



# Energy Improvement Corporation

## Annual Report on Progress and Accomplishments – 2013 FINAL REPORT

### Operations:

The Energy Improvement Corporation (EIC) is a NYS Not for Profit Local Development Corporation whose mission is to save money and reduce the waste of energy by enabling energy related improvements through innovative community based outreach and marketing efforts and innovative financing options.

### BACKGROUND & MISSION

The 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.

The EIC's purpose and quasi-public objective is to promote the public good, and thereby lessen the burdens of government in the Participating Municipalities, and act in the public interest. The Corporation will achieve this purpose by providing low-cost financing and community-based support for energy efficiency programs and alternative or distributed energy generating facilities for residents and businesses in the Participating Municipalities as authorized in Article 5-L of the General Municipal Law of New York.

In pursuit of said purposes, the Corporation has powers in furtherance of the policy of the State 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 throughout the State by municipalities in fulfilling an important public purpose in providing financing to property owners for the installation of renewable energy systems and energy efficiency measures. EIC has two areas of focus: ENY marketing and outreach services through the ENY Commercial and Residential Programs and finance services for qualified energy upgrades through the ENY Finance Program. Services and activities are funded by grants won in 2010 by the Town of Bedford in partnership with the Northern Westchester Energy Action Consortium and the Bedford 2020 Coalition, and in 2013 secured from NYSERDA and the Deutsche Bank Foundation.

### 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, Green House Gas Emissions and air quality) of community participants. EIC seeks a market

transformation that dramatically increases 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.

The program will continue to increase the number of assessments and upgrades through a mix of; 1) property owner and energy service company engagement efforts, 2) local municipal engagement and program rollout, 3) the deployment of the ENY toolkit that supports a robust community based marketing effort web services and social media 4) the rollout of ENY Finance, a Property Assessed Clean Energy (PACE) Benefit Financing program that will help building owners finance their upgrades.

### **Significant Accomplishments for 2013:**

Work accomplished in 2013 are in three general categories: 1) launch of ENY Finance, 2) launch of ENY Commercial, 3) ENY Residential

1. Launch of Energize NY Finance - The ENY Finance Program, a Property Assessed Clean Energy (PACE) program, completed all required documentation and legal work in 2012 and began offering financings in member municipalities in the fourth quarter 2013 after securing a capital line from First Niagara Bank. EIC added 9 additional municipalities in Westchester along with Orange County and now has 13 municipalities as members. Thirteen additional municipalities throughout the NY State and Westchester County are in process to become members. Expanding membership and scaling up financing demand is key to the long-term sustainability of the ENY programs. EIC has adopted a budget based on gross commercial program financings totaling \$15,600,000 in 2014.
  - a. *Qualified Energy Conservation Bonding Authority* - EIC recently received a transfer from Westchester County of a minimum of just under \$4,000,000 in Federal Qualified Energy Conservation Bonding (“QECB”) authority. Due to favorable federal subsidy, which substantially reduces the interest costs to the borrower below market rates, EIC anticipates selling this \$4,000,000 in financing of Commercial projects in the 1<sup>st</sup> half of 2014. An additional \$4,000,000 in QECB authority could potentially be awarded to EIC from Westchester County later in 2014. Additionally, EIC is exploring the transfer of unused QECB bonding authority from other governmental entities throughout New York State.
  - b. *\$3,000,000 in 1<sup>st</sup> Niagara Line of Credit Secured* - In November of 2013, EIC entered into a Warehouse Line of Credit agreement with 1<sup>st</sup> Niagara Bank. This line of credit will be used to provide initial capital to EIC’s commercial energy efficiency & improvement program. At 1<sup>st</sup> Niagara’s discretion, the initial \$3,000,000 Line of Credit can be increased to an eventual total of \$12,000,000. Interest costs to EIC under this arrangement can fluctuate with general market changes in interest rates. EIC was also awarded an additional \$300,000 Operating Line of Credit. In accordance with the terms of this agreement, EIC also established a \$150,000 Loan Loss Reserve transferred from Dept. of Energy grant funds. See further discussion under Notes To The Financial Statements.



