

The Green Justice Coalition



“In Chelsea we have learned that almost 40% of the people who complete an audit cannot follow through to implementation due to low-cost pre-weatherization issues. Low-to-moderate income ratepayers do not have disposable income, which makes it difficult for this population to pay \$200-\$400 to address pre-weatherization needs, and yet the energy savings would definitely outweigh these costs.”

-Gladys Vega, Executive Director of the Chelsea Collaborative,
testimony at the EEAC on January 10, 2012.

GREEN JUSTICE COALITION ISSUE BRIEF: RECOMMENDATIONS ON PRE-WEATHERIZATION AND TIERED INCENTIVES

The Green Justice Coalition (GJC) supports DOER's proposal to incentivize low-cost pre-weatherization barriers for the 2013-2015 3 Year Plans with the hope that incentives will be directed toward residents earning 60 to 120% of the state median income.

Data provided by DOER, Conservation Services Group, Next Step Living, Renew Boston, the Green Justice Coalition, and the community mobilization initiatives (CMI) shows that:

- Pre-weatherization issues are a significant barrier to weatherization, especially for households earning between 60% and 120% of state medium income (60-120% SMI).
- Pre-weatherization issues can be resolved cost-effectively as initial calculations show a benefit-to-cost ratio of 1.3 (with insulation installed).
- Resolving low-cost pre-weatherization issues¹ will increase participation rates.
- Financing options, such as the Heat Loan, are effective resources for high-cost measures, but are not adequate solutions for resolving low-cost pre-weatherization barriers, especially for low to moderate income residents who cannot take on an extra debt burden and who have credit worthiness issues.

Sources: (DOER 2011; DOER 2011b; Next Step Living 2011; Fried and Taylor, 2011; Green Justice Coalition, 2010)

The GJC supports the following aspects of DOER's proposal.

- Earmarking \$300,000 in funds for a statewide initiative in the 2012 Mid-Term Modifications that will provide data, experience and infrastructure for permanent implementation.
- A comprehensive program for the 3 Year Plans that resolves low-cost pre-weatherization barriers and is consistently implemented statewide.
- Establishing limits on funds, including:
 - Up to \$500 per home for low-cost measures
 - A list of specific barriers that are pre-qualified for remediation: checking knob and tube wiring, clean/tune heating systems or other appliances with high levels of carbon monoxide, install dryer vent, and collect and test for asbestos.

The GJC recommends these additions to the DOER proposal:

- Target funds for ratepayers who are between 60% and 120% of SMI.
- Require a study assessing a tiered incentive structure that reduces economic barriers and best utilizes program funds for residential ratepayers who need them most.
- Guarantee funding to "pre-qualified" ratepayers who have already been audited and assessed to have low-cost pre-weatherization barriers, such as those in the Renew Boston program and the Chelsea Pilot.
- Include chimney cleaning (for the proper operation of flues) on the list of pre-qualified barriers.

"The fact that a person living in a community of color is 39 times more likely to live in one of these environmentally-burdened communities, is not just a statistic, but a harsh reality that our members and leaders live and breathe every day. We are the ones in Roxbury dealing with asthma rates five times the state average and unemployment rates 60% higher than any other neighborhood in Boston."

Kalila Barnett, Executive Director of Alternatives for Community and Environment (ACE), testimony at the EEAC on January 10, 2012.

¹ Low-cost measures are those under \$500

Why focus on households that are between 60% and 120% of SMI?

60-120% SMI households make up one quarter of all Massachusetts households and consume more energy per square foot than other income groups as their houses have generally not been updated. Low-to-moderate income households account for almost 25% of the residential energy use in the state (Energy Programs Consortium, 2008), making their participation essential to reach the goals of the Green Communities Act and the Global Warming Solutions Act. With targeted outreach and proper incentives the major barriers to reaching 60-120% SMI will be addressed, creating substantial energy savings for each weatherized home. Moreover, the 60-120% SMI group – around 700,000 ratepayers - will have contributed \$135 million to the Massachusetts energy efficiency programs by the end of the 2010-2012 3 year plans. 60-120% SMI ratepayers should at least benefit from these programs as much as they have invested in them (Green Justice Coalition, 2010).

