

Working Group Series for Participating Contractors and Industry Partners

Session #14 | September 8, 2022 9:00am-10:00am

Agenda

- Meeting Procedures
- Welcome
- Safety Message
- Joint Management Committee (JMC) updates and discussion
 - Con Edison Relaunch Update with Q&A
 - Request for Feedback on Full-Load Electrification
 - Program Changes in Effect 9/1
 - QA Update
- Stakeholder Presentations
 - No submissions provided this quarter
- Resources, Support, and Next Steps

Welcome

- Program representatives on the call today:
 - JMC Co-Chairs: Mark Bremer (National Grid), Will Xia (NYSERDA)
 - JMC Members: Ray Cotto (Central Hudson), Toby Hyde (Con Edison), Jennifer Cross (National Grid), Nicole Williams (NYSEG, RG&E), Jon Hilowitz (Orange & Rockland)
 - Implementation Team (ICF): Mike L'Ecuyer, Kenn Latal
 - Working Group Support Team (Concentric Energy Advisors): Ben Davis, Pieter Zwart, Clara-Ann Joyce

Working Group Series: Review of Typical Meeting Format

- As outlined in previous meetings, the intent of this Working Group Series is to create a forum for working meetings between participating contractors, industry partners, and other stakeholders with the NYS Clean Heat Program Administrators.
 - Emphasis is on the “working group” nature of these calls, with focus on clarifying issues, pain points, affected parties, and proposed solutions
- The JMC wants to promote dialogue and discussion with a focus on transparency and communication
 - The intent is to drive toward solution development
 - Emphasis here is on open communication with the industry. The JMC does want this to be a two-way process in terms of flagging and communicating issues.
- The idea is to have stakeholder-led presentations of pre-submitted topics in addition to updates from the JMC on topics discussed in previous sessions

Safety Message

- Attendees are reminded to remain vigilant after extreme weather passes, such as a severe storm

- The storm may be over, but dangers may remain. Be alert for downed power lines and damaged buildings. Avoid floodwaters.

Con Edison Relaunch Update

Overview of the Commission's Order

- As many may be aware, Con Edison hit its 6-year NENY target in Q1 of 2022, which exhausted all funding originally allocated for the life of the program. Con Edison paused accepting ASHP applications in May 2022. The Company submitted a petition for increased funding to the Public Service Commission in February.
 - There was a tremendous amount of market activity in the Con Edison program in late 2021/early 2022. The program not only hit its goals, but exceeded them and also used all flexibility granted by the 2020 NENY Order, and still the volume of applications exceeded the authorized funding for Clean Heat.
- The Commission ruled on the February funding petition in August 2022. The Order authorized two streams of funding:
 - \$518 million of funding to be transferred from other energy efficiency programs to support NYS Clean Heat
 - This funding will *primarily* be used to cover applications submitted before the pause
 - A Continuity Funding Mechanism of \$10 million per month
 - This funding will be used to cover applications submitted when the program is relaunched
 - Projects submitted after this monthly cap has been reached will be waitlisted and addressed in a subsequent month
 - In months where application volume does not use the entire \$10 million, remaining money can be rolled over into the following month
- The Order also mandated some areas for programmatic improvement:
 - Con Edison should update the QA/QC process to put a greater emphasis on pre-installation controls for appropriate equipment sizing and installation
 - Con Edison must improve visibility into the pipeline of projects, such as by instituting a pre-application review
 - Con Edison must provide more frequent and effective communication to market participants

Preview of the Clean Heat Program Relaunch Workplan

- Con Edison shared a draft Relaunch Workplan in the presentation slides, which outlines some anticipated steps and processes leading up to relaunch of the Con Edison Program.
- Con Edison is evaluating potential enhancements to its Clean Heat program and plans to relaunch the program in January 2023.
 - The initial design phase is currently underway. The Program team will use September and October to hear from contractors and other stakeholders in more individual interactions to provide an opportunity for feedback on draft program elements.

