

May 15th, 2024

**Re:**

CASE 14-M-0094 Proceeding on Motion of the Commission to Consider a Clean Energy Fund.  
CASE 18-M-0084 In the Matter of a Comprehensive Energy Efficiency Initiative.

**To**

Hon. Michelle L. Philips, Secretary  
New York State Public Service Commission  
Empire State Plaza, Agency Building 3  
Albany, NY 12223-1350

**From**

Pratt Center for Community Development  
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INTRODUCTION

On behalf of the Pratt Center for Community Development, this memo provides detailed feedback as requested by the New York State Public Service Commission in regards to the Energy Efficiency (EE) and Building Electrification (BE) proposals filed by the Utilities and the New York State Energy Research and Development Authority (NYSERDA) on November 1, 2023.

Pratt Center for Community Development is a New York City community-based planning organization with over 60 years of experience working with low- and moderate-income (LMI) communities to build a more just, equitable and sustainable New York for all. For the past decade and a half, Pratt Center has been deeply focused on improving clean energy access outcomes for LMI households in the city's 1-4 family building stock. We have worked with thousands of New York City's LMI and Black and Brown homeowners and the CBOs that serve them to identify the reasons why so many NYC households have yet to implement energy efficiency and/or other clean energy projects, despite the existence of NYSERDA's programs for 15+ years. We are currently running EnergyFit Affordable Small Homes, a whole homes partial electrification demonstration project for 2- and 3-unit buildings in Brooklyn's lowest-income neighborhoods, with a goal of serving 50-75 buildings. Households receive a holistic package of health & safety repairs, insulation, weatherization, and electrification of gas stoves and hot water heaters.

Publicly available data shows that NYC's 1-4 family buildings have been almost completely ignored by NYSERDA's Empower programming. This is not a new outcome. Data shows NYC has consistently lagged behind the rest of the state since at least 2010, which is the farthest back shared on NY Open Data. Only a little over 7% of all low-income, moderate-income and market-rate projects that have taken place in New York State have occurred in New York City. This is despite the existing 863,000 1-4 family buildings in the city, almost two-thirds of which are located in LMI census tracts. Despite concerted efforts by Pratt Center and other policy groups to work with NYSERDA to improve these numbers over the years, NYSERDA has not taken any concrete steps or shown interest in working collaboratively to improve these outcomes. "Public engagement processes" have offered little space for alternative thinking on program design and the 5-year plan proposed by NYSERDA is proof of that lack of collaboration and innovation.

For this reason, we will focus our comments on some very specific program design challenges related to the EmPower+ program that are not acknowledged in the submitted NYSERDA proposal. We believe that this is an issue that can be solved. However, without better oversight of NYSERDA staff and their program design and implementation strategies, NYC's predominantly Black and Brown LMI homeowners and their tenants will continue to be negatively impacted by the poor choices of the Authority.

We thank the Public Service Commission for considering Pratt Center's feedback on ways the upcoming five-year implementation plan can be improved to bring true equitable outcomes for NYC's 1-4 family LMI households.

As requested in the DPS Notice Soliciting Comments, we have structured this document to mirror the suggested format. All responses are related to the LMI proposals, unless otherwise stated. We will be responding to the following bolded sections:

- I. General Quality & Responsiveness of the Proposals
- II. Proposed Portfolios**
- III. Disadvantaged Communities**
- IV. Flexibility
- V. Metrics**
- VI. Cost Recovery
- VII. Leveraging Federal or other Funds
- VIII. Company-Specific Proposals
- IX. Additional Comments on Collective or Individual Proposals**

## II. PROPOSED PORTFOLIOS

*Do the proposal(s) sufficiently identify and address barriers to adoption of energy efficiency, including weatherization, and/or building electrification? Describe other approaches and/or program designs, if any, that you believe could better address these barriers.*

*For LMI, are barriers and opportunities unique to naturally occurring and regulated LMI and affordable housing articulated? If not, please identify barriers and opportunities that were not addressed in the proposals.*

Pratt Center does not believe that the NYSERDA LMI proposal addresses the current market barriers to adoption of energy efficiency and building electrification in the 863,000 1-4 family buildings in New York City.

