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March 27, 2020

Alice Barton, President
NYSERDA
17 Columbia Circle
Albany, NY 12203-6399

John Rhodes, Chair
NYS Public Service Commission
Empire State Plaza
Agency Building 3
Albany, NY 12223-1350

Re: Recommendations for Retaining the Energy Efficiency Workforce During and After COVID-19

Dear President Barton and Chair Rhodes,

The Alliance for Clean Energy New York, in partnership with member company and organization signatories (“ACE NY EE Coalition”), respectfully submits this letter to provide you and key governmental stakeholders with information on the impact of the COVID-19 crisis on New York energy efficiency (“EE”) businesses, as well as actionable recommendations that New York can implement to ensure both the physical and economic health and safety of the EE industry.

We are facing this unprecedented public health crisis together, and the ACE NY EE Coalition is ready to rise to the challenge, both now and after the immediate crisis has passed. New York has made impressive investments in building a clean energy economy over many years, including many recent initiatives led by you, the New York State legislature, the NY Public Service Commission, and NYSERDA, including the accelerated energy efficiency targets and new heat pump programs. These additional initiatives and investments hold the potential to drive significant job and economic growth after the current crisis abates and remain pivotal to fighting another crisis that New Yorkers care deeply about: climate change. And of course, efficiency measures reduce energy costs long term, putting more money into struggling New Yorkers’ pockets.

At latest report, 126,739 New Yorkers work in the energy efficiency industry in New York State.

Health and safety, always a top priority of the ACE NY EE Coalition is now more important than ever as we fight this unprecedented pandemic. As part of our commitment to health and safety, the EE industry is available and willing to do whatever we can to support New York’s COVID-19 response. Our trained workforce could be a key resource in supporting one of the many extraordinary actions that will need to be undertaken to respond to our current challenges.

But to support New York now and in the future, the EE industry must first survive this crisis and retain the skilled workforce needed to grow the clean energy economy. At the moment, the situation is dire. Job losses and furloughs are accelerating (40%+ of workforces in many cases); critical work is stalled; and we are at risk of losing the skilled workforce that we have all employed and trained for many years.

Crucially, many of our businesses are not designed to weather multiple months with no incoming revenue. This fact is not unique to the EE industry, of course, but it means that the future of New York's clean energy and energy efficiency goals may hinge on the policy decisions made in response to the Covid-19 crisis in the following days, weeks, and months.

The ACE NY EE Coalition believes that these crucial policy decisions should be driven by the following principles:

- Any work that can be done safely should be done, for both existing projects and "shovel ready" new projects. K-12 schools (currently empty) and other facilities or outdoor spaces where the health risks are low may be appropriate targets.
- Any program rule that can be adjusted or changed to enable near-term cash flow for EE businesses should be adjusted or changed in a manner that is consistent with long-term program goals.
- Program incentive levels will need to be increased -- in some cases to 100% of project costs -- in order to stimulate program participation. Greater participation translates into more EE jobs. If incentives are left the same, we can be certain that participation levels will drop with decreasing consumer confidence. Federal aid or other state economic development funds may be able to be shifted to subsidize these increases.
- Where necessary for companies to survive, New York should provide and/or facilitate emergency lending and/or cash grants wherever possible, including streamlining existing and future eligibility requirements.
- As New York develops future economic recovery programs, it should recognize the large jobs benefits of EE.

In addition to the above principles, the ACE NY EE Coalition believes it is important that all public money (ratepayer, tax, etc.) be used responsibly, ensuring that the EE businesses, our customers, and our investors continue to provide capital and resources whenever possible. This is about jobs and survival, and we all have to be in this together.

