

Working Group Series for Participating Contractors and Industry Partners

Session #16 | March 9, 2023 9:00am-10:00am

Summary Report

**Note: This document is intended to be a supplement to the slide deck presented during the webinar on March 9th and posted to the Contractor Resources webpage.*

Agenda

- Meeting Procedures
- Welcome
- Safety Message
- Joint Management Committee (JMC) updates and discussion
 - Program Manual Updates
 - Sizing and Design Training Requirement
 - QA/QC Trends and Common Nonconformances
 - Field Assessment Best Practices
 - Application Best Practices
 - Common Application Attention Required
 - Participating Contractor Reminders
 - NYSERDA Residential Financing Program
- Stakeholder Presentations
 - No submissions provided this quarter
- Resources, Support, and Next Steps

Program Representatives

- JMC Co-Chairs: Julie Hawkins (National Grid), Will Xia (NYSERDA)
- JMC Members: Ray Cotto (Central Hudson), Toby Hyde (Con Edison), Jennifer Cross (National Grid), Nicole Williams (NYSEG, RG&E), Mark Maloney (Orange & Rockland)
- Implementation Team (ICF): Kenn Latal, Tim Walsh
- Working Group Support Team (Concentric Energy Advisors): Ben Davis, Pieter Zwart, Clara-Ann Joyce

Introduction

- 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.
- 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.

JMC Updates – Key Takeaways

The following section provides a summary of key points from the content presented by the JMC.

Program Manual Updates

- Both versions of the Program Manual (one for Central Hudson, National Grid, NYSEG, O&R, and RG&E, and one for Con Edison) were refiled on March 1 with non-substantive changes.
- Links to the clean and redline versions are available on the Contractor Resources [webpage](#).

Sizing and Design Training Requirement

- The previously-announced 3/1 deadline for all ASHP Participating Contractors to complete the required sizing and design training has been extended to **April 15, 2023**.
 - After April 15, contractors who have not submitted proof of the training will start losing access to the OIT.
 - All Participating Contractors installing ASHP must complete the training. No one is grandfathered into the program without the requirement.

Field Assessment Best Practices

- Information in the presentation slides outlines some of the most frequent nonconformances observed during project field assessments in 2022. These include refrigerant line protection (checklist items C10/C10B) and snow protection (checklist items C15/C15B).
 - The slides contain photo examples of correct and incorrect installations featuring these checklist items.
- One other important checklist item to highlight is item C8 – refrigerant leakage. This is a critical nonconformance, and if a wand test detects a refrigerant leak, the project will automatically fail the field assessment.
 - There is NYSERDA training and support available to learn more about mitigating refrigerant leaks.
- Additional resources are available in the [Field Assessment Hot List](#) on the Clean Heat Connect website.

Project Application Best Practices

- ICF is still seeing about 40% of applications submitted with items that require attention. This slows down processing of the application itself and, ultimately, payment to the contractor.
- Some of the most common items that require attention are listed in the slides, along with ways to avoid them.
- ICF will continue to provide application information on a regular basis through their School of Clean Heat webinar series. Links to the trainings are included in the slides.

NYSERDA Residential Financing Program

- NYSERDA's Green Jobs-Green New York (GJGNY) residential financing program offers several options to procure loans for residential projects.
- Loan types, interest rates, terms and conditions, and underwriting criteria are outlined in the presentation slides, including specifics on the differences between each type of loan. Some additional points are noted below:
 - Energy audit or assessments must be completed in order to access a loan. Manual J's are acceptable for fulfilling this requirement.

- If loan types are paired, they do not have to be coterminous. For example, a customer could have a 15-year Smart Energy loan and a 5-year companion loan.
- For the cost effectiveness requirement, AS and GS heat pumps are considered pre-qualified measures.
- Companion loans are outside of the umbrella of GJGNY to allow access to an additional \$25,000.
- Becoming a loan-offering contractor does not cost additional money – just extra time to fill out the paperwork. More details are included in the presentation slides.
- If the contractor is in good standing with the NYS Clean Heat program for 12 months, 50% of the loan amount will be released for startup of the job once the customer signs the loan documents. The remaining 50% will be received at completion of the job. This money does not accrue interest and payments do not need to be made on the money until the second half is released.
- Jobs must be completed within 180 days of initial release of payment.
- NYSERDA is happy to provide one-on-one training on the various aspects of the GJGNY residential financing program. Contact information is included in the presentation slides.

Q&A

Questions were asked both verbally and through the written Q&A function.

Question: Regarding the ccASHP sizing and design training requirement, is one training required, or is a separate one needed for each manufacturer?

Response: Only one sizing and design training is required. It is *not* required to complete one per manufacturer.

Question: Is there any consideration of changing the simple payback requirements of the loans?

Response: The payback requirements are legislatively mandated – they cannot be changed without going back to the legislation. Most ASHP projects pass. Payback is calculated based on a “net customer contribution.” A “replacement cost” (i.e., the amount it would cost for the customer to replace their current system with a like system) is subtracted from the total project cost to arrive at the customer net contribution.

Question: What is the minimum income required to receive a loan?

Response: There is no minimum income – eligibility is based on a debt-to-income ratio, as determined by the customer’s FICO score. There is no debt-to-income ratio requirement for scores over 720. More details on the underwriting requirements are included in the slides.

Question: Many interest rates for third-party credit markets have increased recently. Are the interest rates shared in this presentation good for now, or is there a point at which they will have to go up?

Response: NYSERDA is in discussions now related to what will happen with interest rates. For now, interest rates will stay the same, but are subject to change depending on the market and program usage. The program is funded through the Regional Greenhouse Gas Initiative (RGGI) and bond securities. The more that is required to pay in bond interest, the less money the program has. For the next six months or so, it is anticipated that rates will stay the same.

Question: Are these loans available to owners of condo units or co-op shares in a multifamily building?

Response: This program is for 1-4 family residential properties. There is a GJGNY multifamily program that is outlined in the slides. The interest rate is not the same for this program. Additional detail is included on the NYSERDA website, which is linked in the slides as well.

Question: Can the contractor pay the \$150 application fee for the customer?

Response: There is no issue with the contractor paying the application fee, but it must be received by Slipstream EFS prior to loan documents being issued. The fee can be financed as part of the loan.

Question: Why is the bankruptcy requirement so strict for the higher credit scores?

Response: The program is looking to provide financing that may not otherwise be available from third-party funding. The Tier 1 and Tier 2 distinctions do not really pertain to the customers or the contractors – there is no difference in cost effectiveness, rates, or the other customer-facing details. The tiers denote how NYSERDA differentiates its loans for bond securitization. Those in Tier 1 have a better history and allow NYSERDA to get a better rate on the bonds. To the extent that someone does not meet the bankruptcy requirement for Tier 1, they can fall into the Tier 2 loan category.

Resources, Support, and Next Steps

- The next PC&IP meeting will be on Thursday, June 8th (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.
- Links to additional program resources are included in the presentation slides.

The JMC thanks all attendees for their participation and engagement.