- By the end of October, moving into November, a second round of market outreach will be undertaken and an updated Clean Heat program will be fleshed out based on the current vision in incorporating feedback from market participants.
- After any additional feedback and final refinement, a final Program will be built by end of November and teams will be working to update program process documents and operationalize changes

Upcoming Small Group Sessions with Contractors

- Con Edison will be hosting a series of small group sessions in September and October to engage contractors and stakeholders in more substantial dialogue around incentive levels, incentive design, application process, and other related topics. A schedule of conversations for residential contractors and non-residential contractors is included in the presentation slides.
 - To sign up for one of these planned residential or non-residential small group sessions, please email John Mirandette at Con Edison: mirandettej@coned.com
 - If none of the pre-arranged session times works for you and you would like to participate in the conversations, please also email John
- Con Edison will also hold monthly webinars in October, November, and December with updates on the Clean Heat Relaunch.

Written Questions:

A large number of questions were submitted through the Q&A chat during the webinar, many of which concerned similar topics. For clarity, the JMC has consolidated these questions into overarching topics, represented by the questions below.

Question: What is covered under the \$518 million of transfer funding and the \$10 million/month Continuity Funding Mechanism?

Response: The \$518 million of funding transferred from other energy efficiency programs will largely be used to provide incentives to projects that were submitted before the May 2022 pause. The \$10 million/month Continuity Funding Mechanism will be used to fund the Clean Heat Program when it is relaunched. This \$10 million allotment will cover incentive payments for all categories and technology types in the Program across the full Con Edison service territory, as well as administrative costs of the Program, which is a small portion of the total.

Question: How does the \$10 million/month compare to the volume of applications received prior to the program pause?

Response: At the time of the May pause, average monthly applications for incentives in the Con Edison territory were just under \$25-\$30 million per month over the life of the Clean Heat Program. The relaunched program will be smaller. The August 11th Commission Order discusses the rationale for the program size.

Question: How will Con Edison address application volumes that exceed the \$10 million/month allocation? Will there be any prioritization or categorization based on the types of projects submitted?

Response: The Program team will use a waitlist for any projects that exceed available funding for a given month. Preliminary design also includes consideration of creating allocations by sector, recognizing that

project life cycle and timeline can look very different for air-source vs. ground-source, residential vs. multifamily or commercial, etc. The precise details are still being explored and the Program team looks forward to discussing this topic in more detail in the upcoming small group discussions to gather input on those details.

Question: What is being done to address payments that have been delayed and reduced in the past few months?

Response: The Commission Order and the associated funding will allow Con Edison to offer incentives to all projects that have submitted complete applications according to program rules. Program teams are working diligently to process those applications as quickly as possible. If you would like to follow up on specific projects, please reach out to your Account Manager or the general project inquiry contact accounts at nyscleanheat@icf.com or 844-212-7823.

Question: Will incentive levels remain the same as they were pre-pause going forward?

Response: The Program team looks forward to discussing this topic in more detail in the upcoming small group discussions.

Question: Are any incentive changes anticipated in light of the federal Inflation Reduction Act?

Response: The NYS Clean Heat Program continues to analyze potential implications of the Inflation Reduction Act and the JMC will consult with the stakeholder community about any potential impacts to the Program as actions are finalized.

Question: When will the Con Edison program resume?

Response: The current plan is to resume accepting applications starting in January 2023. Please see the presentation slides for a draft of the current relaunch plan and timeline.

Question: Can projects that were started or completed during the pause be submitted to the program when it relaunches?

Response: Projects submitted to the Con Edison Clean Heat program when it relaunches will be subject to the rules and incentive levels in place at that time.

Question: The presentation slides mention that Con Edison must “improve visibility into the pipeline such as a pre-application review for projects.” Are there more details that can be shared about this improved visibility and potential pre-application review?