In order to ensure we accomplish these goals, the ACE NY EE Coalition provides the following initial recommendations, broken down into three phases:

- Phase 1: Now until April 22 or whenever the work at home directive is lifted
- Phase 2: April 22 or whenever work at home directive is lifted until public health crisis fully abates
- Phase 3: Industry and economic recovery after public health crisis fully abates

Suggestions for Phase 1

- Temporary cash payments for contractors to cover personnel and other fixed costs
- No interest construction loans for signed projects not yet installed
- No interest advances on state and utility incentives for signed projects not yet installed
- Energy audit payments for "virtual" energy audits that replace on-premise energy audits
- Specific changes for WAP subgrantees to extend timelines for production (fulfilling units completed requirements) and to provide payments along the way in order to retain workforce

- Increase incentives through existing EE budgets, which will facilitate inside/phone sales of shovel ready projects.
- Provide funds to employers to support paid online training by employees while onsite work is not possible
- Provide funds to training organizations to rapidly prototype online training given changes to curriculum necessary for social distancing (may require later field/practical tests)
- Provide incentives for on-line purchases of residential and low-to-moderate income efficiency products

Suggestions for Phase 2

- Provide better financing terms from the New York Green Bank and other state clean energy lending entities, including lowering or waiving of fees and providing guidelines to enhance investment terms during force majeure events
- Enhance the NYSERDA Co-Investment Fund program, including accelerating awards (both those in the application review stage as well as new applications), increasing maximum co-investment levels, and accelerating payments
- Adjust low income program qualifications to include those recently laid off or furloughed due to COVID-19 even if not previously eligible based on household income
- Implement innovation pilots for program designs that are resilient to COVID-19 disruption to protect against any future waves (COVID-19 again or a similar threat), and to accelerate innovation generally
- Continue with enhanced incentive levels to ensure program participation.

Suggestions for Phase 3

- Work with the EE industry to develop longer term proposals to support this industry
- Direct state or federal stimulus funds to energy efficiency efforts
- Provide additional cost-effective investments in energy efficiency through utility program investments

The ACE NY EE Coalition believes that all of the recommendations above are consistent with near-term efforts to protect and improve public safety and health, as well as existing state energy policy goals. We are interested in a further dialogue with NY State government stakeholders to discuss the recommendations above and assist wherever possible in designing and implementing solutions.

We are also providing stories from member organizations that detail the impact that the COVID-19 crisis is having on our industry. Unfortunately, these stories will only get more dire as time goes on; the EE industry is prepared to do our part, but we need to help to survive today so that we can thrive tomorrow.

We thank you for your leadership in this difficult time and look forward to working hand in hand in helping New York recover through the rise of the clean energy economy.

Best,



Anne Reynolds
Executive Director
Alliance for Clean Energy New York

Deb Peck Kelleher
Director, Policy Analysis and Operations
Alliance for Clean Energy New York

Signatory Companies

Association for Energy Affordability, Inc.

CLEARresult

Enervee

Lime Energy

Sealed Inc.

cc: Kim Harriman

Janet Joseph

Sarah Osgood

Senator Parker

Assemblyman Cusick

attachment

ACE NY Company Stories

Sealed

In partnership with major energy utilities and certified home performance contractors, Sealed finances key home improvements using the money homeowners currently waste on energy. Sealed coordinates projects from beginning to end, and we stand behind our work. If we don't reduce a home's energy use, we don't get paid.

Like many clean energy companies, Sealed's revenue is predicated on the installation of projects (in our case residential weatherization and HVAC). These projects, by their nature necessitate in-home visits to confirm scopes of work and complete installations.

After a project is installed, Sealed pays contractor partners that finalize customer scopes of work and install projects. The money that Sealed pays these contractor partners largely offsets fixed costs in their businesses, including:

- Construction workers, many of whom are paid hourly, with total hours defined by project volume
- Sales and administrative personnel, many of whom rely on sales commissions for a significant portion of their compensation
- Capital equipment, including trucks, diagnostic equipment (e.g. blower doors), and installation equipment (e.g. cellulose insulation hopper)
- Other fixed costs including office leases, insurance, and professional certifications

Sealed's contractor partners are, for the most part, low net-margin businesses, and may incur cash flow challenges even in the best of times. These businesses put the health of their customers and employees first and have already voluntarily sacrificed significant revenue opportunities in the face of the COVID-19 situation.

Based on the best estimates of the COVID-19 pandemic (e.g. potential for 3+ months of no ability to conduct home visits or install projects), Sealed expects that our contractor partners will be under significant financial strain. Most will be forced to lay off employees, and many could go out of business.