Background

Throughout the past three years, the Green Justice Coalition (GJC) has helped spur innovation in the delivery of the state’s energy efficiency programs to low-income communities and communities of color. The GJC directly represents over 100,000 ratepayers, who want an accessible statewide system that reduces barriers to participation for Hard-to-Reach and Hard-to-Serve (HTR/S) communities, which total 700,000 ratepayers statewide.² Following the HTR/S charrette there was consensus among various stakeholders that funds must be dedicated to resolving pre-weatherization barriers (Clean Energy Solutions LLC, 2011). Unfortunately, eight months later no statewide initiatives have been adopted.

Through the collaborative relationships the GJC has built with stakeholders -- the Program Administrators (PAs), the lead vendors, the Department of Energy Resources (DOER), the Attorney General’s office, and individual Energy Efficiency Advisory Council (EEAC) members – we have focused on constructive solutions that allow HTR/S communities to access program benefits.

The lessons learned in the Chinatown, Chelsea, and Springfield CMI’s show that pre-weatherization barriers lower the participation of households that earn between 60-120% SMI. A study showed that more than 33% of all community members who signed up for MassSave and received an audit through GJC community outreach had conditions in their homes that prevented weatherization, including knob and tube wiring, bathroom ventilation and heating/cooling system tuning (Fried and Taylor, 2011).³ A comparison between the Springfield pilot and the Chinatown and Chelsea pilots (both HTR/S pilots) show a significant difference in participation partly because Springfield did not have the funds to address economic barriers, such as pre-weatherization.

2012 MTMs and the 3-Year Plans

The GJC’s primary goal is a programmatic change in the delivery of energy efficiency for the 2013-2015 3 Year Plans that resolve pre-weatherization barriers for 60-120% SMI. The GJC supports a statewide initiative for the 2012 MTMs to provide program data and infrastructure that will help resolve issues of eligibility, income verification and customer satisfaction. DOER’s leadership in proposing how to solve pre-weatherization barriers has provided the foundation for that resolution.

² HTR/S includes households that are between 60% and 120% of State Medium Income (SMI), communities with limited English language skills, renters, and small business owners.

³ The study focused on the Chelsea and Chinatown CMI’s

Pre-Weatherization Barriers are Economic Barriers

Pre-weatherization barriers and upfront costs significantly reduce energy efficiency participation among low-to-moderate income households because they have little discretionary income as family budgets are stretched thin. Most households that earn between 60-120% SMI would have to use most if not all of their discretionary spending in order to pay for the low-cost pre-weatherization measures and the upfront cost to the MassSave program (GJC 2010; Rozbitsky, 2011). Depending on the size of the household and income level, this could mean no available discretionary funds for energy efficiency.

The success of the Renew Boston Program and the Chelsea Pilot in HTR/S communities demonstrates the importance of funding that resolves economic barriers to weatherization (Fried and Taylor, 2011; Next Step Living 2011). By simply addressing pre-weatherization as an economic barrier, a significant obstacle to participation would be removed and a segment of HTR/S communities would be much easier to reach.

A Study Assessing Proper Incentive Amounts by Income Group

Since low-cost pre-weatherization barriers are in essence economic barriers, reducing unnecessary economic incentives to ratepayers that do not need them advances both the cost-effectiveness and the equitable use of program funds. The GJC recommends a study to determine the income level at which economic barriers no longer impede participation and would appropriately utilize funds for households that actually need them to participate. The study should determine a tiered economic incentive model as well as possible eligibility requirements for the disbursement of pre-weatherization funds.

The GJC recommends that this study use all relevant statewide data from the 2010 to 2012 program years (hopefully including the \$300,000 in funds DOER proposed for the 2012 MTMs). The study should also assess the applicability of other local, statewide and national programs that have tiered incentives, income verification and eligibility standards as a possible model. The research may result in a recommendation of a tiered economic incentive model that could limit full incentives to households that are slightly below 120% SMI. The GJC supports such a study so that programs may provide a full rebate for ratepayers that need higher incentives to participate in energy efficiency programs.

Home Performance Contractor (HPC) Flexibility, Customer Satisfaction and Pre-Wx Contractor Standards

Similar to the successful process that established the Contractor Participation Agreement, Community Labor United and NSTAR are working together to resolve many of the obstacles and concerns surrounding the potential inclusion of pre-weatherization repairs into the program. The goal is to come to a common agreement that:

- Allows HPC's and lead vendors to use pre-weatherization contractors that they may have established relationships with as long as the pre-weatherization contractors meet established participation guidelines.
- Provides assurances to PAs that pre-weatherization contractors are responsible employers that meet PAs customer satisfaction expectations, have necessary insurance and licensing requirements, and follow all applicable employment laws.

