



New York State Energy Research and Development Authority

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November 30, 2010

Speaker Sheldon Silver
Room 932 Legislative Office Building
Albany, NY, 12248

Dear Speaker Silver,

It gives me great pleasure to let you know that we have reached important milestones regarding the Green Jobs-Green New York Act of 2009 (GJGNY.) I am pleased to announce that last week we began offering free and reduced cost energy audits and low-interest financing to homeowners. The rollout of these features of the program is expected to boost participation in residential energy efficiency projects and create job opportunities. In addition, last week we also released the competitive solicitation seeking constituency-based organizations to perform program outreach and enrollment, ensuring that homeowners and workers in targeted communities will participate in the program. RFP 2038 was released on November 15th and is available on the NYSERDA website at <http://www.nyserda.org/funding/2038rfp>. These milestones build on those reached earlier this summer, when we released several solicitations supporting workforce development initiatives.

As you are aware, NYSERDA will use \$112 million in funding acquired by auctioning carbon emission credits through the Regional Greenhouse Gas Initiative (RGGI) to increase the number of energy efficiency improvements made in New York homes, small business and not-for-profit facilities, and multifamily buildings, thereby creating sustainable community development and green jobs. The seed money from the RGGI fund and from an \$18.6 million grant award from the U.S. Department of Energy will be used to leverage private investments as we grow this program, enabling even greater impacts. I am grateful to you and the Legislature for developing GJGNY and to Governor Paterson for signing it into law in October 2009, as I believe this program will provide substantial economic development opportunities for the state.

I would also like to take this opportunity to clarify how the GJGNY program development process was undertaken, as I understand there are some misconceptions among some stakeholders. Consistent with the requirements of the Act, the planning for GJGNY has been carried out in a very open and transparent manner. We developed the details of the program in coordination with the GJGNY Advisory Council, which met ten times, and after numerous meetings of stakeholders participating in various working groups. The Advisory Council meetings were open to the public and all of the materials presented to the Advisory Council, as well as videotaped recordings of the meetings, and all written input received from any parties, have been posted on NYSERDA's website. NYSERDA carefully considered input received from the Advisory Council, working group members, contractors currently participating in NYSERDA's residential energy efficiency programs, and the public.

Consistent with the directives in the Act, the program includes components which will provide homeowners with free or reduced-cost energy audits, a revolving loan fund for property owners to finance energy efficiency

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improvements in qualifying facilities, and outreach to consumers and the potential workforce by constituency-based organizations. While NYSERDA has used such organizations, through our Energy Smart Communities program, to conduct homeowner and contractor outreach for the past ten years, the significant amount of funding (\$6 million) and more focused effort that GJGNY enables us to pursue with constituency-based organizations is expected to dramatically increase program and contractor participation, particularly in targeted communities.

The GJGNY revolving loan fund initially will be available to homeowners, offering unsecured loans at an introductory interest rate of 3.99%, or 3.49% if the borrower signs up for automated monthly payments. Homeowners will be able to repay their loans through energy savings they will realize from the cost effective energy efficiency measures eligible for financing.

The Act requires NYSERDA to adopt standards for energy efficiency services that shall meet or exceed the standards used by NYSERDA for similar programs. For the residential sector, this has been achieved by requiring improvements to be performed by contractors who are certified and accredited by the Building Performance Institute (BPI), nationally recognized under the U.S. Department of Energy/U. S. Environmental Protection Agency's Home Performance with ENERGY STAR (HPwES) program. Since its inception, NYSERDA's HPwES program has provided open enrollment of BPI-accredited contractors into the program, meaning any contractor who meets program standards and requirements can sign our participation agreement, with more than 250 contractors currently participating statewide. Participating contractors are subject to extensive program quality control and quality assurance standards, which require on-site inspections of a sample of completed projects by an independent contractor to NYSERDA, to ensure quality workmanship and conformance with energy efficiency standards, and also through independent program evaluation efforts which will evaluate and report on energy savings realized. BPI also performs quality assurance inspections on a sample of projects. Because of the strict standards associated with BPI accreditation and certification, and the extensive investment contractors must make in training their employees, the program is creating good jobs with good wages and benefits among contractors who are seeing increasing demand for services and the need to retain a skilled staff.

