

# Working Group Series for Participating Contractors and Industry Partners

## Session #9 | January 13, 2022 8:30am-10:00am

### Agenda

- Meeting Procedures
- Welcome
- Safety Message
- Joint Management Committee (JMC) update and discussion
  - New 2022 required training
  - Online Intake Tool (OIT) status updates
  - ICF process cycle times for completed projects
  - Follow-ups from 12/16 meeting
- Stakeholder Presentations
  - Aaron Jaker, Vigilante Plumbing, Heating & Air Conditioning
- Resources, support, and next steps

### Action Items/Commitments

Information in colored text throughout the document corresponds to the action items listed below.

- Contractors who have projects with customer agreements signed on or before **December 10, 2021** that cannot be completed by March 1, 2022 due to circumstances outside of the contractor's control should reach out to the Clean Heat Program staff at [NYSCleanHeat@icf.com](mailto:NYSCleanHeat@icf.com) by Tuesday, January 25th.
  - *An email was sent to the statewide Clean Heat distribution list on Tuesday, January 18<sup>th</sup> detailing the process for requesting a deadline extension for certain projects. Contractors who would like to request a deadline extension for projects should follow the instructions in the January 18<sup>th</sup> email.*
- The JMC will continue to monitor project volume forecasts and other program indicators to minimize any future program changes

### Welcome

- Program representatives on the call today:
  - JMC Co-Chairs: William Xia (Con Edison), Donovan Gordon (NYSERDA)
  - JMC Members: Ray Cotto (Central Hudson), Steve Coulter (Con Edison), Jennifer Cross (National Grid), Nicole Williams (NYSEG, RG&E), Mark Maloney (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 hope 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

- New York State is in a winter surge of COVID-19 cases, driven by the rapid spread of the Omicron variant
- The JMC would like to remind all Participating Contractors to continue to follow New York State Health Department and CDC guidelines and regulations in order to prevent the spread of COVID-19
- Participating Contractors are encouraged to take extra precaution and to use good judgment – particularly when visiting customer homes and sites – in order to protect yourself and our customers, including maintaining social distance, wearing face coverings, and washing hands

## New 2022 Required Training

- Effective January 1, 2022, all **new** ASHP installers seeking to become a program Participating Contractor must also provide documentation that they have completed a manufacturer-sponsored cold climate ASHP sizing and design training requirement
  - Training materials have been available since April of last year, and the requirement has just become effective this year
- The JMC also strongly encourages **all** Participating Contractors who have enrolled prior to January 1, 2022 to take advantage of this training opportunity
- No comprehensive listing of these training offerings is available, so please reach out to your distributor or manufacturer representative for details on the availability of trainings

## Online Intake Tool (OIT) Improvements Status Update

- ICF gave an update on ongoing improvements to the Online Intake Tool
- All sprint items previously listed for 2021 have been completed
  - This includes filtering on the dashboard, exporting data, adjusting columns, deploying text message communication, and others. Please see the presentation slides for a full list.
- Additional items are in progress for 2022
  - Three items are actively in testing and are slated to be rolled out on 1/18:

- Specific fields pertaining to Con Edison and Orange & Rockland’s Category 2A and 2B adders
  - Specific fields pertaining to NYSEG and RG&E’s LMI Program and Ancillary Services Cost
  - Note field for contractors to use when they fill out the initial application
- A fourth item, displaying total project aging on the OIT dashboard, is estimated to be rolled out by 3/1. Including this statistic has turned out to be more challenging than anticipated from an IT standpoint.
- Beyond the current sprint, there are several items that are estimated to roll out in May or later. These have been started, and their status is unchanged from last month’s update. Please see the presentation slides for a list of these items.

