltaic (PV) projects. The approval went from the 75 percent range in 2013 to the 85 percent range in 2014 as a result of underwriting guideline changes. NYSERDA will continue to monitor the underwriting guidelines and their impact and will make adjustments as appropriate.

The streamlining activities that were initiated around the same time (July 2014) timeline have had a dramatic impact on number of audit applications received. Compared to last year, applications received are up 61 percent. The approval process has been revamped with most approvals occurring in under a day.

Among the biggest changes in project review was to automate a significant portion of the review. As a result, approval times have gone from an average of eight days to under one business day. Contractors are reporting that the changes are improving their ability to put work through the program. One early indicator of potential impact of these improvements is that a large Rochester area contractor previously conducted 10-15 percent of their work through Home Performance and now plans to put 100 percent of their work through the Home Performance program, which amounts to around 4,000 projects annually.

Question: Can you elaborate on the change in modeling software?

Response: For the last eight to ten years, Home Performance has relied upon TREAT software, which is a sophisticated modeling tool, but it is also difficult to use and labor intensive. Contractors have dropped out of the program as a result. Newer software called Auditor integrates with a manufacturer's inventory control system and is easier to use. It is market developed software. NYSERDA is currently piloting three additional software tools. Right now it is an open protocol, provided the communication is facilitated through HPXML.

Question: What is the cause for the August 2014 drop in program pipeline projects?

Response: One possibility is that NYSERDA was announcing the availability of a streamlined review process to some of the larger contractors, who may have held off on scheduling projects pending the availability of the easier process.

Question: Are the new underwriting guidelines available? Where can we access them?

Response: Current guidelines are available on the NYSERDA website using the following links.

<http://www.nyserda.ny.gov/All-Programs/Programs/Home-Performance-With-ENERGY-STAR/Low-Interest-Loans>

<http://www.nyserda.ny.gov/All-Programs/Programs/Home-Performance-With-ENERGY-STAR/Loan-Approval-Criteria>

<http://www.nyserda.ny.gov/-/media/Files/EERP/Residential/Programs/Existing-Home-Renovations/res-loan-info-form.pdf>

#### **IV. Financing Transition (Jeff Pitkin)**

Presentation materials are provided on the [GJGNY Advisory Council page of NYSERDA's website](#).

On November 10, 2000 NYSERDA launched the GJGNY financing component, initially offering an unsecured consumer loan product. In August 2011, Governor Andrew Cuomo signed legislation authorizing an on-bill recovery (OBR) financing mechanism. Five months later, NYSERDA implemented OBR financing, ahead of schedule. The loan products NYSERDA has offered utilized traditional loan underwriting standards in addition to relaxed (Tier 2) loan underwriting standards to offer financing to a broader spectrum of consumers in the marketplace. NYSERDA continues to adjust those standards over time.

NYSERDA also started offering GJGNY loans for solar photovoltaic (PV) installations in January 2014. Combined through all those efforts over four years, NYSERDA has issued over 6,500 loans to New York consumers for residential efficiency and PV totaling over \$66 million in investment.

NYSERDA also participated in a bond issuance in secondary markets through a rated product, driving institutional capital and providing recording of performance data on the loan portfolio to create an opportunity for institutional investors to become familiar with new asset class for energy efficiency and solar financing. NYSERDA has openly shared performance data with a variety of forums and with anyone who wants it.

NYSERDA has partnered with private lenders to provide loans for multifamily buildings, small businesses, and nonprofit organizations. To date, NYSERDA has issued over \$3.2 million in partnership with lenders for multifamily buildings and another \$300,000 in loans for small businesses and nonprofits.

NYSERDA is interested in gauging private capital and market-based solutions. The focus will be on addressing financing aids for low- to moderate-income consumers. There have recently emerged several market-based financing products for both solar financing and residential energy efficiency. NYSERDA does not seek to crowd those products out or to prevent their use in the New York market.

Per the handout distributed prior to the meeting, several changes to the Green Jobs-Green New York financing program are summarized below.

- Effective January 2, 2015 GJGNY loans for multifamily properties will no longer be provided.
- Effective April 1, 2015 GJGNY residential solar loan applications will be limited to LMI customers.
- Effective April 1, 2015 GJGNY loans for small businesses and nonprofits will no longer be provided.
- Effective July 1, 2015, assuming at least two third-party loan products are available for market rate customers, GJGNY residential energy efficiency loans (including On-Bill Recovery (OBR)) will be limited to LMI customers.

