

February 8, 2013

Francis J. Murray Jr.  
President & CEO  
New York State Energy Research and Development Authority (NYSERDA)  
17 Columbia Circle  
Albany NY 12203

Dear President Murray:

**We write to request that you consider several suggestions we have for improving the Green Jobs Green New York (GJGNY) program, which we hope to discuss at the upcoming special GJGNY advisory council meeting.**

First, thank you for NYSERDA's ongoing efforts to make Green Jobs Green New York as successful as possible. As the Constituency Based Organizations (CBOs) providing homeowner outreach and workforce recruitment for the program, we value our partnership to help meet the state's goals in expanding energy efficiency and reducing greenhouse gas emissions. Through our work, we have identified several barriers to greater GJGNY success and we make our recommendations in the spirit of working together to remove these barriers.

Despite the challenges we have encountered, our efforts demonstrate growing progress. For the last half of 2012, CBO-assisted retrofits had an average increase of 32% per month. As a share of all GJGNY retrofits, CBO-assisted retrofits have increased four-fold in the 7 months from 6/1/12 to 12/31/12. These energy retrofits include ones completed by low to moderate income homeowners and other communities that had no or very few completed NYSERDA energy retrofits before. We are also recruiting new contractors to home performance, helping contractors and customers communicate better, improving conversion rates and producing a more reliable timeline for energy retrofit completion that is satisfying more homeowners. In the process, we are ushering in new business practices that will transform New York State's home energy retrofit marketplace.

In order for GJGNY's progress to continue, NYSERDA and all stakeholders must maintain our commitment to the legislative intent of the program, a transformative program requiring an initial five years to scale up and fully take hold in New York's communities. This commitment requires that all of us apply our collective strengths and unified efforts to realize this transformation. Not surprisingly, an ambitious endeavor and a new way of doing business requires a critical start-up period to address growing pains. The CBOs play a vital role in making this happen. We are on the ground and in the heart of the communities making the connections and helping individuals and families solve their home energy needs.

Our first year of experience indicates that we are on the right path. We have gained invaluable insights on what is working and what needs to be improved. A continued partnership with CBOs offers NYSERDA production enhancements and strategic program information to further innovate energy efficiency programs, solidifying its national reputation as a leader in energy policy and implementation. To fulfill our partnership together, we have two categories of recommendations that will remove program barriers and allow a greater number of home energy retrofits to be completed:

**CATEGORY 1: Increase subsidies and financing while streamlining the process to make energy retrofits more accessible for homeowners, especially low-to-moderate income households.**

- 1. Increase the maximum income eligibility level of the assisted home performance subsidy from 80% AMI to at least 120% AMI to better align with other State and Federal programs that GJGNY groups can access; additional funding would be leveraged for energy efficiency retrofits. Consider raising the subsidy level above \$5,000 as well.**

With the lingering effects of the economic recession from a few years ago, low-to-moderate income homeowners remain wary of incurring additional debt to pay for energy improvements. Many low-income homeowners do not qualify for or cannot afford to take on additional debt. Increasing the access and level of the assisted home performance subsidy would make retrofits more affordable for these homeowners. It would also minimize any amount they would end up needing to borrow, and help on-bill recovery customers meet the “1/12<sup>th</sup>” rule.

- 2. Identify and align other state resources that can be used to provide grants to homeowners to make their energy retrofit projects more affordable and pay for pre-retrofit repairs.**

In order to leverage the impact it has, NYSERDA should identify, coordinate and align other state resources that can be combined with its own resources to drive down the cost of energy retrofits for homeowners.

- 3. Better emphasize utility bill repayment history to qualify borrowers for on-bill recovery.**

While CBO outreach has connected more low-to-moderate income households to energy retrofits than ever before, high denial rates and NYSERDA’s first GJGNY evaluation study suggest there are still many who can’t afford one due to high project costs or inability to qualify for financing. On-bill recovery is a solution to financing energy upgrades, but NYSERDA’s implementation of it still ends up denying many applicants.

In order to unlock on-bill recovery’s full potential, NYSERDA should revise its qualifying criteria. There are several ways that a policy change like this can be approached. We would be happy to work with you to resolve these issues so more homeowners can take advantage of the energy cost savings and be more comfortable in their homes.

