

**Eliot Spitzer**  
Governor



Deborah VanAmerongen  
Commissioner

**New York State Division of Housing and Community Renewal**

Hampton Plaza  
38-40 State Street  
Albany, NY 12207

**TO: Hon. Rudy Stegemoeller  
Hon. Eleanor Stein**

**RE: Case 07-M-0548 Energy Efficiency Portfolio Standard  
Proposal for Consideration of the Weatherization Assistance Program as a  
“Fast Track” Program pursuant to letter of October 1, 2007**

**Date: October 15, 2007**

**Background**

In a September 13 Ruling, the subsequent work group meetings, and letter of October 1, the Department of Public Service has expressed interest in identifying programs that provide proven energy conservation benefits, and can be “fast-tracked” to support near-term implementation of an Energy Efficiency Portfolio Standard.

The Weatherization Assistance Program provides residential conservation energy services to lower-income households to improve the energy efficiency of their dwellings and to reduce their housing expenditures for fuel. The bulk of the weatherization investment is determined by a US Department of Energy (DOE)-approved energy audit, which takes a “whole house” approach, using state of the art diagnostic equipment, and also considers the impact of existing building conditions on occupant health and safety. The average cost per dwelling unit for weatherization services is approximately \$4,500, but the cost for multi-family rental units is typically lower.

The Program is administered in New York State by the Division of Housing and Community Renewal (DHCR), through its Office of Community Development. Funding for the program is provided by DOE, and by a suballocation of Low-Income Home Energy Assistance Program (HEAP) funding. There are currently no state funds allocated to the program.

DHCR allocates funding to service providers that cover each of the State’s 62 counties, based on the DOE formula to the states which includes factors related to the income-eligible population in each county, and climate. Additionally, a portion of the total funding is reserved to provide a minimum level of funding to each county service provider where the allocation formula did not generate significant program funding. The minimum annual allocation for a local weatherization provider is \$300,000.

The program is administered in all utility services areas following uniform, well-tested policies and procedures. DHCR requires that subgrantees follow sound internal management policies and provide skilled workmanship, high quality materials, and timely production of units. The performance of these subgrantees is evaluated on a continuing basis throughout the program year through on-going, on-site program monitoring by DHCR program and fiscal representatives who inspect a minimum of 20% of weatherized units; identify program strengths and weaknesses, and make recommendations for training and improving subgrantee program operations and services to clients.

**Existing Program Resources and Additional Need for Assistance**

Combined funding for the program currently averages approximately \$55 million dollars annually. During the 2007-2008 program year (April 1, 2007 - March 31, 2008) approximately \$55.4 million was available for weatherization assistance. However, demand far exceeds available funds. Based on census data, our office estimates that there are approximately 1.6 million eligible households in New York State that have not received energy conservation assistance. An 18-month wait for assistance is typical.

Approximately 62 percent of the dwelling units receiving weatherization assistance are renter-occupied. For the 2006 program year, DHCR completed over 13,000 dwelling units; more than 60% of assisted units were renter-occupied, and about half of all units assisted were located in multi-family buildings containing five or more units.

Priority for weatherization activities is given to households that include persons over age 62, children under 18, and persons with disabilities, and to households with high fuel costs in relation to their household income.

The state's poorest households tend to occupy rental units. Those households have more difficulty with payment of utility bills and have few resources to support conservation. At the same time, the rental stock they occupy is among the oldest in the nation and provides significant opportunities for further reduction in energy usage. It is proposed that an expansion of the program would target rental housing in particular, especially multi-family rental.

There is also substantial social and economic need for additional investment in the Weatherization program. There is also a need for the jobs that weatherization produces, and for the environmental benefits of the millions of tons of CO<sub>2</sub> emissions that will be avoided through expansion of the program.

**Demonstrated Effectiveness of the Weatherization Program**

The New York State Weatherization Assistance Program has long been recognized as a leader in residential energy conservation. The program supported the development and widespread acceptance of new technologies for energy conservation, such as instrumented energy audits, and use of blower door technology. More recently, advances in information technology have provided enhanced capacity for measurement of program effectiveness and utility of specific measures.

DHCR subgrantees perform a number of services, including outreach to identify eligible clients; evaluation of dwelling units to be weatherized by performing an on-site energy audit; installation of energy-saving measures; identification and mitigation of related health and safety issues, and supervision of weatherization work performed by staff and subcontractors. Subgrantees are required to report to DHCR on program activity and expenditures on a monthly basis. Subgrantees often participate in other housing and community development programs, and frequently are able to leverage additional resources to maximize the benefits of the weatherization program, such as completing other needed repairs in assisted buildings.

