

Multifamily Performance Program - Heat Pump Demonstration Study Addendum

Multifamily Performance Program (MPP) project applications that are submitted starting December 4, 2020 are eligible to receive a NYSERDA heat pump incentive in addition to the MPP incentives. The funding amount of the NYSERDA heat pump incentive may change due to funding availability. Funding for the heat pump incentive will be available on a first come, first serve basis.

Heat Pump Incentive

If an MPP project has a heat pump measure, the project is eligible to receive the MPP incentive and an additional NYSERDA heat pump incentive. The NYSERDA heat pump incentive will be a statewide offer to offset the incremental cost of heat pumps. The Heat Pump Demonstration Study has two incentive options – an incentive for heat pump installation and an incentive for electrical panel or service upgrade. The incentive for electrical service upgrade will only be provided to projects with heat pump installations that require electric service upgrades to implement the heat pump measure.

The NYSERDA heat pump incentive is separate from and additive to the utility incentives through the [NYS Clean Heat Program](#) and the application for the NYS Clean Heat Program must be completed separately. The same heat pump project may layer funding from the NYS Clean Heat Program and NYSERDA MPP and Heat Pump Demonstration Study.

Eligibility

1. Eligible heat pump technologies include ground source, air source, and heat pumps for hot water.
2. Heat pumps must meet the requirements of the NYS Clean Heat Program. Acceptable equipment sizing for the Heat Pump Demonstration Study are provided in the following sub-bullets. Projects that cannot meet these requirements will be considered on a case-by-case basis. Please contact the MPP Team for consideration.
 - a. Under the NYS Clean Heat Program, air source heat pump (ASHP) applications in multifamily buildings under category 2 or 4 are acceptable for the Heat Pump Demonstration Study. Category 2 defines a Full Load Heating System as a system that satisfies 90% to 120% of the Building Heating Load. Under category 4, the air source heat pump system must be sized to satisfy the dominant HVAC load for the building, whether that be the Building Heating Load or the Building Cooling Load.
 - b. Ground source heat pump (GSHP) systems must be Full Load Heating Systems according to the NYS Clean Heat Program Manual.
 - c. Heat pump water heaters must be sized according to equipment manufacturer recommendations.

3. The heat pumps must be installed by a Participating Contractor in the NYS Clean Heat Program.
4. The heat pump project must also go through the NYS Clean Heat Program.
5. Projects that request the NYSERDA heat pump incentive and are 250 units or more must be pre-approved to be eligible for the Heat Pump Demonstration Study. The pre-approval process is detailed in the **Multifamily Performance Program Guidelines**.

Incentives

The following NYSERDA heat pump incentives are available statewide.

Heat Pump Technology	Incentive per housing unit
Air Source Heat Pump	\$2,000
Ground Source Heat Pump	\$4,000
Heat Pump Water Heater	\$900
Electrical Service Upgrade	\$1,500

- Per MPP Program Guidelines, MPP incentives will continue to be capped at 50% total cost of eligible measures. The heat pump incentives will not be factored into that incentive cap.
- The heat pump incentives payment schedule will align with the existing MPP construction payments. Once the work is confirmed to be completed through existing MPP inspection process, the heat pump incentive payment will be distributed.
- Projects are eligible for performance payments 18 months after construction is completed. To receive the performance payments, projects will need to meet both the performance verification and ensure compliance with the **Energy Savings and Rent Affordability Plan** (available on the [MPP Provider Portal](#)).

Heat Pump Incentive for Installation Requirements

If a heat pump measure is included in the MPP work scope, the following requirements must be met to access the heat pump incentive:

- Complete the **Required Measures Evaluation** worksheet to confirm the following thermal performance and in-unit measures have been evaluated. The scope of work must include evaluation of the following measures to improve thermal performance of the building:
 - Air sealing measures, including windows and exterior doors
 - Insulation upgrades to roof and walls
 - Pipe insulation
- The scope of work must also include an evaluation of in-unit measures, such as appliances, lighting, and low-flow fixtures.

- Complete **Energy Savings and Rent Affordability Plan** (requirements explained below).
- Rent rolls must be provided both pre- and post-construction to monitor rent changes.
- The Provider is required to work with NYSEDA on the State Environmental Quality Review Act (SEQRA) documentation and no incentives will be paid out until that process is complete. All projects should be Type II listed actions except ASHP systems larger than 416 tons and vertical closed GSHP systems larger than 83 tons. For projects that exceed the Type II threshold, SEQRA documentation is needed.

The **Energy Savings and Rent Affordability Plan** is developed by the building owner and explains how they will prevent an increase in housing costs (rent + utilities) for tenants, particularly if considering shifting heating costs associated with the heat pumps to tenants. The Plan should identify any expected changes to rent, utility allowances, or vouchers in response to the heat pump or other upgrades included in the scope of work. This Plan must be approved by NYSEDA Program Staff to receive the incentive. Building owners are expected to comply with the approved plan. If there are changes to the plan during the life of the project, those changes must be communicated to the MPP Team immediately for determination of impact and approval. Adherence to the approved plan will be part of the performance verification process of MPP. If Building Owners do not fully adhere to the approved plan, they will not receive the performance payment.

Electric Panel or Service Upgrade Requirements

Projects may also need an electric service upgrade inside the building to accommodate the new heat pumps. To receive the electric service upgrade component of the incentive, projects must:

- Complete and submit the National Electrical Code (NEC) Panel Sizing Calculations worksheet (available on the [MPP Provider Portal](#))
- Confirm that the electrical panel and/or electrical service needs to be upgraded

NYSEDA will review the submitted calculation to ensure the electrical panel or service upgrades are needed per NEC. If the project is deemed eligible to receive an incentive through the program to upgrade any element of the electrical system, that element must be upgraded to accommodate full electrification (100% heating, hot water, cooking). If the MPP project with heat pump measure does not require an electrical upgrade, no electrical panel or service incentive will be provided. Incentives will not be provided for service upgrades to the building.

Evaluation

Note that projects that participate in this Heat Pump Demonstration Study will be evaluated by an independent consultant engaged directly by NYSEDA, with personally protected and sensitive information kept confidential. By being a participant in the Heat Pump Demonstration Study, building owners and Providers agree to requests for additional project and building information (such as, through the installation of heat pump sensor data and participatory surveys) and having

their projects turned into case studies to encourage market development of heat pumps in multifamily affordable housing.