



COMMUNITY ENVIRONMENTAL CENTER

A Not-for-Profit Professional Organization

DATE: January 24, 2008

TO: Hon. Rudy Stegemoeller
Hon. Eleanor Stein
Administrative Law Judges
NYS Public Service Commission
Empire State Plaza
Agency Building 3
Albany, New York 12223-1350

CC: Paul Tonko, NYSERDA
Michael Corso, PSC
Tom Carey, DHCR
Mark Dyen, CSG
Paul DeCotis, Governor's Office

FROM: Community Environmental Center

RE: Case 07-M-0548 – Energy Efficiency Portfolio Standard Proceeding

Dear Honorable Judges Stegemoeller and Stein:

Community Environmental Center (CEC) is currently the largest not-for-profit organization providing energy efficiency services in the New York City Metropolitan Area. As such, we work to implement several of the programs currently on the proposed EPS Fast Track list, including the Weatherization Assistance Program, NYSERDA's Multifamily Performance Program and New Construction Program, EmPower, and Home Performance with ENERGY STAR. Although we have not been an active party to date in the EPS proceeding, we have been following developments via the website and communication with colleagues who are active parties. *We take this opportunity to submit the following comments, and to offer our support as New York State pursues this ambitious and timely initiative.* Our comments are in response to the Staff Revised Proposal of November 26th, 2007 and the Staff Supplemental Filing of December 3rd, 2007.

Comments in support of Home Performance with ENERGY STAR:

- The Home Performance Program is an effective market transformation initiative; it has succeeded in raising consumer demand for comprehensive home performance services *and* in building an infrastructure of trained service providers. We anticipate that the energy efficiency benefits of this program will continue to increase as the market grows.
- Most of CEC's work under the Home Performance Program focuses on Assisted Home Performance. This is a subset of the larger program, and provides a 50% grant for comprehensive home performance improvements to income-eligible households (between 60% and 80% of the state median household income). This program supports households that are above the income threshold for the Weatherization Assistance Program, yet still cannot afford to implement energy efficiency measures on their own. In our experience, even the 50% grant is not enough, because most of the households we work with are not able to move forward without additional support that we help them to obtain from HOME program funds.
- We have less experience with the Home Performance Program as a whole, because our focus has been on the lower income bracket. However, we agree with Conservation Services Group and NYSERDA that the comprehensive whole-building approach is valuable. The benefit of an expensive heating system upgrade, such as a utility-implemented ENERGY STAR HVAC program might provide, can never be fully realized if a building remains poorly insulated. A comprehensive home assessment also includes essential home safety testing which would be missed by single-measure programs.
- *We recommend that the whole Home Performance Program be included in the Fast-Track Portfolio. At a minimum, we suggest that Fast Track money be used to increase the funding per household for Assisted Home Performance, since this program reaches the demographically large low-to-moderate income bracket.*

Suggestions for outreach:

- *CEC is in a unique position to contribute to outreach.* We founded an organization called Solar One, which is New York City's first solar-powered Green Energy, Arts, and Education Center (see <http://solar1.org>). Solar One conducts educational programs about energy and sustainability for New York City schools and also sponsors large cultural events like Citysol (<http://citysol.org>) to raise public awareness of energy and other issues. They have conducted outreach programs dealing with Compact Fluorescent (CFL) lighting, renewable energy, global warming and electronics recycling, as well as a weekly lecture series that covers a revolving lineup of topics from composting to solar power to stormwater infrastructure. In 2007, they were the recipient of an Environmental Quality Award from the EPA. Solar One is currently planning a larger facility on the East River in Manhattan called Solar 2, a LEED Platinum, 'net-zero' energy use building, featuring classroom and performance space, as well as exhibits that demonstrate state-of-the-art renewable energy and green building technology. One exhibit will be an "Eco-Apartment" where the public can learn about energy efficient lighting, appliances, heating systems, insulation, etc. (<http://solar1.org/solar2/ecoapt/>).

- *We recommend that Fast-Track funding be made available for Solar One to expand existing outreach work in support of the Energy Efficiency Portfolio Standard, so that some outreach can begin immediately.*
- Although everyone agrees that compact fluorescent bulbs are a good idea, the general public remains unsure of how to choose the best bulbs and fixtures. There is a need for a CFL guide that will help people to confidently make choices that meet their needs. With Fast Track funding to Solar One, CEC would be glad to produce such a guide.
- While public awareness of Global Warming has dramatically increased, few people are aware of the full urgency of the situation, and how fast we need to act to achieve emissions stabilization and reduction goals. Outreach efforts should emphasize this urgency, and describe steps that people can take now in everyday life to reduce greenhouse gas emissions.

