

2018 Annual Report on Progress and Accomplishments

Operations:

The Energy Improvement Corporation (EIC) is a NY State not-for-profit local development corporation whose mission is to help constituents of EIC's Member Municipalities save money and reduce energy waste by enabling energy related improvements to existing buildings through innovative community-based outreach and marketing efforts and innovative financing options.

BACKGROUND & MISSION

EIC was formed on July 7, 2011, pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as a New York State Public Authority, local development corporation.

EIC's purpose and quasi-public objective is to promote the public good and thereby lessen the burdens of government in those municipalities that have joined the Corporation as members (Participating Municipalities), and to act in the public interest. The Corporation achieves this purpose by providing low-cost Property Assessed Clean Energy (PACE) financing and community-based support for energy efficiency and renewable energy upgrades for New York State residents and businesses in the Participating Municipalities as authorized in Article 5-L of the General Municipal Law ("GML") of New York State.

In furtherance of the State's energy policy to achieve statewide energy efficiency and renewal energy goals, reduce greenhouse gas emissions, mitigate the effect of global climate change, advance a clean energy economy through the deployment of renewable energy systems and energy efficiency measures, EIC is empowered by its member municipalities to provide PACE financing to property owners for the installation of renewable energy systems and energy efficiency measures. EIC has three areas of focus: (1) PACE financing programs for commercially owned buildings (2) Municipal Membership and Member services (3) Homeowner residential programs.

Objective:

EIC's objective is to increase energy efficiency in buildings to reduce energy use and costs, support and develop the local economy and improve the quality of life (health, safety, comfort, and air quality) of community participants. EIC seeks a market transformation that dramatically increases the adoption of renewable energy and building energy efficiency upgrades from a historically low baseline of less than 1% of New York buildings to a significantly higher concentration in the EIC areas of operation.

EIC increases the number of energy assessments and clean energy upgrades in its member municipalities by:

- (1) leveraging NY State's Property Assessed Clean Energy ("PACE") law to offer PACE capital to building owners to finance their energy upgrades;
- (2) engaging with commercial property owners and energy service companies to facilitate clean energy projects;
- (3) engaging with local municipal and community leaders to launch and support clean energy programs;
- (4) deploying a tested toolkit that supports homeowners with building upgrades and includes a robust community based marketing effort, web services and social media.

Work accomplished in 2018 falls into four general categories: (1) design and launch a new program which will allow capital providers to use PACE financing for their customers “ENERGIZE NY OPEN C-PACE” (2) increase municipal membership throughout New York State; (3) adapt existing programs to amendments to Article 5-L to increase the number of clean energy projects within member communities using PACE financing; and (4) increase the number of homeowners who make clean energy improvements such as Home Performance with Energy Star efficiency upgrades.

NEW PACE PROGRAM KNOWN AS “ENERGIZE NY OPEN C-PACE”

Financing is provided to commercial property owners by EIC approved capital providers, allowing for competitive private financing. The financing is secured by using the member municipality’s ability to place a voluntary energy assessment and assignable subordinate lien on the owner’s property. EIC bills the property owner and directs them to remit the funds to the capital provider, removing any collection responsibility or “backstopping” of the payment from the municipality. ENERGIZE NY OPEN C-PACE offers much lower EIC upfront fees to property owners as EIC’s prior involvement in C-PACE technical requirements and underwriting is now the responsibility of the capital provider. As the program administrator, EIC will continue to review and approve each financing ensuring it conforms with the NY State PACE statute and NYSERDA C-PACE guidelines.

MUNICIPAL ACTIVITY RELATED TO “ENERGIZE NY OPEN C-PACE”

In order to enable OPEN PACE, municipalities will have to pass a new local law and sign a new municipal agreement with EIC. With all the responsibilities of administering the PACE repayment collection process removed from the Municipality, no requirements to backstop payments and the prospects of larger projects moving forward under OPEN PACE, it is expected to gain wide acceptance.