Specifically, based on a survey of our contractor partners:

- At least 30% of the employees of our contractor partners have been laid off as of 3/24
- 45%+ of our contractor partners have laid off 25% or more of their employees as of 3/24
- At least 30% of the employees of our contractor partners are expected to be laid off within 30 days if nothing changes
- 60%+ of our contractor partners are expected to lay off 40%+ of their employees within 30 days if nothing changes

We expect these numbers to get worse in the coming days and weeks.

Association for Energy Affordability, Inc.

The Association for Energy Affordability, Inc. (AEA) is a non-profit provider of energy efficiency services and workforce training with an emphasis on multifamily buildings, particularly affordable housing. AEA is a NYS Weatherization Assistance Program (WAP) direct services provider, energy management training center and a contractor and subcontractor in utility gas and electric efficiency programs in downstate NY. Over 90% of AEA's revenues are fully production based, based upon energy efficiency work completed and energy savings achieved for work done in residential homes and buildings. This work is carried out daily by our field workers or subcontractors we hire and manage. During this public health crisis, our in-building work has stopped, severely curtailing our income and, therefore, our ability to retain our workforce. Utility and NYSERDA energy efficiency programs have shut down the energy efficiency work in residential buildings, whether in homes, apartments or common areas of residential buildings. Since we are only paid for production, we are now earning no new revenue to pay our field workers or subcontractors. We fully understand and support the need to close down such residential operations in light of the current public emergency we face, particularly in the Epicenter of COVID-19 in NYC. AEA's Weatherization service territory in the Bronx and Central Queens includes the communities served by Elmhurst Hospital, the public hospital where there were 13 deaths from the COVID-19 on one day this past week. We understand the need for social distancing as an important part of the strategy to address this crisis. Many of our field technicians are also residents of NYC Housing Authority projects. Having to lay them off because we now have no revenue coming in to pay for work that they are no longer allowed to do, and no basis of predicting when this situation will change, is a burden that we cannot shoulder alone. The Association for Energy Affordability, Inc.(AEA) also represents and serves a Network of 12 nonprofit CBOs who are weatherization subgrantees to NYSHCR, carrying out the US Department of Energy's WAP program in downstate NY. These nonprofits also face similar risks, because WAP is also a fully production performance based program whose workers primarily oversee contractors who install WAP-eligible measures in income eligible residential buildings. AEA, the WAP nonprofit network and its subcontractors all face the challenge of retaining an experienced energy efficiency workforce at a time when NYS has mounted an ambitious energy efficiency initiative designed to reduce carbon emissions. We need to expand, not lose the quality workforce necessary to achieve these goals. We need public and private partners working together to address these challenges, while also understanding and supporting an effective social distancing strategy in NY.

Lime Energy

Lime Energy, a business unit within the Wildan Group, is a national provider of commercial direct install energy efficiency programs for utilities, whereby we provide direct service to their small business and other small non-residential customers (e.g., schools, churches, community centers). We work for more than a dozen large US utilities and perform 30,000 small commercial retrofits per year. Over the last many years, we have completed 85,000 retrofits across NY State.

We deploy more than 95% of New York's utility-led commercial direct-install program budgets across 5 of the 6 IOUs Between our more than 125 direct employees working on these and other NY EE programs – and the supply chain and skilled trade subcontractors our programs employ – our business is comprised of approximately 1,000 full time EE jobs in the state. Most of these personnel are field based and customer facing.

Our delivery model is 100% predicated on work onsite with small businesses and other commercial facilities, and our utility clients and small commercial customers pay us strictly based upon completed work resulting in energy savings achieved. Normally, we embrace this approach. Right now, each of our utility clients have directed us to stop all site work, grinding our entire business to a halt. We have already furloughed or laid off more than 110 members of our New York workforce, and hundreds of subcontractor skilled and unskilled hourly laborers are at home and not being paid.

When we are able to return to work, most of our customers will not have the upfront capital (less any utility rebates) to participate in energy efficiency; nor will they have any interest in the financing we offer them. We will also need to rebuild our dwindling team of field personnel. We will need assistance to recreate momentum in our business and help the state reach its EE goals.