**4. Continue supporting efforts to make it easier for homeowners to obtain their energy usage data.**

We appreciate NYSERDA's assistance in working with the Long Island Progressive Coalition (LIPC) and LIPA to obtain a customer waiver allowing LIPC to obtain energy usage data on behalf of the homeowners. We encourage NYSERDA to support future efforts that might be initiated by the CBOs to work with their local utilities to obtain a similar waiver and access usage history directly.

**CATEGORY 2: Align and continue resources to support program innovation and effective outreach techniques to underserved communities by the Constituency Based Organizations.**

In the past year, the CBOs have been very successful generating homeowner leads and working with customers to apply for and complete the free and low cost audit. Communities that have rarely considered energy efficiency in the past are now actively in the process to make these energy improvements. New outreach techniques have been created and are working. However, numerous outside factors have challenged the CBOs' ability to fully fulfill its role to work with homeowners to complete energy retrofits. For example, delays in CBO contract execution; and constant changes in program rules (e.g. measures that qualify for incentives), and application materials has created a shifting operating environment every few months requiring customers, contractors and CBOs to make adjustments. Unfortunately, some homeowners drop out because of the lengthy time delays created by changes.

In practice, the first year of the program has been a pilot period for both NYSERDA and the CBOs. But in the process, we have also learned what works and doesn't work to reach New Yorkers who NYSERDA was unable to reach prior to GJGNY. Post-Sandy, the Governor has prioritized addressing climate change and continuing to develop a clean energy economy. **Putting home energy efficiency in the hands of all New Yorkers and using the best practices being developed and solutions identified by the GJGNY CBOs to remove barriers, is integral to meeting the Governor's goals.**

In order to continue supporting focused and persistent outreach to underserved communities, we recommend that resources are aligned and continued to support the CBO role as follows:

**1. Increase technical assistance to CBOs that require it.**

During the first year of GJGNY, CBOs in certain regions have made strong progress towards meeting their program targets. However, not all regions have seen this rate of progress. It is critical that both NYSERDA and CBOs address the strengths and areas for improvement of each CBO participant. The best practices developed by a few must also be made available to all the CBOs.

NYSERDA should consider the expansion of its existing technical and business assistance development resources toward its GJGNY portfolio of CBO partners. This will ensure that program goals continue to be met as CBO organizations evolve and become more integrated into NYSERDA's broader structure. Technical assistance is a two way street, and NYSERDA should also work with the CBOs to develop resources to train contractors on how best to interact with customers.

**2. CBOs should be highlighted in NYSEERDA's GJGNY marketing efforts that it develops with Brand Cool.**

Brand Cool's recent "Irreconcilable Temperatures" videos were a fresh way to spread the message about the value of energy efficiency. To leverage the impact of these types of centralized NYSEERDA marketing efforts, we recommend that customers are informed about the GJGNY CBOs in their region in all ads, websites and promotional materials developed. NYSEERDA could also direct Brand Cool to develop regional marketing efforts in partnership with the CBOs that integrate local knowledge of the communities targeted and validate the CBO as the point of entry for NYSEERDA programs.

**3. NYSEERDA should work with interested CBOs to develop more aggregation models.**

The success of the aggregation models in Long Island and Buffalo demonstrates an innovative process for the homeowner and contractor to complete energy retrofits. The project is completed on a more reliable and shorter timeframe, reducing the time needed to convert an energy assessment to an energy retrofit. Ultimately, aggregation gives CBOs greater control over the retrofit pipeline, and by extension program deliverables, as it allows them to manage customer, contractor, and workforce relationships and expectations more comprehensively. Aggregation can streamline the program and be the foundation for job creation and speed up energy retrofit completions for the entire GJGNY program.