NYSERDA proposes to replicate the EmPower+ model in its current design, and expand its scope by adding in the delivery of IRA incentives through the EmPower+ program. NYSERDA states this is their "flagship model" yet does not acknowledge that EmPower+ does not work in NYC as it is currently designed. Since 2010, only 7% of all retrofits performed in NYS were in NYC, despite there being over 863,000 1-4 family buildings. Without a clear acknowledgement of this failure, articulation of why numbers remain so low, and solutions developed in the field with local contractors, CBOs, and homeowners, the current NYSERDA proposal will continue to fail NYC. Not only will it fail, it will exacerbate the inequities that have plagued low-income Black and Brown communities for generations leaving them behind as the rest of the state decarbonizes.

### **Require Ongoing Program Monitoring and Evaluation of Empower+**

NYSERDA should be mandated to release a comprehensive analysis of why the uptake of EmPower+ is so low in NYC, what the barriers are, and what solutions they are recommending will directly correct those issues. Quarterly monitoring of the program's impacts in NYC should be required and reported publicly so that inequitable implementation can be identified in an ongoing manner and solutions can be implemented in real time. This is even more important as NYSERDA plans to funnel IRA incentives through the EmPower+ program, which will lead to even worse outcomes for NYC if NYSERDA does not change the program's core design.

### **Increase Incentives and Project Caps**

Neither the large difference in the cost of doing business in NYC compared to other localities, nor the impact that inflation has had on the price of materials and labor are identified as barriers to project uptake downstate. This is a serious red flag.

The PSC must push NYSERDA to increase incentive amounts and project caps to cover the increased cost of doing business in NYC. At the end of 2021, NYSERDA released the results of a contractor survey assessing EmPower+ pricing in relation to the contractor's costs of doing business. The results found that 65% of downstate, and 68% of upstate respondents felt that EmPower+ pricing was low or extremely low, with the coverage of air sealing costs (the most basic part of an efficiency project) receiving a whopping 76% of respondents stating that reimbursement was either low or extremely low. Pratt Center has analyzed the price increases provided for measures in the EmPower+ program since the release of that survey and it appears NYSERDA has completely ignored that finding. On average the pricing increases for downstate measures were only 1.89% per measure, not even keeping pace with the market reported inflation of 4% in the construction industry. See appendix B for the full analysis.

An example of rising prices is in the cost of cellulose insulation. Contractors currently working in New York City's home performance space are reporting the cost of a bag of cellulose more than doubling since Covid, making the current Empower+ incentives incompatible with doing business. Without incentives and pricing that account for the economic reality of doing work in the country's largest and most expensive city, Empower+ will continue to languish. We have heard from contractors that it currently does not make economic sense for them to insulate homes through Empower+, and they are pausing their services.

We encourage the Commission to consider how NYSERDA's pricing is hindering market development in this space and consider reimbursements that make contractors want to come into the decarbonization space, not leave it after years working on projects.

### **Cover Induction Stoves for Health & Safety Impacts**

Induction stoves should be covered by incentives. Reporting consistently comes out about the [dangers these stoves pose](#) to occupants. However, there appears to be no funding for this key electrification measure. Market penetration in small residential, low-income households is still very low in NYC. Our EnergyFit demonstration project is finding that the costs of switching from gas to electric are much higher than just the cost of purchasing the stove. Additional costs include re-wiring, shutting off gas, removing and disposing of the old stove, fixing walls post-rewiring, upgrading utility service when required - all costs that our EnergyFit demonstration project is finding can exceed \$3000 per unit, without the price of the stove even included. On the flip side, we are finding that electrifying the stove is an entry point for furthering conversations with homeowners and their tenants as they immediately experience the benefits of switching out their stoves and show interest in other project opportunities.

Disadvantaged communities face poor air quality both inside and outside the home. Removing gas stoves for induction is a big opportunity to reduce the health and safety issues related to gas stoves, thus helping to improve DAC health outcomes. We hope the Commission will consider the importance of incentivizing this measure in the upcoming five-year plan.

### **Increase Program Income Limits**

Very low income thresholds coupled with inadequate incentives are the key reasons why NYC accounts for only 7% of state projects in the NYSERDA small residential portfolio. NYSERDA uses State Median Income (SMI) rather than Area Median Income (AMI) to determine eligibility. This means that rather than accounting for the different costs of living in different parts of the state, NYSERDA chooses a static metric that is the same for every single county in the entire state. This is despite New York City consistently ranking as one of the most expensive cities to live within the United States. Almost every other NYC and NYS housing programs uses AMI for

their eligibility calculations *and even NYSEERDA's moderate-income EmPower+ incentive uses AMI.*

For example, if a two-family household applies for the EmPower+ low-income incentive in New York City, their income is assessed using 60% of State median income (SMI). SMI for a family of two maxes out at only \$47,640. Meanwhile, if the program were to use 60% Area median income rather than SMI, the household would be eligible with an annual household income up to \$67,800—a more than \$20,000 differential. But instead, if a household is even \$1 over the state median income criteria- if they picked up one extra shift of work - they are immediately denied and pushed into the Moderate Income incentive, which requires 50% of the work to be paid by the homeowner. Ask any NYC contractor and they will tell you - households that are low-income but not defined as such by the SMI do not have the money to cover the project costs and become a lost opportunity for the State's goals of decarbonization and mandates for supporting disadvantaged communities.