Response: This requirement is one of the stipulations of the Commission’s Order from August 11. The Program team looks forward to discussing this topic in more detail in the upcoming small group discussions.

Question: For the small group discussions that will take place in September and October, how are “residential” and “non-residential” being defined?

Response: We adopt the NYSERDA definition and use “Residential” to refer to 1-4 family buildings. “Non-residential” includes multifamily buildings with five or more dwelling units, small and medium businesses, and Commercial & Industrial. Contractors are encouraged to attend the small group discussion area that pertains to the majority of their business.

Question: Has there been disruption to the geothermal heat pump program for residential applications?

Response: The Con Edison program is still accepting applications for residential GSHP projects and will continue to do so. Upon Relaunch, the Company will begin accepting applications for incentives for ASHP and non-residential GSHP projects.

Question: Does the JMC plan to collaborate with the NYSERDA Hubs in stakeholder outreach?

Response: Yes. The Con Edison team will be joining the NYSERDA Clean Heating and Cooling Communities monthly calls this fall and plans to seek input from NYSERDA's Regional Clean Energy Hubs.

Request for Feedback on Full-Load Electrification

- The JMC will be reaching out to the contractor community for some information on full-load electrification projects. Currently, the Clean Heat program incentivizes projects with 90-120% of Manual J BHL as "full-load". However, Category 2b (Decommissioning) does require 100% of BHL.
 - In looking at data from past projects, a significant number of full-load projects in non-decommissioning categories were in the 90-100% BHL range.
- The JMC would like to learn more about contractor sizing practices and will be sending out a survey to capture this information. Sample survey questions are included in the presentation slides.
 - Please keep an eye out for this survey. The JMC appreciates your input.

9/1/22 Program Manual Updates

- The following changes were announced and discussed in June. They are now effective as of September 1, 2022 with the recently refiled Program Manual and Implementation Plan.
- Heat Pump Water Heater Midstream incentive
 - Details about this new addition are located in the Program Manual in Table 2, Table 3, and Section 4.2
- Incentives for Integrated Controls and Decommissioning
 - All utilities in the state are now offering incentives for integrated controls (Category 2a) and decommissioning (Category 2b) for full-load residential ccASHP
- Kicker for Priority Electrification Areas
 - An incentive kicker of an additional 25% over the total incentive amount is being made available for projects in priority electrification areas within National Grid service territory. Customers must be current National Grid electric and gas customers and must be replacing gas as the existing fuel.
 - Only certain areas qualify as priority electrification areas – please see the current list of [eligible zip codes](#) for further guidance. This list is available on the NYS Clean Heat Resources [webpage](#) and [National Grid Electric Heating & Cooling webpage](#), and has been previously emailed out to all National Grid contractors.
 - The National Grid webpage also includes an interactive map where the contractor can enter in a customer address to see if it falls within the priority electrification areas. A link is also included in the presentation slides.
 - Further details are listed in Table 4 of the Program Manual

- Program Incentive Changes in Effect September 1, 2022
 - Tables showing full incentive change amounts for each utility are included in the presentation slides. These were part of the changes shared with the stakeholder community on June 1.
 - Amounts that have changed are highlighted within the tables
 - Total incentives are listed in the first set of columns, followed by a section for contractor rewards and a section for distributor rewards.
 - Some important footnotes are listed, including that for the HPWH midstream incentive, contractors who are eligible to receive the participating contractor reward do not have to be participating contractors in the Program. Licensed plumbers can install HPWHs and do not have to apply to be participating contractors in order to receive the award. Distributors will have to submit a distributor participation agreement.
 - Additional details are included in the Program Manual Section 4.2
- Multifamily Projects
 - Going forward, all Multifamily projects with 5 or more units are to apply in Category 4: *Custom Space Heating Applications*
 - Any multifamily projects that are currently under construction and preparing to submit applications for prescriptive incentives under the previous program rules will have until November 1, 2022 to submit applications. Any projects currently under construction but that have not yet submitted their applications will be grandfathered in and will not have to undergo a pre-inspection.
- Incentive Limitations
 - For all projects in the NYS Clean Heat Program, incentives are limited to 70% of project costs. There is an additional \$1 million cap for total project incentives as well. For projects requesting incentives above \$1 million, the contractor can work with the utility for a potential custom rate.
 - For ground-source projects in residential Category 3, total project incentives are limited to up to \$50,000.
- Preliminary Incentive Offer Letter (PIOL)
 - Utilities are now including a default expiration date in the PIOL for non-residential projects. Applicants may request an extension and adjustments may be made on a case-by-case basis.
- Non-Residential Refinements
 - Utilities may adjust incentive levels to differentiate projects in new construction vs. existing buildings with specific incentive levels by heat pump technology.
- Additional details on all of these incentive changes are included in the latest Program Manual, Section 2.2.