*For the next two recommendations (#4 and #5), we urge NYSEERDA to make decisions on our requests as soon as possible. Several programs face the imminent threat of reduced services or closing entirely if the performance based payment system isn't changed. Long range planning and availability of GJGNY services is also hampered without a long-term commitment to stable funding. Any abrupt disruption of the CBO outreach role will be a major setback in the progress of GJGNY and the communities where we work.*

**4. Extend the CBO contracts until Dec. 31, 2016, with adequate funding to support program activities for this extended period.**

In order to realize the 5-year vision to fully scale up the GJGNY program, the current 2 year contracts must be extended for an additional 3 years. With a stable contract period and funding in place, CBOs can better plan and implement their outreach and workforce recruitment activities, and prevent a disruption in these services. GJGNY benefits by having more time for CBO best practices to take hold and flourish. This will also better integrate energy efficiency into the overall CBO culture and programming and help CBOs to see this work as a permanent and integral part of their mission and services. Potential sources to continue supporting the CBO role includes shifting underutilized GJGNY funds, new RGGI auction funds and ratepayer funds (SBC charges).

**5. Revise the performance based payment structure to better reflect the CBOs' accomplishments in serving their communities.**

NYSERDA's current performance based payment is based on the number of retrofits that CBOs complete. However, this definition of performance is too narrow and doesn't factor in other critical work being done. Instead, we recommend NYSERDA create new milestone payment points that replaces most of the 25% performance based payment percentage and which recognizes the progress CBOs are making with the homeowners to complete a retrofit. CBOs will receive these milestone payments when they have achieved them for the homeowner. Examples of milestones could include:

- Completed audit applications
- Completed financing applications
- Generating leads to homeowners in communities with very little or no prior NYSERDA retrofit activity.
- Referrals of homeowners to the GJGNY CBO who actually oversees the region where the homeowner lives.
- Referrals of EmPower customers to EmPower contractors

There are additional ways to institute a milestone payment system, and other data that can be used to assess performance. We would be happy to work with you to further discuss and develop a sensible system of recognizing and rewarding performance.

We also appreciate that NYSERDA is being accountable to the program's goals and needs to see all of our work result in successful retrofits that reduce energy consumption and increase energy efficiency. We agree that NYSERDA should not accept nor continue to support non-performing partners and contractors. At the same time, CBOs need to be able to budget and plan responsibly. Non-profits are not in a position to commit and expend resources for which they may or may not be compensated. Revising, reducing or eliminating the performance-based payment does not preclude NYSERDA cancelling a contract with any non-performing partner, which is a more effective incentive than the current performance based payment format. When appropriate, we believe that cancelling a contract should be considered, but only after a CBO has received technical assistance and had a period of time to improve program outcomes.

**6. NYSERDA should more fully invest in the CBOs and use more intention to partner with CBOs to diagnose field-level program-related issues that risk undermining customer access to and experience with GJGNY and HPwES.**

CBOs have proven to be solution oriented as they've engaged local constituencies and industry stakeholders in program activities. NYSERDA should work with CBOs to develop program improvement feedback loops that can help the agency to realign existing resources, create solutions to program barriers and deploy technical assistance in the field.

**7. Designate NYSERDA resources to preparing and certifying new home performance contractors in neighborhoods and regions not currently represented on NYSERDA's approved contractor list.**

Several CBOs are interested in working with local contractors to become certified NYSERDA contractors. Specifically, smaller firms need scholarships and subsidies to become BPI certified, and grants or low-interest loans to invest in equipment and provide working capital. Existing NYSERDA approved contractors should also be incentivized to mentor emerging ones.

**8. Provide formal opportunities for interested GJGNY CBOs to advise on RGGI policy and implementation.**

As participants in a precedent setting carbon market, GJGNY CBOs bring a unique perspective on how the carbon market can grow to meet the energy needs of our communities. RGGI is an instrumental tool in the functionality of GJGNY, and should grow in a way that truly meets the needs of New York's communities. Our presence at advisory meetings and input on RGGI auction allocation decisions can increase the effectiveness and long term success of RGGI for New York State.

**We hope that you will be prepared to respond to our recommendations at the February 13 special GJGNY advisory council meeting.** We look forward to participating in the discussion and working together to continue GJGNY's progress. Please don't hesitate to contact Lisa Tyson, Director, Long Island Progressive Coalition (LIPC) at 516-541-1006, x11 if you have any questions or need more information prior to the meeting.

Yours truly,

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