The Act also contains provisions with respect to employment and training services. To meet this need, \$8 million has been budgeted for workforce development. Workforce training programs and training partnerships are being implemented across the State to encourage the development of a skilled green-collar workforce that supports energy efficiency and targets displaced and disadvantaged workers. Funding will support training in basic skills, technical training, career pathway initiatives, and on-the-job-training opportunities. NYSERDA is working closely with the New York State Department of Labor (DOL) to develop a solicitation aimed at apprenticeships and internships for entry-level workers, funding to support businesses hiring Green Jobs Work Readiness graduates and enhanced standards for the NYS Registered Apprenticeship Programs and building trades programs, to include certified weatherization and energy efficiency workers. Under the GJGNY program, participating home performance contractors will be required to sign up with DOL's local One Stop Career Centers, which will support the use of more standardized and formal career training, and help document the training and hiring practices of our contractors.

The Advisory Council also engaged in extensive discussions concerning whether wage standards should be imposed on the program, although not directed in the Act. Discussions on the subject occurred during several meetings of the Advisory Council, during conference calls with a subset of the Advisory Council members, and at a special meeting of the Advisory Council to discuss standards held on August 11, 2010, which included comments from many members of the public. Debate at the August 11 meeting focused on a proposal developed by the Center for Working Families, working with a number of community-based organizations, contractors, and labor organizations, that suggested prescriptive wage, local hiring and other standards. Views expressed during the Advisory Council discussions varied widely, but there was general concurrence among the parties that the program should achieve the following objectives: high quality work is done through the program; workers are paid fair wages; communities and populations targeted by the legislation benefit from program participation and job creation; and targeted workers have the opportunity to grow on the job through career ladders. However, there was no consensus on the how best to achieve these objectives. Many of the home performance contractors expressed strong objections to the suggested prescriptive standards.

Based on the statutory requirements, experience in running existing programs and the extensive input received, NYSERDA determined that the best approach to take with respect to standards for the program is the following:

- Standards for quality workmanship and business practices in place in NYSERDA's current Home Performance with ENERGY STAR program will stay in place.
- Mandatory standards will be developed by local constituency-based organizations, in consultation and in agreement with at least three contractors electing to participate in aggregation initiatives in a region, whereby several homeowners would agree to undertake energy efficiency work at the same time through one of more of these contractors. For aggregation projects, the CBO and contractors can agree on enforceable standards which may include local hiring of contractor employees, training and credentials for new employees, entry-level and minimum wages and benefits for trained works, etc.
- Voluntary standards will be established for contractors when they are serving households that are not part of aggregation. These standards will be agreed to by participating contractors through enforceable agreements with NYSERDA, and will be identified to the public to allow homeowners to select contractors on that basis, if desired.

NYSERDA believes this approach reflects a meaningful step forward in delivery of energy efficiency services to households in New York State, will allow CBOs to pursue the range of standards they believe will most benefit the program and their community, while also enabling contractors who are concerned about the impact of such standards on their business to use business practices and additional standards they believe will prove most effective at this time. Contractors who are not ready to sign up to additional standards will forego the opportunity to participate in aggregation projects developed by the CBOs but will be able to serve individual households in accordance with the quality and business standards of NYSERDA's Home Performance with ENERGY STAR program. NYSERDA will monitor the impact of this strategy on program participation rates

and community development, will inform and consult with the GJGNY Advisory Council on status and progress, and as is standard practice for NYSERDA, make adjustments as needed over time to improve program performance.

Again, I thank you for creating this opportunity to provide significant energy, environmental and economic benefits to New York's communities. We would be happy to meet with you or your staff to further discuss the progress of GJGNY, and answer any questions you may have.

Sincerely,

A handwritten signature in black ink, reading "Francis J. Murray Jr." in a cursive script.

Francis J. Murray Jr.
President

cc: GJ-GNY Advisory Council