



BUILDING AN INCLUSIVE GREEN ECONOMY STRONG ENOUGH TO LIFT PEOPLE OUT OF POVERTY

## Questions and Answers from Community of Practice Learning Conference Call – Clean Energy Works Portland, October 22, 2009<sup>1</sup>

**Question:** How many jobs do you anticipate will be generated by Clean Energy Works?  
*-Ann, Portland, OR*

**Answer** In the pilot, 500 homes will be retrofitted. The goal is to complete the pilot by the end of next summer. We're actively applying to Federal gov't to scale this up to 100,000 homes and create 10,000 jobs.

We want to underscore the notion of filling the financing gap: a consumer can get a loan for a power boat, a recreational vehicle, etc, but getting a loan for an energy retrofit for your home or business, that kind of product isn't readily available.

We're not only helping to create green jobs, but we're showing the financing industry that there's a market here, and making a good dent in greenhouse gas emissions.

**Question:** How are you ensuring that the jobs created provide family sustaining wages and career pathways?  
*-Mary, Boston, MA*

**Answer:** Career pathways are addressed comprehensively in our Community Workforce Agreement. Wages are prevailing wages per Federal guidelines.

**Question:** What was the process to get the utility companies (PGE, Northwest Natural and/or Pacific Power) to agree to the on-utility-bill repayment mechanism for paying for the energy efficiency improvements? Did the executives of the utility company readily agree? What was the role of the Oregon Public Utility Commission? Did politicians get involved to encourage the Public Utility Commission and/or utility companies to agree with on-utility-bill repayment?  
*-Sidney, Norfolk, CT*

**Answer:** Outreach and an ask from the top leadership in your community is important. We had a quick series of dialogues at the staff levels that were relayed to the executives at the utilities, as well as direct executive dialogues from the Mayor and Energy Trust.

Some of the ways we got the utilities on board:

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<sup>1</sup> We have tried to address as many of the questions that were emailed to us during the call as possible, but apologize if we did not get to yours.

- The utility costs were covered for the programming changes. We tried to deliver a low-risk proposition for the utilities in the pilot.
- The utilities also have a hand in the way the program is marketed. For example, it's important that no one says there are guaranteed energy savings. We're setting up situations where loans are partially offset by energy savings, but can't say that is guaranteed.
- In the case of a partial payment, the utilities would get paid first.

Also important to remember that this is a carrying charge on the bill, *not* a financing tool that the utilities are responsible for; they are showing the repayment on the bill. They are not the bankers, and this is also not their capital.

**Question:** Do the loans transfer to subsequent owners, or do they stay with the borrower/customer?

*-Julie, Lansing, MI*

**Answer:** In the pilot, loans are due upon sale (with option to transfer if buyer and seller agree). We have the ability through statewide legislation (the Energy Efficiency and Sustainable Technology Act, HB 2626<sup>2</sup>) to do property tax financing. We're looking at a way to marry the on-bill repayment with property tax financing and to have the repayment obligations stick with the property.

**Question:** Has Oregon passed legislation authorizing the utility companies to cut off provision of service for non-payment of monthly service charges associated with energy efficiency improvements? If not, will the Oregon State Legislature be taking it up in the near future? And if so, is a copy of the bill available?

*-Sidney, Norfolk, CT*

**Answer:** The utilities are not responsible for turning off power in the event of lack of payment. All of these things are elements to getting the utilities on board.

**Question:** 1. How do small trade allies carry this working capital burden for the 30 - 90 day project period? 2. Are there any financing programs available to support the Trade Allies?

*- Douglas, Lake Oswego, OR*

**Answer:** Trade Allies performing the energy efficiency work under CEWP get paid when the project tests out as meeting energy savings thresholds.

The Portland Development Commission has already met with contractors to discuss working capital issues and help them expand their services.

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<sup>2</sup> <http://www.leg.state.or.us/07reg/measpdf/hb2600.dir/hb2626.a.pdf>

**Question:** If I understand correctly that there is no utility shutoff for nonpayment, how are the loans secured (or are they unsecured loans)? What default rate do you anticipate and who pays the cost of defaults? How does the risk of default affect investor participation?

- Louise, San Jose, CA

**Answer:** Loans are secured by a deed of trust on the property (junior lien position). We're looking at both secured and unsecured options going forward. We have to assess what the secondary market is interested in and can support. A lot of those discussions on that are in development. In the future, we will have the opportunity to have a senior lien position as we look at combining on bill with property tax financing.

We have a 10% loan loss reserve. The utility default rate hovers at 1%, so that adds a form of security that is fairly unique. The loan loss reserve is oversized relative to the default expectations. We think that is a strong credit enhancement to attract the private capital that we need to add to the leverage to bring this to scale

Eligibility criteria is primarily a good payment history on utility bill, not a full-blown credit check.