## ICF Process Cycle Times for Completed Projects

- In the last update, ICF mentioned the surge of applications that came through this fall, causing a processing backlog. Con Edison provided some leniency for certain items on applications in their service territory to expedite processing.
  - This month’s graph still shows a surge in process cycle times – ICF is not finished resolving these older projects, but they are drifting downwards
  - As always, the effort continues

## Follow-Up Resources from 12/16

- Some newly available resources were shared during and immediately after last month’s meeting, but there was not much time for discussion:
  - An OIT status glossary is now posted on the [OIT documents page](#)
  - A step-by-step guide for the OIT is available on the Help page of each utility’s OIT tool
  - [ACH payment application guidance](#) is posted on the NYS Clean Heat Resources webpage under Working Group Series – General Reference
- Links for each of these resources are included above and in the presentation slides, and were emailed out in the two follow-up communications after December’s meeting
- Contractors are encouraged to contact program managers and utility representatives if they are having trouble with any part of this system as well

## Clarifications Regarding March 1, 2022 Residential Incentive Changes

- Changes to the residential ASHP incentive levels for Central Hudson, Con Edison, and Orange & Rockland service territories were announced on December 1, 2021 and presented in the December 16<sup>th</sup> meeting. Feedback was received that the JMC could have been clearer as to why these changes need to be made.
- The “why” essentially comes down to the utilities’ need to manage budget and expenditures within the currently authorized heat pump program budget
  - There has been significant ramp-up and achievement in market awareness and installations, so the JMC thanks the industry for all of that hard work

- The JMC of course supports managing and accommodating all projects, but also must manage the budget currently authorized, and utility representatives bear responsibility to ratepayers to be prudent in spending
- The JMC acknowledges that the announcement has caused disruption in the market. Several contractors and other stakeholders have reached out to provide feedback.
- This month's update is a bit different from prior messaging:
  - **The JMC highly encourages all Participating Contractors to make all feasible arrangements to complete outstanding projects by March 1, 2022 in order to be eligible for the current incentive levels**
    - This includes exploring procurement of alternative equipment, using alternative distributors, and managing and prioritizing projects accordingly
    - The primary point of focus and urgency should be completion of as many of these projects before the deadline as possible
  - For those who have reached out to the JMC about these projects previously, please reach out again to re-establish dialogue, especially when it comes to customer-signed, committed contracts from before December 10, 2021 that realistically cannot be completed by March 1 for reasons outside of your control

## Stakeholder Presentation: Vigilante Plumbing, Heating & Air Conditioning

- Vigilante has four full-load Clean Heat projects in the pipeline that have been contracted for a few months. Due to the nationwide supply chain issues that everyone is aware of, equipment for these projects is not available until April 2022.
  - Vigilante has reached out to several brands among the 2-3 main HVAC brands they work with, and all are experiencing the same thing. They were even prepared to send a truck down to Georgia to pick up equipment, but the supply is just not there.
  - The company has the manpower and the availability to do the work now – they just cannot get the physical equipment
  - Customers are reconsidering requesting this work, hearing that they will not be eligible for the current incentive rates
- A “grandfathering” clause is proposed as a solution, wherein contractors who submit previously-signed contracts, along with a letter from the supplier detailing why the equipment cannot be obtained by March 1, can be locked into receiving the pre-March 1 incentive rates
- **Response:** Vigilante is requested to re-establish dialogue with Con Edison and the utility program representatives to discuss working on solutions for these projects

### **Verbal Question – Absolute Comfort**

- Many contractors are dedicated to the brands that we sell, so turning to alternate brands or distributors is not feasible. I don't sell any ductless system other than Mitsubishi.
  - That being said, Mitsubishi equipment has been available on and off recently, with no Kumo Cloud Wifi systems available and no multisystems available, with no dates on when things will be back in stock

- Since the incentive change announcement on December 1, Absolute Comfort has turned down \$75,000-\$100,000 in installation projects because equipment cannot be guaranteed by March 1. This is money out of the contractor's pocket.
- I understand that there is a budget for the whole program that must be adhered to, but it seems like the JMC is looking at this in the short-term rather than the long-term
  - Long-term effects could be losing customers and alienating contractors. It is not good to alienate contractors – they drive the entire program.
- **Response:** The JMC appreciates this feedback and has spoken with Absolute Comfort a few times. These are the insights we are looking to receive – hearing about supply chain issues occurring much more broadly across contractors, contractor support for specific brands, etc.
  - As with Vigilante, Absolute Comfort is requested to reach out to the JMC regarding any projects signed before December 10, 2021 that cannot realistically be completed by March 1