Written Questions:

Question: Do individual projects have a separate incentive cap?

Response: The JMC has provided detail on incentive caps that are applicable statewide. Please see Section 2.2 in the Program Manual. As indicated by the date of the Program Manual filing, the statewide incentive caps only affect projects completed after September 1, 2022. Any projects submitted before

this cutoff date are subject to the program incentives in effect at the time of submission. For any additional questions about incentive caps as applicable to Con Edison's incentives upon relaunch, please plan to attend one of the small group discussions.

Question: What are the details of the new kicker for Priority Electrification Areas in National Grid service territory? Is it only for certain zip codes?

Response: As of September 1, 2022, National Grid is offering a 25% kicker incentive for prescriptive projects in Priority Electrification Areas that are replacing gas as the existing fuel. A list of qualifying Upstate NY [zip codes](#) can be found on the NYS Clean Heat Resources [webpage](#) and [National Grid Electric Heating & Cooling webpage](#). Additional details about incentive amounts can be found in the Program Manual, Table 4, pg. 28.

Question: Does a single-family apartment in a multifamily or co-op building qualify as multifamily?

Response: In cases where there are four or fewer units choosing heat pumps in a multifamily building, those projects shall be eligible to apply in categories outside of Category 4, as specified in Table 1 of the Program Manual.

QA Update

- Upcoming GSHP project startup checklist and design document requirements will be clarified in a forthcoming communication to contractors
- Cold-climate ASHP sizing and design trainings also continue to be offered by manufacturers and distributors.
 - Currently, these trainings are required for all *new* participating contractors. It is anticipated that the trainings will become required for all *existing* participating contractors starting January 1, 2023. More information to come.
 - Information about trainings can be found on the Clean Heat Connect [webpage](#), which is linked on the NYS Clean Heat Resources [webpage](#).

Reminder: Meeting Cadence

- The JMC has shifted PC&IP meeting cadences from monthly to quarterly, with meetings scheduled in early June, September, January, and March to align with future program announcements and updates
- This will allow stakeholders more time to prepare topics and engage with the JMC on potential topics for discussion
- The JMC still very much encourages questions, comments, and outreach on a continuous basis
- Utilities expect to increase engagement and outreach with individuals and small groups to align on potential program adjustments and get additional feedback from the industry

Resources, Support, and Next Steps

- The next PC&IP meeting will be on Thursday, January 12th (9:00-10:00am)
 - All program-related inquiries can be submitted to nyscleanheat@ceadvisors.com
 - All project-specific inquiries can be submitted to nyscleanheat@icf.com or 844-212-7823

- For project inquiries, the first step should be to contact your account manager at ICF. If the account manager does not respond within three days, please contact nyscleanheat@icf.com or reach out to the utility's Program Manager. Contact information is listed in the presentation slides.
- Materials from the meeting will be distributed via email. Links to helpful Program resource pages are included in the presentation slides as well.

The JMC thanks all attendees for their participation and engagement.