Comments specific to the Weatherization Assistance Program, NYSERDA's Multifamily Performance Program, and EmPower:

- Community Environmental Center's experience working with both NYSERDA and DHCR to bring energy efficiency services to New York City has been positive, and we are pleased to learn that both entities will be administering expanded programming as a result of the Fast-Track initiative.
- When working with owners of eligible multifamily buildings, we often find it most effective to combine funds from the Weatherization Assistance Program (WAP) and NYSERDA's Multifamily Performance Program (MPP). Given that both of these programs are proposed for the Fast-Track Portfolio, we encourage NYSERDA and DHCR to collaborate on how to streamline the interface of these two funding sources. Specifically:

The Weatherization Assistance Program currently has a long waiting list, and is divided into service territories. As a NYSERDA authorized MPP provider, we frequently encounter new projects that are eligible for WAP funding (and probably cannot move forward without WAP funding), but our hands are tied by timeframe and location as to whether we can help them. We suggest that some of the new WAP money generated by New York State's Fast Track process should be put in a special pool for joint projects with NYSERDA's MPP program. This funding should be allocated by DHCR to the project's MPP partner, when said partner is a WAP subgrantee, regardless of location with respect to WAP territories, and independent of the waiting list for other WAP projects.

- We recognize the dual benefit of programs such as WAP and EmPower that focus on both energy efficiency and assistance to low-income households. There is pressure to reach as many households as possible with this assistance. However, *we suggest that these programs should still place highest priority on maximizing greenhouse gas reductions. In our experience with multifamily housing specifically, this means increasing funding per unit, not just reaching more units.* With additional dollars per unit, we could achieve more energy use reduction than by applying the same dollars to the more costly process of initiating a relationship with a new client. For example, we might be able to fund a co-generation unit for multifamily housing, yielding substantial efficiency gains. On the other hand, the current WAP and EmPower funding per unit is sufficient for small homes.

- The Staff Revised Proposal of November 26th, 2007 describes programming for Multifamily Building Home Performance with an Emphasis on New York City. *CEC offers to participate as a member of the proposed New York City residential multi-family program design team.* We also note the possible role of NYCEDC as proposed implementer of aspects of this program. It is our experience that while NYCEDC is closely tied with the larger real estate developers in the city, this agency has less experience with upgrade projects for existing buildings, and with the smaller owners that actually own the bulk of New York City's multifamily residences. *For this reason we suggest that NYCEDC could play an important role as a partner, but may not be the best choice for lead implementing agency in New York City.*

Comments to encourage greater building owner participation:

- We suggest that anytime a state agency (such as DHCR or OMRDD) supports the development or upgrade of a residential or institutional facility, the project should be directly and efficiently connected with the relevant Fast-Track program for energy efficiency. *With Fast Track money available, energy efficiency measures could become required criteria for state-supported building projects,* and the funding for both the construction work and the energy efficiency measures could be packaged at the State level.
- *This comment relates to longer term strategic planning, beyond the Fast-Track timeframe.* These suggestions are based not only on 14 years of experience as President and CEO of Community Environmental Center, but also 20 years of prior work experience and a legal / policy background in the areas of affordable housing, workforce development, finance, and community development.

We should take a three-tier approach to allocating the cost of implementing energy and environmental technology. The approach outlined below balances the need to push building owners to achieve maximum energy efficiency with the need to keep the requirements financially acceptable.

1. The first tier sets code and program requirements with no government funding. Building owners are already required by law to implement certain health and safety measures, such as installing sprinkler systems in high-rise commercial buildings and removing asbestos from old buildings. These expenses are accepted as the routine cost of doing business, required for insurance coverage and the health and safety of the occupants. Similarly, certain lower cost energy efficiency expenses might become code requirements—for example, requiring CFL lighting fixtures in all kitchens, bathrooms, and hallway ceiling fixtures. We are pleased to see that the EPS proceeding is already moving in this direction.
2. At the next level, government supports the availability of public and private financing but does not provide incentives or subsidies. Some energy efficiency measures are too capital intensive to require by code, but can yield sufficient return on investment. With access to appropriate financing, such as the energy Smart Loan program, owners are more likely to proceed with these measures. If the type of “on-bill” financing that DASNY proposes could be arranged and made accessible to private building owners,

many energy efficiency measures would be implemented through the market alone without the need for government involvement.

3. The third tier adds incentive grants to available financing. This would focus funds where they are really needed—the investment in high-cost energy efficiency and renewable energy technologies, such as co-generation and solar power. CEC’s experience is that these measures are almost always rejected by owners of existing buildings as too costly. Our proposal is to figure out what share of the cost makes economic sense for a building owner—in terms of reasonable return on investment for that particular owner. The remaining cost should come from tax dollars since society is the ultimate beneficiary in health, safety, and sustainability. Supposing a co-generation unit is priced at \$500,000, but the owner (or several adjacent owners) can only expect a reasonable return on \$300,000. As a condition of receiving public assistance, government should require construction of the measure because of its benefits to society, but only demand the commitment of \$300,000 from the owner towards the project. The remaining \$200,000 should be allocated as the government’s share. This would be an important change from the way government incentive funding is currently calculated.

Given that we are in the 11th hour regarding greenhouse gas emissions and climate change, we can no longer restrict our focus to measures that provide financial benefit to building owners. Some things must be done regardless of whether they make economic sense from the building owners’ perspective, but rather because society needs it.

In closing, I note that the Staff Revised Proposal of November 26th, 2007 refers to several issues requiring timely action, and states that discussion groups or working groups on these topics will be convened soon after the Commission makes a decision on the Fast Track programs. Given CEC’s long term experience in the field of energy efficiency, *we offer to participate as needed in the groups working on: outreach, training, evaluation, and financing strategies.*

Sincerely,



Richard Cherry
President and CEO