Pratt Center's recent brief "[NYSEERDA's EmPower+ Program Shortchanges NYC](#)" provides a detailed look at how this differential has detrimental impacts on equitable access to clean energy solutions for NYC's Black and brown households. We urge the Commission to look at how drastically the potential number of buildings eligible for decarbonization through EmPower+ could increase. If the State plans to come anywhere near Governor Hochul's goal of 2 million electrified/electrification-ready homes, the Public Service Commission must ensure that NYSEERDA discontinues this detrimental program design choice. Please see the Appendix for the full report and map.

Pratt Center strongly urges the Public Service Commission to require NYSEERDA to change low-income eligibility from the use of State Median Income to Area Median Income. This is the foremost change that can ensure a rapid and more equitable expansion of energy efficiency and electrification in New York City's 1-4 family market. We also strongly urge NYSEERDA to match the EmPower+ income limits to those the Federal IRA incentives allow for, which is 80% AMI to qualify for as low-income.

### **Income Rules for Empower+ Should Match what the Multifamily Program Allows**

NYSEERDA's Affordable Multifamily Energy Efficiency Program (AMEEP) defines low-income eligibility as up to 80% AMI. EmPower+ uses 60% SMI. Multi-family buildings are only required to have 25% of units as income eligible, while EmPower+ requires 50% for 1-4 family buildings.

This is inherently unequal, and punishes small residential homeowners who have fewer resources than owners of larger buildings. NYSEERDA mentions in its supplemental filing that multi-family homes will likely have a mix of incomes and that they likely *can't determine with 100% certainty* that they are all low-income residents but that they will work to fund these buildings. What is the reason then that they are so much more stringent with 1-4 family buildings? Small residential homeowners must be treated as fairly as larger landlords.

*How effective are the proposals in outlining strategies for electrifying LMI homes and affordable housing, while mitigating the potential for increased energy burden for lower-income households? Please identify any additional information the Commission should consider to maintain energy affordability when electrifying LMI homes and affordable housing.*

The concept of partial electrification that NYSEERDA is pursuing is a good strategy in theory. It can protect households from the unknown impacts of electrifying small residential buildings until there are more projects completed with hard data to show the impacts of full electrification on utility bills. However, without increasing both the incentives and the eligibility criteria, this strategy will effectively fail because there won't be funding to cover the full costs of this work.

It is also difficult to assess the program planning in the filing related to findings from Comfort Home as that study has not been released publicly for review.

*Within the budget guidelines indicated by the Order Directing Proposals, do the proposals reflect an appropriate budget and resource allocation among program areas? If not, how should resources be allocated differently?*

In NYSERDA's Supplemental LMI filing, it states that the 1-4 family budget and its benefits are to be split 90% low-income, and 10% moderate income. Without a change to NYSERDA's income eligibility rules as discussed above, this all but guarantees that New York City's households will be left out of any available programming. We appreciate the focus on low-income but until low-income is defined in a manner that reflects the reality of struggling New Yorkers' actual lived experience, this directive is almost meaningless for NYC 1-4 family buildings.

The proposal to use \$109 million towards outreach and education efforts is a poorly targeted activity. Without better program design, it does not matter how much more investment is poured into outreach and education activities. Poorly designed and under-resourced programs cannot be sold by the contractors or the Clean Energy Hubs in New York City, no matter how many more times the utilities and NYSERDA revisit their referral strategies.

We also are confused about NYSERDA's arguments for the increase in the program administration budget. They specifically call out the challenges of inflation in their need to increase their internal budget. However, if inflation is the challenge they say (we do agree it is a *big* challenge), then how come they aren't increasing incentives and income limits for program participants as well?

We do agree with NYSERDA regarding the addition of a system benefit charge for gas customers.