EXISTING PACE PROGRAM KNOWN AS “ENERGIZE NY PACE 2.0”

EIC created the PACE 2.0 (formally PACE 1.0) program, a NY State version of “PACE” financing that enables eligible not-for-profits and commercially owned buildings access to project financing for deep energy efficiency upgrades and renewable energy projects. To offer PACE 2.0 to their residents, municipalities pass a local law that activates Article 5-L of the NY State General Municipal Law and enables a property owner to pay for energy improvements through a special tax bill charge to the property for that purpose. This ensures access to capital with up to 20-year loan terms, automatic transferability and other benefits that increase the value of the property while reducing energy costs.

The Corporation began offering PACE 2.0 program to its member municipalities late in 2014 after securing a \$3 million warehouse capital line from KeyBank (formerly First Niagara Bank). The Corporation completed its first project financing in March 2015. In 2016 the warehouse capital line was renewed and increased to \$4.675 million with KeyBank. In September 2017, New York State amended its PACE Law to make PACE financing more accessible to clean energy projects. These changes required EIC to amend the existing Local Laws and EIC Municipal Agreements to codify the improvements into the PACE offerings in each EIC member. In addition, Banc of America Capital Corp. (“Banc of America”) re-upped its commitment to purchase up to \$75 million of the Corporation’s long-term bonds in 2018 that fund projects in municipalities with credit ratings of A or higher. Rosemawr Management LLC committed to purchase \$10 million of EIC’s bonds of projects originated in municipalities with lower credit ratings. US Bank accepted a new Master Trust Indenture and Intercreditor Agreement that meant to govern PACE 2.0 Bond issues from EIC.

As of December 31, 2018, all but two EIC Members have moved to amend the Local Laws and Municipal Agreements to enable PACE 2.0. With the transition to PACE 2.0, the Corporation only completed one project in 2018. Since program inception, 20 projects totaling \$2,865,376 in PACE financings have been completed.

Under this program, Energize NY supports and provides outreach to commercial and not-for-profit property owners in member communities. The assists local property owners with navigating NYSERDA and utility incentive programs, completing the PACE 2.0 pre-application and application forms, finding a certified building appraiser, securing construction loan financing, accessing qualified contracting and engineering firms and design teams, assembling required documents, obtaining lender consent, and providing third party analysis of the financial impact of the proposed project.

Since late 2013, 560 projects contacted EIC under PACE 1.0 and 66 projects under PACE 2.0, with 20 projects having been financed using PACE 1.0 and 27 currently considered active under PACE 2.0. The mix of projects includes multi-family, houses of worship, community centers, and commercial and industrial buildings that have deferred action on energy-related upgrades for years. The work being contemplated ranges from lighting and furnace upgrades to solar photovoltaic installations. While in recent years Energize NY has offered training for contractors/energy service companies regarding PACE financing, since early 2018, the Energize NY team has suspended this activity and switched to providing online resources instead.

Cumulative Energize NY PACE data:

- **626** properties contacted EIC
- **27** properties currently active
- **20** closed projects totaling \$2.86 million
- **15379 tons** in estimated lifetime avoided CO2 emissions

MUNICIPAL MEMBERSHIP & MEMBER SERVICES

In 2018, the Corporation increased its membership 17%, adding 7 new municipal members for a total of 48 municipal members. An additional 6 municipalities have passed the local law to become a member and begin offering PACE financing for clean energy projects. These 54 municipalities represent over 57% of the non-New York City population of the State.

EIC launched its Member Services effort in the second quarter of 2014. EIC's mission is to increase demand for energy efficiency and renewable energy projects, align with EIC's Members across New York State and provide community wide benefits including improved air quality, good local jobs, improved building stock and lower energy costs. Subject to sufficient funding, municipal members have access to EIC tools and staff to design a range of marketing, outreach and training programs that best match the goals and characteristics of each member community.

At the end of 2015, the EIC established the Municipal Tax Delinquency Fund (“MTDF”), a service to provide EIC’s member municipalities with a ready source of funds during the pendency of a delinquent tax charge payment associated with an Energize NY financing. Because a member is required under its PACE 2.0 Municipal Agreement with the Corporation to pay all tax charges associated with Energize NY financings regardless of whether it collects the charge from the property owner receiving the financing, the member will need to source missing tax revenues from other sources if a property owner does not pay the tax charge when due. Participation in the MTDF is optional at the election of the municipal member and requires the municipality to sign a separate agreement governing the MTDF and pay an annual fee. The MTDF is funded by a 0.25% fee charged on NY financings beginning in 2016 and a \$5 million letter of credit (“LOC#2”), from NY Green Bank that EIC closed at the end of 2015. In December 2018, the letter of credit was reduced to \$1 million. As of the end of 2018, the value of the MTDF less the LOC was \$4,732.07, and no municipalities have elected to participate in the MTDF.