**Question:** How does the program handle savings split between different utility providers---e.g. if savings is largely generated in use of natural gas, does the electric utility agree that their billing system be used for full repayment of energy efficiency measures financed?

-Sidney, Norfolk, CT

**Answer:** Repayment on the utility bill follows the space heat: if you've got a gas heat source, then the repayment obligation goes onto the gas bill. If it's a heat pump, then it goes on the electric bill.

**Question:** How will the Weatherization training program be messaged to the providers who assist the unemployed or underemployed? What kind of qualifications will be required of the applicants; HS diploma, GED, what level of reading and math? Having this knowledge months ahead of time will allow us to prepare clients for the training. Will the training be directly linked to employment?

- Bradley, Portland, OR

**Answer:** Please review the [Community Workforce Agreement](http://www.greenforall.org/resources/community-workforce-agreement-clean-energy-works-portland/download),<sup>3</sup> (in particular the Minimum Contractor Requirements section) and then let us know if you have follow up questions.

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<sup>3</sup> <http://www.greenforall.org/resources/community-workforce-agreement-clean-energy-works-portland/download>

**Question:** Do you have suggestions for overcoming obstacles surrounding "green-washing" certifications as the education market becomes flooded? Specifically, how does a training provider or participant differentiate between quality training and superfluous money-making organizations?

- *Matthew, Portland, OR*

**Answer:** National best practices indicate that quality training programs are ones that are recognized and utilized by employers and that employers have had some role in developing. If industry isn't motivated to hire people with particular certifications than you can be sure that the certification won't be worth much to the trainee once they graduate. Unions are good at developing apprenticeship training programs through their joint labor-management relationships. Pre-apprenticeship programs that work closely with union apprenticeship coordinators also tend to be more successful. Finally, community colleges and other training providers that can demonstrate a relationship with employers and a track record of securing employment for their graduates are also good bets.

**Question:** How can we partner with Green For All to create a workforce arrangement in this area of Ohio?

-*James, Cleveland Ohio,*

**Answer:** While Green For All doesn't have capacity to partner with local groups everywhere, we encourage you to join the [\*Retrofit America's Cities\*](#)<sup>4</sup> Community of Practice in order to connect with others engaging in similar efforts. You can post your own questions, challenges, and successes to the [Discussion Forum](#)<sup>5</sup>, listen to audio from past [learning calls](#)<sup>6</sup>, and access [resources on city-scale retrofitting](#)<sup>7</sup>.

**Question:** We have ShoreBank in Cleveland and also various alternative energy utilities here locally. How can we best apply this model here?

- *Sudhir, Cleveland, OH*

**Answer:** Call ShoreBank. We are happy to share resources as much as we can.

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<sup>4</sup> <http://www.greenforall.org/what-we-do/building-a-movement/community-of-practice/retrofit-americas-cities>

<sup>5</sup> <http://www.greenforall.org/what-we-do/building-a-movement/community-of-practice/discussion-forum>

<sup>6</sup> <http://www.greenforall.org/what-we-do/building-a-movement/community-of-practice/important-dates>

<sup>7</sup> <http://www.greenforall.org/what-we-do/building-a-movement/community-of-practice/citywide-retrofitting-resources>

**Question:** Are there specific business proposals or business models targeted for rural municipal-owned utilities that lack a solar energy generation component to inefficient energy grids?

-*Stosh, Albany, GA*

**Answer:** Not in our program because our city is served by investor-owned utilities but the State's EEAST legislation (the Energy Efficiency and Sustainable Technology Act, HB 2626<sup>8</sup>) addresses consumer-owned utility approaches.

**Question:** Do you foresee any challenges around securing funding for pre-weatherization work (lead, asbestos, mold) that could prevent weatherization work from being done? Here in Boston, we're concerned that a lot of the housing stock in our neighborhoods could lose out on energy efficiency if we're not able to secure funds to take care of the existing conditions.

- *Soledad, Boston, MA*

**Answer:** This is an important issue and something that we will be looking at addressing as we scale up the model. Please share what you learn with us!

**Question:** Will you require the contractors in your programs to be BPI-certified? Are you requiring the implemented measures to be cost-neutral, i.e. monthly loan payments cannot exceed monthly energy savings?

- *Todd, Lansing, MI*

**Answer:** Yes, contractors are required to be Building Performance Institute (BPI) certified. No, it's not required that measures be cost-neutral, but it's generally one of the options. The customer can choose to go deeper and pay more.

**Question:** How did you identify and recruit the 500 homes? Is there a community-based social marketing piece to boost homeowner participation? If so, what entity is leading that homeowner participation component?

- *Willow*

**Answer:** Recruitment has largely been word of mouth. That said, we are targeting electrically-heated homes so that our electric utilities have the same opportunity to learn from the process as our gas utility. Portland is 85+% gas heated.