Heat Loan

GJC recognizes the importance of the Heat Loan program in resolving high-cost energy efficiency measures, such as replacing heating and cooling systems. However, for many 60-120% SMI households an added debt burden and/or credit worthiness issues prevent them from using the Heat Loan program. Funds must be available that do not add to the debt burden for low-to-moderate income homeowners and renters.

Case Study: Renew Boston

The Renew Boston program provides a good example for covering low-cost pre-weatherization barriers for 60-120% SMI ratepayers. The success depended on a combination of proper funding (resolving economic barriers to participation) and assistance to customers throughout the process (guiding them through the audit to weatherization process). Renew Boston’s success demonstrates that community based outreach and strong collaboration between municipalities, community based organizations, lead vendors, and PAs is essential to programmatic success.

Beginning in July 2011, the Renew Boston program began offering no cost pre-weatherization assistance options for households that earn between 60% and 120% of SMI. Once qualified through the income verification system, Renew Boston had a high completion rate from audit to weatherization. According to Next Step Living, the Renew Boston contractor, 44% of income qualified homes had at least one pre-weatherization barrier that prevented them from participating in weatherization. Through funding and customer support, Renew Boston was able to remediate 42% of the pre-weatherization barriers for income qualified residents.

The Renew Boston program uses the Low-income Energy Affordability Network (LEAN) income eligibility and benefit level chart as a guide for determining SMI levels. Using these pre-established qualification levels reduces the Renew Boston program’s upfront administrative costs of constructing a new eligibility system. A dedicated staff member is assigned to help customers that are unsure of their income levels navigate through the income verification affidavit process.

The Renew Boston program enforces qualification guidelines to access the pre-weatherization funds, such as a limit on how much can be used for each pre-weatherization issue. The experience of Renew Boston suggests that accurate data on the average costs to remediate pre-weatherization barriers must be used to inform these guidelines, including geographic variables. According to Renew Boston’s data, DOER’s \$500 limit should be an adequate guideline for all low-cost pre-weatherization barriers. In addition, simply providing the incentives is not enough as there must be a strong customer service infrastructure to assist customers through the entire process – from identification to resolution.

Renew Boston: Lessons for Statewide Implementation

- Targeted funds for 60-120% SMI resolves economic barriers and increases overall weatherization participation.
- Assistance and customer support from municipalities, community based organizations, lead vendors and PAs is necessary to provide a high completion rate.
- Using pre-established income eligibility guidelines reduce administrative costs and provide an easier implementation process.

Green Justice Coalition Issue Brief: Recommendations on Pre-Weatherization and Tiered Incentives

About the Green Justice Coalition

Community Labor United convenes the Green Justice Coalition (GJC) - a multi-city partnership of over 50 community and environmental groups, labor unions and other organizations that support a sustainable, equitable, and clean energy economy. In December 2008, the GJC launched a campaign to bring residential energy efficiency upgrades and jobs to the state's low-income communities and communities of color, which have been overburdened by our unsustainable economy. We want to ensure that these communities are at the forefront of our region's emerging green economy. We are committed to the struggle for high-quality local jobs and healthy, safe communities.

The Green Justice Coalition steering committee includes: [Alternatives for Community & Environment \(ACE\)](#), [Alliance to Develop Power \(ADP\)](#), [Boston Climate Action Network \(BCAN\)](#), [Boston Workers' Alliance \(BWA\)](#), [Chelsea Collaborative](#), [Chinese Progressive Association](#), [Clean Water Action](#), [Coalition Against Poverty/Coalition for Social Justice \(CAP/CSJ\)](#), [Greater Four Corners Action Coalition](#), [Laborers' New England Regional Organizing Fund](#), [MassCOSH](#), [Massachusetts Energy Consumers Alliance](#), [Neighbor to Neighbor Massachusetts](#), [New England Council of Carpenters](#), [New England United for Justice](#), [Painters & Allied Trades DC35](#) and [Project RIGHT](#).

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