Cumulative Energize NY membership data:

- **7** new EIC members in 2018
- **54** municipalities pass local law
- **6,360,000** NYS residents in municipalities that passed Local Law to offer Energize NY
- **57% - percentage of non-NYC population** in municipalities that passed Local Law to offer Energize NY

SPECIFIC MEMBER SERVICE INITIATIVES

Agriculture Marketing – Energize NY provided its Ag-focused municipalities with a flyer developed in collaboration with NYSERDA to co-market PACE with NYSERDA’s free energy audit for farms. Municipalities offer this as an additional resource to their Ag businesses, and as an outreach tool to community organizations working with the Ag sector. Wyoming County sponsored an event with the Cornell Cooperative Extension promoting PACE along with other energy efficiency and solar programs, and Energize NY co-tabled with NYSERDA at SUNY Cobleskill’s Institute for Rural Vitality Agricultural Solutions Fair in March 2018.

Municipal Legislative Process – Energize NY assisted member municipalities with the process of amending their local laws and EIC Municipal Agreements for the PACE 2.0 product. This included providing and tracking amendment documents, answering questions from members about the changes, and relaying comments to members from EIC’s legal counsel. We attended municipal board meetings and/or gave presentations for the following municipalities: City of Beacon, Village of Croton, Dutchess County, Town of Pound Ridge, City of Rye, City of Schenectady, City of Troy, Ulster County, and Town of Yorktown.

Communications – ENERGIZE NY collaborated with a graphic designer to create an updated brochure and flyer to reflect the PACE 2.0 product. Communications Team created and distributed e-newsletters to highlight projects, announce new members, and inform membership about updated PACE Guidelines and NYSERDA incentives. ENERGIZE NY drafted and distributed press release related to two PACE products. ENERGIZE NY collaborated with member municipalities to draft press releases (Tompkins County – project), new members Saratoga Springs and Town of Rye, and got quotes from new members to include in ENERGIZE NY newsletters. ENERGIZE NY developed template material for municipality websites as

resource for members. Member Services facilitated speaking engagements for ENERGIZE NY staff at NY-Geo Conference, ACEEE Energy Efficiency Finance Forum, Landlord’s Association of Tompkins County Heat Pump workshop, NYSERDA Multifamily Summit, Clean Energy Economy Conference, Hauppauge Industrial Association Energy and Environmental Conference, and tabling at NY Passive House Conference, Hauppauge Industrial Park Solar Initiative (with Suffolk County), and the Building Energy NYC Conference & Trade Show.

Outreach to local clean energy and economic development groups – ENERGIZE NY worked with member municipalities to inform economic development agencies and other stakeholder groups about PACE, including presentations to Ithaca 2030 District, Long Island Smart Growth Summit, Ulster County Green Business Challenge Launch, Tompkins County Business Energy Advisors Program Launch (helped to coordinate and attended event, Bob Fischman presented). ENERGIZE NY participated in Green Business Partnership events to promote PACE among Westchester businesses and non-profits, and participated in Clean Energy Leadership Task Force meetings on Long Island.

Collaboration with Clean Energy Communities Coordinators – ENERGIZE NY met with CEC Coordinators across the state to strategize outreach to prospective members and promoting PACE within existing members.

Assistance to Finance Department – ENERGIZE NY worked with member municipalities to collect updated tax and financial information and developed template letters related to Annual Reports, Delinquency Reports, and payment reminders.

ENERGIZE NY RESIDENTIAL ANNUAL REPORT 2018



ENERGIZE NY Residential provides direct support to communities looking to reduce energy waste in homes. An average New York home wastes about 30% of the energy used to heat and cool it. Methods to fix this issue are well understood, but homeowners don’t know where to start and are confused by the choices of contractors, programs, and energy options. ENERGIZE NY Residential staff and local trusted sources help homeowners take advantage of the NYSERDA’s “comprehensive home energy assessment” to identify where the home is wasting energy, help identify state certified energy efficiency contractors, state incentives and financing options and offers homeowners free energy coach consultations. Ultimately, homeowners throughout the community make their homes more comfortable while significantly reducing energy costs.