Financing will continue for low- to moderate-income consumers for both energy efficiency and solar installations.

The community solar program will be offering “Solarize” grants to support aggregation of residential solar projects. Beginning mid-2015, the NY-Sun initiative will pilot various strategies geared toward low- to moderate-income communities. In addition, NYSERDA will pursue and support open source on-bill recovery financing.

Question: Can you elaborate on why the multifamily financing program is being eliminated.

Response: The participation lending model NYSERDA has been using for multifamily has been useful, but as a matter of using strategies that are trying to get to scale NYSERDA wants to be sure approaches are addressing underserved markets. Financing incentive support in the market rate multifamily market is not of high need.

Comment: Coordinating multifamily financing with Empower might make it work, with revision.

Question: NYSERDA is making a choice to not offer on-bill and consumer loans if other options are available. If the solutions provided by the market are too expensive, would NYSERDA reconsider?

Response: It is unlikely that market actors will step in unless NYSERDA steps out. The strategy is to withdraw and encourage emersion of other products while NYSERDA focuses efforts on low- to moderate-income customers.

Question: There are groups around the state who are boots on the ground. Where do you see the role of these kinds of groups to help move the market forward?

Response: The support roles that those organizations play can continue in creating awareness and promoting audits.

Comment: If those organizations are aware of local banks that might want to open new products, NYSERDA wants to be put in touch with those banks.

Question: Is the July 1 timetable for applications or for approvals?

Response: The July 1 date refers to applications for financing

Question: Does the contingency for other available market sources refer to statewide market sources?

Response: Yes. The expectation is that the availability of products will be on a statewide basis.

Question: So if that does not occur, will NYSERDA continue to have a subsidized program?

Response: NYSERDA thinks that likelihood is remote.

Question: Since NYSERDA is going to the legislature to allow for other financing sources, is there anything else that should be addressed by the legislature that might be beneficial? Like a moderation of the one-twelfth rule?

Question: Existing grants appear unaffected at this time. Is that correct?

Response: Correct.

Question: Is there anything further to know about that or will things continue as is?

Response: NYSERDA is continuing to assess that.

Question: Do you foresee those grants staying available through 2015?

Response: NYSERDA is in a planning process and does not have an answer currently.

Question: Will there be any attempt to have easier loan requirements in the future?

Response: NYSERDA has been adjusting standards over time and monitoring performance.

Question: How many people get loans along with their grants?

Response: About 35 percent of Home Performance projects also include financing, in total. A lower percent of Assisted Home Performance projects include financing.

Question: It would be useful to see the four years of financing statistics you referenced.

Response: Yes. We can send this data to Advisory Council members.

Question: Is solar thermal applicable now?

Response: Yes. Solar thermal is an eligible measure for financing.

Comment: Solar thermal hot water heat is also an important part of the market.

Response: NYSERDA is in discussion with solar thermal industry experts about strategies to ramp up that industry in New York.

Question: How is this decision making process being handled? Is NYSERDA able to make these changes itself, or does it need to go through the Governor, or something else?

Response: There is no separate or independent approval necessary to effectuate these changes. NYSERDA welcomes feedback after today's meeting.

Question: It would be helpful for CBOs to work with NYSERDA on future loan products and to work through how these conversations will affect current contracts. Do you see CBOs getting additional contracts in the next year given how difficult the low- to moderate-income market is to tap into?

Response: NYSERDA is thinking about creating webinars for contractors, installers, and CBOs specifically to learn about products and prepare for changes. NYSERDA will assess if and how the changes impact CBO contracts.

Comment: On the Home Performance side, NYSERDA should strongly weigh in the ability to have a 15 year term. Also consider the possibility of an option where consumer can choose between rebate or loan. On the solar side, large solar companies make it non-competitive.

Question: Will free audits continue for the time being?

Response: Yes.

Question: What is the procedure going to be for bringing potential financiers to the table?

Response: Reach out to Jeff Pitkin, Karen Hamilton, or John Ahearn.

Question: Will there be briefing materials available?

Response: Yes. That is the next task.

Question: Given the focus on the current reallocation proceeding for the Clean Energy Fund (CEF), why are these elements getting changed now rather than after the CEF process is complete?