#### ***Verbal Question – Mitsubishi Electric***

- There is no question that supply chain has been a real challenge for all manufacturers, and it has come from a lot of different angles. Mitsubishi has been working extremely hard to try to minimize impact, but there has definitely been a delay in getting things over here to the US, despite delivering product every week and working to get it to distributors.
  - Despite all of the circumstances surrounding COVID, Mitsubishi has brought more product to the US than ever, but demand has also increased correspondingly, still causing delays
- Rebate monitoring and changes should be more incremental, and not so dramatic. Contractors are investing in employees, trucks, and other supplies, and they are counting on these incentives as part of their plans. Incremental changes are easier to absorb.
- A suggestion would be to provide leniency for projects that contractors have just closed sales calls on
- It is tempting to suggest that contractors should find other products or suppliers, but from the manufacturer's point of view, we work very hard to cultivate relationships with those contractors and distributors. It is disheartening to have the program ask the manufacturers to be so involved with training and otherwise engaged with the program, and then to hear the suggestion to go find equipment elsewhere.
- Thank you to everyone for your hard work in making this program what it is.
- **Response:** Thank you for this perspective and for this recommendation. The JMC will continue to reach out to manufacturers and representatives like yourself for continued dialogue.

#### ***Verbal Question – HeatSmart Tompkins***

- Small nonprofits like HeatSmart have worked hard to build the market for clean heat in their communities, and have been emphasizing for years how disruptive lack of stability in these programs can be
  - Stability (or lack thereof) affects customer confidence and affects the organization's ability to make sure word goes out with accurate information
  - HeatSmart is a small organization with a tiny marketing budget – if we print out a brochure and the information gets changed, we have to throw away all those brochures and take a hit to our budget

- The JMC is urged to make as few changes as possible with as long a lead time as possible. A minimum lead time of a year can be beneficial.
  - There are 6 contractors in HeatSmart’s program, and at this point, some people are unlikely to see a heat pump installed before May or June
  - There are additional extenuating circumstances to consider. Contractors and laborers are getting COVID, and customers are getting COVID, on top of supply chain and labor issues.
- If the program runs out of money early, isn’t that a good thing? Does that not bring us to our decarbonization goals earlier than planned? Will it not be possible to go back to the big utilities for more money?
- Stability is what makes these programs successful
- **Response:** Thank you for raising this feedback. The suggestion of yearly updates has come up in several other forums. It is certainly the intention of the JMC *not* to disrupt the market, or as little as possible. To clarify, the cadence for changes laid out last year is that at the very most there would be bi-annual changes – the JMC hopes not to make them even that frequently.
  - Right-sizing is also a part of this – it is ideal to get the details right the first time instead of having to make continued adjustments. Minimal disruption to the market is absolutely top of mind.

#### **Verbal Question – BlocPower**

- BlocPower would like to reiterate that there needs to be a more consistent and slower cadence of changes, in order to allow contractors to adjust to things more smoothly. All of us appreciate the move to the biannual cadence of changes.
- What has been done to try and forecast some of the increases in project volume? How do we know this is going to get better with the proposed incentive changes? If there is another significant change in 6 months, that is still not great. What is being done to make sure we are looking ahead and running the program smoothly?
- **Response:** The JMC seeks to leverage these monthly meetings to get feedback and message out from the program side. At least from Con Edison’s perspective, they are internally focusing on **how to better forecast project volumes and other indicators so that further changes, if necessary, are more manageable and less frequent.**

#### **Resources, Support, and Next Steps**

- The slide deck, meeting notes, and additional Q&A responses will be provided after the meeting
- The next Working Group Series meeting will take place on Thursday, February 10<sup>th</sup>
- Links to helpful resources, as well as contact information for the program-wide inboxes and utility program representatives, are available in the presentation slides

The JMC appreciates all of the feedback received here and will continue reaching out to manufacturers, contractors, distributors, and other industry representatives. A reminder that contractors who would like to request a deadline extension for projects that have customer agreements on or before December 10, 2021 should reach out to [NYSCleanHeat@icf.com](mailto:NYSCleanHeat@icf.com) by Tuesday, January 25, and follow the instructions for extension requests provided in the January 18<sup>th</sup> email.