Throughout 2018 ENERGIZE NY Residential operated with direct support to five communities and offered phone, application and volunteer support in 13 communities formally members of the Northern Westchester Energy Action Consortium (NWEAC) territory. The Town of Bedford and the City of New Rochelle both committed to providing clean energy services to their residents by including EIC in their 2018 annual budgets. In March of 2018, the 3 treatment communities in the Mid-Hudson Valley: Beacon, Hyde Park, and Red Hook transitioned from implementation to the persistence stage under the PON 2646 behavioral demonstration grant. In early 2018 EIC was awarded two new NYSERDA grants (PON 3723), to build awareness for clean heating and cooling education and technologies; in Westchester County, in partnership with Sustainable Westchester and Abundant Efficiency; and in Orange County. Since 2012 when the program launched in Northern Westchester, ENERGIZE Residential has assisted over 1,400 homes, outperforming the regional and state in completing per capita home upgrades by almost 300%.

2018 ENY-Residential UPDATES:

- EIC continued inbound support services to homeowners and volunteers under the PON 2646 Behavioral Demonstration grant in three communities, where the Energize NY Residential services are offered to homeowners as an experimental design. The communities are Beacon, Hyde Park, and Red Hook. EIC works closely with the town's Conservation Advisory Councils, community leaders, and other trusted sources, such as the Green Beacon Coalition to market the town's Energize Program.
- EIC continued direct support for an Energize Bedford Campaign throughout 2018 to reignite the town's enthusiasm for energy efficiency with major support from Bedford 2020, the Town of Bedford and local trusted sources. The creation of "Comfy the Energized House" mascot helped EIC launch a new method of communicating energy efficiency messages from a friendly and fun perspective. In 2018 Comfy visited local events and preschools to deliver the "Little Conservationists" program. EIC also focused on addressing the needs of the LMI community in Bedford by collaborating with the Unitarian Unlivieliest Fellowship of Northern Westchester, Cornell Cooperative Extension and Bedford 2020 to host and Application Assistance and Energy Coach talk for Enhanced Star Homeowners. By the end of 2018, over 200 homes in Bedford were Energized!
- EIC's contract was signed with the City of New Rochelle in Spring 2017 and the Energize NY Residential team has delivered services to engage and educate the community about home energy efficiency. Through collaboration with the Neighborhood Associations, City of New Rochelle, New Rochelle School District, New Rochelle Youth Soccer, New Rochelle Sustainability Committee and more, EIC's messaging is distributed throughout the community. In 2018 Energy NY hosted a Family Go Green Day to educate the community on sustainability opportunities within the City of New Rochelle. Through a collaboration with We Future Cycle, energy efficiency curriculum was introduction to the New Rochelle High School.
- In partnership with Sustainable Westchester, EIC was awarded two new NYSERDA grants (PON 3723), to build awareness for clean heating and cooling education and technologies and offer residential services in two campaigns in Westchester County and two campaigns in Orange County. The funding was awarded in Spring 2018 and work began in early Summer 2018. The campaigns will launch in early 2019.

2018 Energize NY Residential data:

- **119** homes upgraded
- **\$1,507,016** in local economic activity
- **18** jobs created for local economy
- **\$226,052** in cumulative annual homeowner energy cost savings
- **238 tons of** Annual GhG emissions avoided

Additional 2018 Data:

Web/Email Sign-ups for Energize NY: 335
Home Performance w/ Energy Star Assessments: 430
Avg # of Home Performance Upgrades/ Month: 9.5
Community Events: 11
E-blast campaigns: 26
E-blast recipients: 6,764
Energize NY Energy Coach Visits: 11
Energize NY Articles published: 7
Energize NY Referrals to Cornell: 12
Total Energize NY Facebook likes: 1801 across 17 pages.

Cumulative Energize NY Residential data:

- **1,424** homes upgraded
- **\$18,033,536** in local economic activity
- **311** jobs created for local economy
- **\$10,222,279** in homeowner energy cost savings
- **24,135** tons of avoided GhGs emissions