A "meta-evaluation" of the effects of the program was performed by Oak Ridge National Laboratory (ORNL) in 2005; that study found average savings for gas-heated units in excess of 30 MMBtu, or about 23% of pre-weatherization consumption of natural gas. Beyond energy savings, there were numerous other benefits both environmental and economic that have been documented from studies performed by DOE and ORNL attributable to funding weatherization activities including environmental impacts such as reductions in green house gas emissions such as carbon dioxide, sulfur dioxide, and nitrogen oxides.

Overall societal benefits have also been documented by DOE and ORNL; studies they have conducted on job creation resulting from weatherization document that 52 direct jobs and 23 indirect jobs are created for every \$1,000,000 invested in weatherization.

### **Projected Incremental Benefit from Increased Investment in Weatherization**

There is significant potential for additional energy conservation through expansion of the Weatherization program. The attached chart shows the anticipated impact of a 40% increase in funding, implemented over two years. In this scenario, we estimate that an additional 8.1 million mmBtu (all fuels) and an additional 191.7 million kWh will be saved by 2015. By doubling program funding, we estimate that an additional 16.8 million mmBtu (all fuels) and an additional 399.5 million kWh would be saved by 2015.

These savings are conservative, based on assumptions that include relatively slow “ramp up” and no improvement in the effectiveness of installation of conservation measures. In fact, it is likely that the efficiency of the program will continue to increase without additional funding, due to improvements in technology. Also, full impact of additional investments made between now and 2015 will not be realized until well after 2015, so these numbers represent only a fraction of the savings that can be expected.

### **Cost of Fast-Tracking Weatherization**

The additional cost to the state for operational support would be approximately \$1,000,000 per year per every \$20,000,000 of additional funding, for additional staff to monitor program activity and provide administrative and technical support.

### **Potential Sources of Funding**

Funding not yet identified: potential sources include existing unallocated funds or other sources to be identified by the Commission, and legislative appropriations. By dedicating funding for Weatherization, services could be provided for all fuels to the lowest income strata, a clientele not currently served by existing programs.

### **Administrative Barriers to Program Expansion**

While expansion of the Weatherization program can be quickly implemented, there will be a “ramp-up” period, depending upon the amount of funding provided. For example, increasing program funding by 50% would probably require two years to fully implement. There is some concern about contractor availability, especially if other efficiency programs are expanding at the same time. A conservative implementation schedule has been developed to address this concern. No other barriers are known at this time. The program can be administered under existing rules; all procedures for outreach, selection, audits and work specification development, installation of measures, and quality control are currently in place.

**STATE OF NEW YORK  
DIVISION OF HOUSING AND COMMUNITY RENEWAL  
WEATHERIZATION FAST TRACK IMPACT**

**Weatherization Assistance Program**

**Program Description:**

The Weatherization Assistance Program provides residential conservation energy services to lower-income households to improve the energy efficiency of their dwellings and to reduce their housing expenditures for fuel. The bulk of the weatherization investment is determined by a US Department of Energy (DOE)-approved energy audit, which takes a “whole house” approach, using state of the art diagnostic equipment, and also considers the impact of existing building conditions on occupant health and safety. The average cost per dwelling unit for weatherization services is approximately \$4,500, but the cost for multi-family rental units is typically lower. The Program is administered in New York State by the Division of Housing and Community Renewal (DHCR), through its Office of Community Development. Funding for the program is provided by DOE, and by a suballocation of Low-Income Home Energy Assistance Program funding. There are currently no state funds allocated to the program. The program is available throughout the state.

**Utility Role:**

- Distribution of promotional and educational materials.
- Supplement the **Weatherization Assistance** program through direct installation of ENERGY STAR Products and CFLs.
- Utilities are encouraged to refer participants in low-income payment assistance programs to **DHCR** for efficiency services and other assistance.

**Energy Efficiency Portfolio Standard (EPS) Enhancements** *(Additions to current funding and energy savings; assumes two-year “ramp-up” period)*

	Annual Budget	Annual Projected Savings		
		gWh	MW	MMBTU
<b>EPS Fast-Track Programs</b> Jan 2008 - Dec 2009	\$15 M	6.9	1.0	281,450
	<b>Total Budget 2-Yr Cumulative</b>	<b>Total Projected Savings – 2 Yr Cumulative</b>		
		gWh	MW	MMBTU
	\$30 M	13.8	2.0	562,900
<b>EPS Program</b> Jan 2010 - Dec 2015	\$20 M	29.6	4.1	1,267,740
	<b>Total Budget 6-Yr Cumulative</b>	<b>Total Projected Savings – 6 Yr Cumulative</b>		
		gWh	MW	MMBTU
	\$120 M	177.9	24.7	7,606,480
<b>TOTAL EPS Program</b> Jan 2008 - Dec. 2015	<b>Total Budget 8-Yr Cumulative</b>	<b>Total Projected Savings – 8 Yr Cumulative</b>		
		gWh	MW	MMBTU
	\$150 M	191.7	26.7	8,169,380