**Questions for State Agency EE Focus Group**

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Questions:

1. What barriers do the agencies believe exist and need to be addressed for increasing energy efficiency and renewable energy investments statewide, and what role do they see themselves playing in removing those barriers and supporting implementation of new programs?

DHHS: Biggest barrier is buy-in with partners (utilities, funding partners). The agency continues to educate partners on the services they can provide.

DEQ: Biggest barrier is home deferrals – before weatherization can occur, structural issues (roof, water issues) need to be addressed.

DOC: Buy-in is a big barrier (getting businesses to adopt EE). EE is great but change results in a cost to the business that needs to be understood. Also, additional EE creates a systematic change in the talent (workforce) available. Training is needed for additional workforce / staff capacity to help them easily adopt innovative technologies and solutions.

1. From a state agency perspective, what are the primary challenges or pain points of *administering* EE programs? (current state)

DOC: No specific EE programs today

DHHS: All EE programs are done by Maye’s (DEQ) group

DEQ: Keeping contractors for programs is a pain point. Staffing is different depending on the type of weatherization – some work can be done by DEQ staff, but other needs to be done by HVAC specialists or electricians. Also, the requirements for weatherization contractors is different than for housing contractors. It is difficult to keep weatherization contractors because many get pulled to the housing side.

1. Do you have in mind any solutions that if implemented could alleviate those challenges?

Deferrals: DEQ is leveraging funds from utilities and other funders to overcome the structural issues (but it is not enough).

WAP Staff: DEQ has started a training facility in NC (instead of previously in SC) to increase the number of contractors available to do weatherization. This is less costly and saves time in training new contractors.

DOC: As part of EO80, DOC is developing a workforce assessment of the state’s existing talent pool and future workforce and training needs. It will be published in Fall 2019.

DHHS: Social services is also providing education and training programs to clients (from USDA Funding?). This can provide a feeder line to the workforce assessment that DOC is working on.

1. What is the average cost of a weatherization project?

Weatherization: $7,000 average cost (per home)

Heat replacement: $6,500 average cost (can be in addition to the weatherization funds)

All paid by WAP and LIHEAP – total funds available ranges between $20-22 million annually (changes each year based on federal appropriation to the states).

1. On what basis are state weatherization services (and funds) distributed across NC?

Distribution of funds is based on the low-income population in each county. The amount varies by county and can also depend on how well the existing contracts are serviced by the community action agency.

1. Does the service recipient pay for any portion of the energy upgrades provided?

No costs are assigned to the client (all paid by WAP or LIHEAP). If client is a renter, they need to get approval from the property owner (who would pay for 50% of heat replacement, unless also qualifying as low-income).

1. Can state funded weatherization project change an energy source for customers in colder climates, e.g., from electric strip heat to natural gas or natural gas supplemented Heat Pumps?

Generally, projects stay within their existing energy source, but can be replaced with a different source when it is economically (and environmentally) necessary to do so. For example, the program does not normally replace electric heat strip with gas (this can be very expensive because there is no duct system). They aim to repair the existing appliance first and will look to replace it with something electric (usually a mini-split) if necessary. Occasionally for health reasons, they will replace a wood/propane heater with electric.

1. Is there a large back log of residences requesting state funded weatherization services?

Yes, there is a wait list in all counties. Between one month to three years, depending on the agency. Each agency will market their program as the wait list gets shorter.

1. Do weatherization service providers partner with IOUs, Co-ops, or municipal energy providers to leverage more project investments or more projects.

Yes, DEQ partners with Duke, Dominion, Piedmont, NC Housing Finance Agency (Urgent Repair program), City of Raleigh, and Blue Cross Blue Shield. The BCBS directly provides grants to agencies to help improve health conditions (i.e. replace carpet with linoleum to reduce asthma attacks).

1. Has the Weatherization program ever piloted renewable energy projects with its recipients?  If so, how were the results?

DEQ is considering adding renewable projects but has not done so to date.

1. What ideas do SMEs have to help reduce the energy cost burden on low income residences and/or help improve energy efficiency to reduce that utility cost burden.

DEQ is developing projects to increase EE/weatherization savings by sharing best practices from some agencies that have higher average energy savings with others that haven’t performed as well.

1. Is there currently any funding that connects affordable housing dollars to Energy Efficiency improvements for low to moderate income people?

Not at this time. The City of Raleigh has a housing repair program that requires a loan for major repairs. Weatherization funds can be used to supplement the cost of the repairs.

1. Are the sources of state funding, potential funding that could be used for energy efficiency + affordable housing, energy education, etc.

DOC has a few rural grant programs that could possibly be used for improving infrastructure. Also, there are federal Community Development Block Grants and Golden Leaf infrastructure grant program which might be able to be used for low-income programs.

Z. Smith Reynolds Foundation has offered funding in the past for community re-development and might be considered for an affordable housing / EE program.

1. Does the state currently track energy use intensity of homes in NC.

The current weatherization program tracks energy burden and are in the process of adding energy intensity to its prioritization of projects. This is only for low-income clients.

1. Does the state have an energy burden standard?

There is currently no “standard” for energy burden, but DEQ has seen energy burdens as high as 30% and does everything it can to reduce this burden as low as possible.

1. Would DEQ consider and/or request funding for a statewide loss reserve fund to lower risk for all of the state's electric utilities to offer inclusive energy efficiency finance programs?

DEQ is interested in any ideas that would assist in increasing the amount of EE investment in the state. They would welcome a broader discussion in this topic (as well as #17 and #18 below).

NCSEA updated the group that a loss reserve is already in existence and could be used by the state. Further discussions are needed.

1. What does DEQ think of implementing, or supporting the implementation of a dedicated Energy Efficiency Resource Standard?

See #16

1. What does DEQ think of implementing, or supporting the implementation of a statewide inclusive on-bill finance program?

See #16

1. Has your agency discussed the use of Performance Contracting to help get to 40%?
   1. NCDHHS has very significant energy savings opportunities and PC can provide both the energy equipment & systems upgrades along with the financing.  NCDOT used this tool to retrofit their main transportation building with new HVAC systems and all roadway lights were changed to LED recently.
   2. DOA/Cultural Arts used this tool very successfully at the NC Museum of Art where it saved 60%.  Both projects combined totaled around $50M and were paid for with savings.

None of the agencies currently use performance contracting, but would welcome additional information about it (for internal agency GHG reduction goals).

1. Can DHHS tell us a bit about the [Healthy Opportunities Pilot](https://files.nc.gov/ncdhhs/SDOH-HealthyOpptys-FactSheet-FINAL-20181114.pdf)?

Maye is going to investigate the opportunity with DHHS. Arlisha can answer any additional questions you might have about the program.

Other questions/ideas:

* Centralized administration might offer a good opportunity for DEQ and DHHS to have a centralized group to find and coordinate contractors, marketing, financing, etc.
* The agencies were asked if they interact with the local government commission and whether they knew what categories the munis could take debt out for (i.e. is efficiency one of the categories). It was discussed that the LGC’s main concern is whether borrowed funds can be paid back and from what source (they are fiscally conservative and want to keep their AAA rating). Possibly using the loan loss reserve might work to overcome this barrier.
* PACE financing is stalled in committee at this time but might be considered for future use if it moves forward.
* DOC uses energy as one of it’s key recruitment tools, including our energy workforce, energy innovation and use of renewable energy and energy efficiency.