Response: Some changes are things that can be done to further the strategies already decided on.

NYSERDA does not want to postpone making changes if the market is ready to bring financing into New York now.

#### **V. Renewed Focus of Workforce Development (Rebecca Hughes)**

Under the Energy Efficiency Portfolio Standard, Systems Benefit Charge, and GJGNY, NYSERDA's workforce efforts were focused on training numbers and metrics as measures of success due to the fact that working groups and the Department of Labor anticipated a large workforce need. However, the CEF allows NYSERDA to take an objective view on further measures of success.

Under CEF the goal of workforce development will be to identify where the lack of skilled labor is a constraint to industry growth. There are quantitative and qualitative ways to assess those gaps. Human capital is an important component to market transformation efforts. Skilled workers are essential to bringing new businesses to the state and ushering in renewable and advanced technologies. Some capacity building will be done through train-the-trainer initiatives, making sure that universities, community colleges, vocational trainers, unions, and nonprofits have access to necessary technologies. NYSERDA is also improving mechanisms to help businesses find qualified workers, including improved communication between trained workers and businesses that are looking to grow. In addition, NYSERDA will be working to better define career pathways for those seeking to enter the clean energy workforce by making sure people know how to pursue careers in clean energy. Advanced technical training will focus on quality design, installation, and inspection to support a clean energy economy. NYSERDA will continue to consult with stakeholders and advisory groups.

Question: Where is the gap in skilled labor?

Response: Occupation-level gaps are often indicated by a spike in hourly wage rates that can signify a shortage of skilled labor compared to market demand. The only place across the clean energy spectrum where we are currently seeing this spike is for solar thermal installers, which is related to a broader shortage of plumbers and HVAC technicians. Moving forward, we will focus our efforts on emerging technologies like solar thermal, heat pump technologies, and biomass.

#### **VI. Low- to Moderate-Income stakeholder discussions (John Rhodes)**

NYSERDA has recently been invited to meetings with a group representing community-based organizations focused on serving low- to moderate-income (LMI) consumers, including some organizations already involved with GJGNY. Topics included how to effectively expand outreach to increase participation in energy efficiency and clean energy and how to better coordinate services to LMI households. Areas identified for follow up include:

1. Identifying energy needs of LMI customers through research and data.
2. Understanding interactions between NYSERDA and other agencies that support LMI consumers.
3. Identifying opportunities for accessible financing.
4. Thinking more purposefully about workforce and job creation opportunities.

NYSERDA is currently following up with stakeholders to clarify desired outcomes and to identify the work steps necessary for achieving those goals. The Advisory Council will be updated as the efforts progress, as they related to GJGNY.

### **VII. Public Input (John Rhodes)**

Comment: With regard to the transition memo:

1. Based on experience, the upstate market may not be strong enough to attract interest from private financial institutions. Having a Plan B might be necessary.
2. The definition of low- to moderate-income (LMI) should be revised so that Empower would cover up to 80 percent of area median income and LMI loans would be available up for those up to 120 percent of area median income.
3. CBO contracts will need to be updated to include giving full credit to Empower clients and to improve coordination with the implementation contractor.

Comment: With regard to the transition memo:

1. Agreement that having a Plan B might be necessary.
2. Disagreement with the memo suggestion that the market gap is filled.
3. Regarding the changes slated for July 1, 2015: Consider that it is key for consumer confidence that a better deal is not available from the bank. Products must have flexibility, including buy-downs.

Response: Many of the available products allow for the continuation of value financing.

Comment: Long Island always uses 120 percent of area median income as a measure of LMI households. Is it possible to extend the limit and still have enough money in the loan pool.

Response: NYSERDA can take a look at the data, but we know there is not an exact correlation between income levels and access to credit.

Comment: Consumers would prefer to take out a home equity loan to build a new kitchen or bathroom rather than for energy efficiency. Energy efficiency is a harder sell.

Comment: Most CBOs have contracts that expire after the fall of next year, but prior to fall of following year. Recommend that NYSERDA consider a transitional contract extension for CBOs based on performance.

### **VIII. Closing Remarks and Next Steps (John Rhodes)**

The next GJGNY Advisory Council meeting will be in approximately six months. If an interim meeting is needed, one will be called. The Advisory Council will be updated on changes as they become more concrete. John Rhodes thanked all meeting participants for their time and contributions.