We will complete the 500-home pilot with four different phases of work. Each phase will have a separate application process to establish a pool of participating contractors. In one of these four phases we will be looking for contractors who have partners with community-based organizations to help market the program and boost participation, especially in lower-income areas of the city.

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<sup>8</sup> <http://www.leg.state.or.us/07reg/measpdf/hb2600.dir/hb2626.a.pdf>

**Question:** What structures are in place to ensure that low-income, especially entry-level and underrepresented workers (like women) with little experience and skills are provided with a robust pathway towards apprenticeship or some other kind of career progression? What ensures that these workers have more than short-term career prospects?

- Joel, Cleveland, OH

**Answer:** It is a priority of this program to help create green career pathways for low-income, underrepresented people just entering the construction trades. We have a number of structures in place to help us meet this goal. They are outlined in the Community Workforce Agreement. We will also be evaluating our progress, learning, and adjusting these structures over the course of the pilot.

We are also leveraging other resources that are available in the community to provide a lot of the wrap-around services that we know under-served communities need in order to succeed in these programs. We have a very evolved group of pre-apprenticeship programs that have years of experience in providing not only the occupational training but providing the wrap around services (childcare, transportation, etc).

**Question:** Who pays for the energy advocate to do this work? The utility, city? What standards are you using for training weatherization workforce? BPI?

- Jonah, Sierra Club

**Answer:** The Energy Advocate positions are employed by the project manager who has a contract with the Energy Trust to help implement this program. Yes, we are requiring that participating contractors be BPI certified.

**Question:** Would you talk more about the Energy Advocate and your Trade Allies program in terms of building capacity in the workforce. Specifically, can an existing carpenter General Contractor become an Energy Advocate? If so, what is the path? If not, are there other opportunities for a carpenter/GC?

-Jan, Portland, OR

**Answer:** There is a straightforward way to become a Trade Ally of the Energy Trust of Oregon. You can find more information how to apply at the Energy Trust's website [www.energytrust.org](http://www.energytrust.org).

**Question:** Can you talk more about the role of a non-bank lender like Shorebank Enterprise in this arrangement, and the capacity for that tier of lending resource in other cities that seek to replicate this approach?

- Edward, Portland

**Answer:** Shorebank Enterprise Cascadia is a Community Development Financial Institution (CDFI). CDFIs are certified and supported by the U.S. Department of Treasury. They exist in many communities across the country. You can find out more about them by visiting the Treasury's website – CDFI Fund.

**Question:** If you have also considered the potential of property-assisted energy financing models, can you comment on the pros and cons of an on-bill financing approach as has been taken here vs. a property-assisted financing approach? Does one have clear potential to offer better interest rates to property owners than the other? Are there other reasons to choose one over the other?

- *Garrett, Oakland, CA*

**Answer:** This is a good question and it would be good to hear what other people think. There are pros and cons to each model depending your program design, state and local laws, and the needs of the project partners, as well as lots of unknowns about the evolution of the secondary market. In Portland we don't see them as competitive but rather complementary. We are planning to integrate both models into our scaled up program.

**Question:** How did you overcome the challenges of lack of skilled contractors/auditors, getting small utility buy-in, etc. in small, outlying areas?

-*Effie, Austin TX*

**Answer:** We have high standards with regard to participating contractor skills and qualifications. But we are also supporting the development of a highly skilled workforce in a variety of ways outlined in the Community Workforce Agreement. See above for questions about utility buy-in. Right now our program is just focused on the City of Portland, so we haven't yet tackled outlying areas.

**Question:** Are there renewable energy training components within the program?

- *Melissa, Fayetteville, AR*

**Answer** In this 500-home pilot we are not including solar or other renewable energy components as qualifying measures. So we do not have a renewable energy training or certification component. We hope to address both in the scaled up program late next year.

**Question:** What exactly have contractors agreed to, in terms of hiring from target populations? How are you making sure that trainees meet contractors' needs? How are impacts and outcomes being measured? etc -- a lot more discussion of the training-to-jobs pipeline would be super helpful.

- *Emmaia, New York, NY*

**Answer:** A lot of the specifics are laid out in the Community Workforce Agreement. The short answer is that contractors have agreed to hire from

designated training programs. Those programs will be designated in part because they serve certain target populations. We are committed to high-quality training programs and skilled workers. A Stakeholder Evaluation and Implementation Committee has been established to review data, interface with contractors, and continue to revise the program over the course of the pilot. We are open to suggestions of best practices from other places around the country. Send them over!

**Question:** In what ways are the 1,200 contractors in the OET [Was “ETO” meant here?] system engaged in the CWA? What commitments do they have to hire newly trained employees? How were the contractors enticed to participate?