*Do the proposal(s) demonstrate the ability for utilities and NYSERDA to increase the enrollment of low-income customers for energy efficiency services? If not, what would you recommend? For instance, are there untapped referral opportunities, etc.?*

The proposal focuses on expanding marketing and figuring out better referral processes with the utilities. This is nothing new. Education, marketing, and referrals have consistently been the focus of NYSERDA's program improvement plans for at least the last decade, yet nothing has changed for New York City. New marketing and referral techniques can be created again and again but until the program design problems are fixed, the marketing will have nothing to sell most city residents.

### III. DISADVANTAGED COMMUNITIES

*Do the proposals outline strategies for effectively increasing access to energy efficiency and building electrification programs for disadvantaged communities? If not, please identify strategies that should be considered.*

The singular use of State Median Income as a qualifier for NYSERDA to claim disadvantaged communities (DAC) credit will continue to incentivize uptake outside of NYC and deny uptake in NYC. This is due to many low-income households in NYC falling above NYSERDA's artificial income eligibility threshold, but being disadvantaged by many other indicators and directly located in DAC communities (the majority of which are located in NYC).

The PSC should require NYSERDA to target DACs and not allow NYSERDA to claim investment in a DAC if a household is only low-income but not in a DAC. The very purpose of the disadvantaged designation is to acknowledge that environmental injustice is created by a multitude of factors, not just from having a low-income. If NYSERDA wants to claim credit for DACs with low-income households alone, then households living in DACs should be

considered automatically eligible for the EmPower+ program, even if they don't qualify by income.

Pratt Center also believes with an appropriately designed geo-eligibility program, the income verification barrier that wastes so many contractors and CBOs staff time and frustrates and scares homeowners, would be eliminated and this would rapidly expand the uptake of efficiency and electrification projects. However, if this is to be considered, the PSC needs to ensure that NYSERDA uses the DAC boundaries and does not create their own arbitrary rules. Further information on geo-eligibility can be found in our report in the Appendix.

#### V. METRICS

*What are the relative strengths and weaknesses of the specific metrics identified within the proposals? Are there other metrics you would recommend?*

NYSERDA's proposal to complete 38,000 dwelling units drastically reduces their targets to well below the rate of what they completed in the years 2018-2022, which was a little over 70,000 units. By reducing the pace of projects from prior years, NYSERDA will put the State even further behind in its goals to decarbonize 2 million homes.

*How should the success of the LMI portfolio and its individual programs be measured? Are there specific metrics that should be considered to indicate that the programs are improving energy affordability and increasing access to clean energy solutions?*

The percentage of projects completed for EmPower+ should be proportional to the number of buildings and residents located within a community. Without a commitment to a set percentage in NYC, the city will continue to see low rates of uptake because NYSERDA will have no incentive to find solutions for improving EmPower+ in NYC.

#### VII. LEVERAGING FEDERAL OR OTHER FUNDS

*Do the proposals demonstrate how ratepayer funded programs will coordinate with/benefit from federal or other funding sources? If not, what would you propose?*

#### **Program Incentives Should be Easily Layered to Encourage LMI Electrification**

Funds from ratepayer-funded programs and federal funds should be stacked to support electrification in DACs. This includes eliminating the request for duplicative information and eliminating the administrative programmatic burden that often takes up a large portion of the incentive. Doing so will maximize benefits to LMI communities. Currently, there is no funding source that adequately addresses the exceptionally high costs of electrification and electrification-readiness measures. Allowing DACs to tap into multiple funding sources for the same measures would make electrification projects more financially feasible.

The proposal provides no real information about how NYSERDA plans to build out an easy to use system for layering incentives with the IRA funds or other local programs. The only way to truly align, simplify, and coordinate incentive stacking in a reasonable timeframe, which contractors, homeowners, and community organizations can understand (and confirm equitable access) is to match the Federal IRA income eligibility thresholds of 80% AMI (low income) and 150% AMI (moderate income). Prior processes for simplifying program administration such as the "streamlining" of the EmPower+ application have resulted in more market confusion, longer wait times for contractors to get paid, lost applications and more. Pratt Center is highly concerned that these significant mis-steps will be replicated by NYSERDA without much more transparent planning and implementation of solutions.

IX. ADDITIONAL COMMENTS

Pratt Center does not support the decision to end essential workforce programs such as the Clean Energy Internship and the Climate Justice Fellowship. At a moment in time when small businesses will be expected to ramp up hiring, it will be more vital than ever to have supports that ensure the electricians, plumbers, home performance and HVAC contractors have access to a pool of experienced new recruits and funds to help them cover the costs of training these new workers.

