



July 19, 2010

Frank Murray, President, NYSERDA
Karen Villeneuve, Director of Residential Energy & Affordability Program,
NYSERDA

RE: Comments on NYSERDA's 1-4 Family Operating Plan

Dear Mr. Murray and Ms. Villeneuve,

We are writing to follow-up on our support the basic approach that NYSERDA has articulated in its proposed 1-4 Family Operating Plan. We would also like to express concern about many of the recommendations in the proposal recently forwarded by the Center for Working Families (CWF).

Efficiency First is a national nonprofit trade association with nearly 1000 members from across the country representing tens of thousands of workers. We have a vibrant New York chapter, with contractors who've enabled New York to have the premier home performance program in the country. Efficiency First unites the home performance workforce, building product manufacturers and related businesses and organizations to promote the benefits of efficiency retrofitting and to help our industry grow to meet unprecedented demand for quality residential energy improvements to benefit the economy and the environment.

NYSERDA's proposal for the 1-4 Family Operating Plan wisely allows Green Jobs/Green New York to build on the success of and the foundation laid by New York's Home Performance with Energy Star program. This program is a national model, and in many ways is the blueprint for the Home Star and REEP legislation at the federal level.

In contrast, we are quite concerned that the CWF proposal will adversely and severely impact contractors' ability to practically deploy. This in turn will limit both the creation of good local jobs, and surely hurt the goal of weathering one million New York homes over the next five years.

In particular, sections of the proposal that dealt with Employment and Hiring Standards and Wage Standards are too restrictive and impose formal requirements on contractors that would significantly add to administrative costs for contractors, homeowners and the program alike; lower participation; and generally create barriers to promoting high quality retrofits rather than foster these improvements.

While some large contractors may be able to absorb these costs, the CWF proposal will impose an unacceptable burden on smaller contractors already challenged by the paperwork demands of the existing Home Performance with Energy Star program. Creating

additional requirement and obstacles will not only make it difficult to attract new contractors. It will also drive small contractors out of the program.

We believe NYSERDA's proposal which was out for review, and which we provided timely comments on in May, is a much more practical and workable plan. We encourage NYSERDA to stick close to its proposal rather than moving toward the unworkable CWF proposal. We would like to take the opportunity to once again enumerate and reinforce several key points that are critical to avoid undermining the market-based approach needed to multiply public dollars several-fold with private investment.

- To ensure quality recommendations and the safety of homeowners, NYSERDA audits conducted under the program should remain consistent with BPI standards and BPI contractor accreditation.
- We should strive to elevate the installation quality of the industry, and again this should build on BPI as the appropriate standard setting body, with other standards such as ACCA Quality Installation practices as appropriate.
- To obtain significant energy savings in homes, it is often necessary to bundle multiple measures. The draft operating plan suggests that cost effectiveness will be based on the project/package level and not on an individual measure by measure basis. The project level is exactly how cost-effectiveness should be evaluated, and we applaud NYSERDA for recognizing this.
- In Home Performance with ENERGY STAR, NYSERDA has proven that contractors are a critical marketing partner for the program. Contractors can target marketing and are often more effective at reaching customers in their local or unique markets and responding to seasonal variations in homeowner interests. Further, co-op advertising programs leverage public funds by encouraging much broader private sector investment. The co-op marketing programs, which can and should be based on delivered efficiency results, should be continued and strengthened.
- In theory Efficiency First is supportive of involvement from CBO's in marketing energy efficiency programs; they may be a beneficial partner allowing for market penetration into neighborhoods and homeowner populations that have heretofore had limited awareness of the benefits of Home Performance contracting. However, we must emphasize the importance of not allowing complicated or intrusive relationships between CBO's, homeowners, and contractors as complexity will reduce the number of homeowners serviced, increase contractor costs and reduce the number of participating contractors.
- Any program advertising should include the importance of combustion safety testing, the dangers of CO and of improperly or unvented combustion appliances.
- The home performance market does a good job of exceeding prevailing wage rates right now. Focusing on certification, quality and increasing demand will naturally provide a sustainable upward pressure on wages; thus, there is no need to artificially and arbitrarily establish new wage requirements. Such requirements will necessarily be accompanied by greater reporting and overhead related requirements for contractors, including the small companies which

predominate in the upstate region. This will ultimately lead to increased costs and lower savings to investment metrics.

- Hiring and employee standards should not be based on specific training, as this does not directly relate to competency, but rather on certification thresholds, which do. Efficiency First supports using BPI as the appropriate certification body. With solid certification requirements in place, training to meet these certification thresholds can be met by any variety of market, union, and in-house sources.

- Retrofitting in the upstate market in particular relies on local employees. Given the rural nature of the upstate market, however, even in metro areas, companies routinely travel an hour or more from the company locations in all directions. Great care should be taken when and if local hiring requirements are instituted to still permit upstate contractors to serve their geographic markets without narrowly prescribing local hiring practices that would be difficult or impossible to implement.

- We are concerned that under the less-defined aggregation model specifically, requirements on contractors remain reasonable and not slow the delivery of efficiency improvements nor impede job growth. We would like to work with NYSERDA to develop “Participating Aggregation Contractor” requirements that make sense in the market to ensure requirements must directly lead to an efficiency/cost, work quality, or performance benefit for the contractor or homeowner. Any contractor working within the marketplace should be able to meet these requirements without negatively impacting their work within either Home Performance with Energy Star or other related work they engage in.

- Even the definition of aggregation—five or more buildings in an area that can be traveled within 15 minutes—is too expansive. This doesn’t merely encompass neighbors where there might be economies of scale, but entire cities in the upstate region, and it obliterates what NYSERDA claims to be the particular usefulness of aggregation, neighborhoods with similar housing stock. Aggregation should be limited to very tightly limited areas, including discrete development and building within a few city blocks of each other. Each building still needs a comprehensive assessment and a unique work scope which considers not just the physical building but also the homeowners’ particular goals and means.

- We are equally concerned under aggregation that homeowner choice of contractors not be limited. NYSERDA recognizes this with the statement “A building owner may choose to opt out of the aggregated group at any time and seek services from a participating contractor on their own (or not seek services at all).” This begs the question of the value of aggregation and its ability to deliver the anticipated benefits, and NYSERDA must evaluate this as the program moves forward. In any event, because of the public dollars involved, CBO involvement should not be allowed to interfere with or influence the homeowners choice of contractor or work to be performed, beyond indicating which contractors meet the criteria established by NYSERDA. The relationship between the contractor and the homeowner is the key to getting work effectively performed through GJ/GNY, it is contractually based (as is clearly stated in the draft Operating Plan), and it must be respected as such.

· Quality assurance standards across various implementation approaches must be consistent and must be applied by independent third parties. NYSERDA has set a standard for third party quality assurance associated with program participation and the credentialing of companies that must be maintained. The continued and uniform application of this standard is important to the continued growth of the market for home performance services, with and without subsidy. Allocation of leads to contracting organizations should take into account the quality of the installed work as assessed by third parties.

Efficiency First and its members look forward to working with you to make Green Jobs / Green New York and the Home Performance with Energy Star program a success for New York homeowners and workers.

Sincerely,

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Performance Systems Contracting

Damian Hodkinson, New York State Co-Chair, Efficiency First
True Energy Solutions Inc.

Pasquale Strocchia, New York State Co-Chair, Efficiency First
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