- *Forest, New Orleans, LA*

**Answer:** Contractors with experience in the pre-pilot phase of this program were invited to help craft the Community Workforce Agreement along with other stakeholders (including some contractor associations and labor unions). See above for commitments about hiring from designated training programs. Contractors participated in crafting the CWA on their own time and with little formal enticement. It speaks volumes to their commitment to this program and the City.

**Question:** It was stated that the estimated number of jobs created per 100,000 homes is 10,000. What is the average cost per project?

- *Loyd, Oakland, CA*

**Answer:** Average price per retrofit job is about \$8,500 in this phase of the pilot. This includes air sealing, insulation, space heat, and water heat. In the scale up we want to include renewable energy as well as windows and doors, so the average cost could go up significantly.

**Question:** Are there specific trades that are more involved in this pilot than others?

- *Trish, Silicon Valley, CA*

**Answer:** The Laborers and the Carpenters have both been at the table helping craft the Community Workforce Agreement. They have indicated they have an interest in doing residential weatherization work at the scale we are undertaking in the pilot phase. In addition to those two unions, the local building trades council is also represented on the Stakeholder Evaluation and Implementation Committee.

**Question:** Is there a minimum percentage of employment diversity and/or supplier diversity required through the Home Energy Retrofit Program

- *Colin, Berkeley, CA*

**Answer:** We have set goals for workforce diversity and contractor diversity in the Community Workforce Agreement. The City, The Energy Trust of Oregon, and the Stakeholder Evaluation and Implementation Committee are hard at work implementing the pilot in ways that will reach those goals.

**Question:** Is it possible for an existing weatherization program - creating a Revolving Loan Fund - to make existing homes more energy efficient - through retrofitting "solar" products (i.e. roofing installation, windows, and 'back-up system) to create the jobs in our local economy?

- *Abdur, Cincinnati, OH*

**Answer:** We think so. We want to include solar, windows, and other measures in later phases of this project.

**Question:** How were residents of Portland involved? What's the role of community-based groups?

**Answer:** Our Workforce Investment Board (WIB) works closely with a broad array of community-based providers. There is also a unique relationship between the WIB and Construction Apprenticeship Workforce Solutions (CAWS)<sup>9</sup>. Their mission is focused on increasing participation of women and minorities in construction trades. They have been a great partner on the CWA and ensuring a voice at the table for community based organizations representing specific racial or ethnic groups in the city or other groups that have been under-represented in the construction trades.

We have an enormous number of highly skilled unemployed individuals in the community and have to strike a balance that affords people to enter the trades, as well as for those on the bench to get back into the labor market. This Community Workforce Agreement is an opportunity to work through those complicated issues.

Because the contract is between the homeowner and the contractor, it's challenging from a structural standpoint to have an agreement with teeth in it. One of the ways we ensured that people who have been historically shut out of opportunities is to make sure that they're at the table as we move forward to help make decisions about training, etc.

We have a Stakeholder Committee to help the City and Energy Trust stage each round of contractor applications (akin to an RFQ) to make sure that the pool of contractors that we bring in is orchestrated in a way so that training precedes each application pool (so new folks get in the door and ensure economic benefits are widespread).

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<sup>9</sup> <http://www.caws-pdx.org/>

**Question:** I've been listening in on this call – excellent!! Does the Portland program have a fact sheet on its program? I'm looking for a high level summary of the program design, partners, features, etc. Specifics on loan terms, collateral, underwriting, loan loss reserve fund, roles/responsibilities, etc. I'm part of a coalition in CT that is working with municipalities, advocacy groups and policy makers who are all trying to implement residential financing programs. We are trying to gather information from as many programs across the country as possible, to take the best practices/design elements.  
- Kerry, Connecticut

**Answer:** We have some documents posted on Green For All's website, and more in depth descriptions of the project will be coming soon. Stay tuned.

**QUESTION:** What advice do you have for me to set up such a program?

**Answers:** It starts with strong leadership, and the mayor is very involved in this program. Each city has strengths and weaknesses. Assess your resources and challenges, and invest toward your strengths. This can only be done through collaboration. We are fortunate to have Energy Trust and a non-profit mission-based lender, Shorebank Enterprise, who can help us deliver a creative service delivery and financing package.

A challenge in Portland is that they have low energy prices, so amortization periods are going to be longer in our regions than in many other regions.

Other regions will have other factors that will drive program design and delivery.

1- It's very important to have the right people at the table who are committed and have a can-do attitude. Clarify what the goals of the effort. Have to have the utilities involved.

2- It's Important to have a source of capital. Convenient to have ARRA funds, but also can use bond sales or local improvement districts.

3- Prioritize contractor skill development and career pathways.

4- Pre-screen eligible participants.

We can share a lot of the pieces of this that we have developed, including the CWA and the BPI training program.