- d. Continued over production of Home Performance with ENERGY STAR upgrades in the ENY Residential geography.
  - i. 2013 performance:
    - 1. **183** homes upgraded
    - 2. **\$2,317,512** in local economic activity
    - 3. **28** jobs created for local economy
    - 4. **\$347,627** in annual homeowner cost savings
    - 5. **366** tons (61 cars) in CO<sub>2</sub> emission's reductions
  - ii. Overall 2011-13 performance:
    - 1. **444** homes upgraded
    - 2. **\$5,787,448** in local economic activity
    - 3. **64** jobs created for local economy
    - 4. **\$578,745** in annual homeowner cost savings
    - 5. **914** tons (190 cars) in CO<sub>2</sub> emission's reductions
- e. *Additional Accomplishments:*
  - i. Continued development and quarterly updates to the “ENY Contractor Corps”
  - ii. Completed multiple community resource identification and data collection sessions
  - iii. Completed over 35 Energy Coach homeowner assessment review visits
  - iv. Developed streamlined online application and application processing

#### ENY Starter Town (RFP2228) Grant operations

Operating with Town of Bedford grant funding under NYSERDA’s RFP2228 the EIC, via a sub-contractor, developed the ENY “Starter Town” program. Features included a municipal toolkit and outreach to local elected officials. The sub-contractor met with 30 municipalities and five county-wide organizations involving multiple municipalities. For the other 160+ municipalities in the service territory outside of Westchester (e.g. Dutchess, Orange, Putnam, Rockland, Sullivan, and Ulster) the sub-contractor provided a “County-wide” snapshot that reported on completed upgrades, economic development and jobs impact by year. Additional outreach and information about Home Performance with ENERGY STAR was provided through December 2013.

#### EIC Membership Services -

EIC’s goals align with those of local communities across New York State. EIC’s mission is to increase demand for energy efficiency and renewable energy projects that drive community wide benefits like improved air quality, good local jobs, improved building stock and lower energy costs. EIC will launch its member services division in the second quarter of 2014. Municipal members will have access 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. Beyond those basic services EIC staff can provide strategic advice on accessing and developing additional assets that further leverage ENY services. At the broadest level the EIC provides ENY Finance, ENY Commercial and ENY Residential services. The specific services offered to property owners in each community will be driven by local economic development, energy and sustainability goals and by the availability of targeted funding streams. Also, varying by community, communities may have access to federal Qualified Energy Conservation

Bond (QECB) authority that can bring down the cost of energy efficiency and renewable energy projects beyond the already low ENY Finance Rates.

### **BUSINESS ACTIVITIES & OPERATIONS-2013**

EIC's operating expenses for the year 2013 were \$1,143,879 of which \$404,257 was paid for by EIC and \$739,622 (including \$437,419 in transfers to Loan Loss Reserves) was paid for by the Town of Bedford on behalf of EIC using federal and state grant funds that were awarded to the Town of Bedford to start and fund the ENY Program. The Town of Bedford created EIC on 7/15/2011 to be the vehicle through which to operate the ENY Program, and continues to fund all but EIC's personnel and compensation expenses no later than November 1, 2014 from DOE and NYSERDA Grant proceeds. This date represents an extension of the original grant funding extension date of September 30, 2013.

Based on EIC's adopted budget for 2014, EIC will utilize all funds remaining from the original \$2,535,728 Department of Energy grant by November 1, 2014. At that point in time, EIC's operations will be funded from other sources described below.

See O'Connor Davies certified financial statements for the year ending December 31, 2013 for EIC's Balance Sheet, Income Statement, Statement of Cash Flows and Statement of Net Position.

EIC will be funding the Loan Loss reserves from lending activity with the goal of improving EIC's credit rating and securing a resulting anticipated decrease in interest costs.

#### *Additional Anticipated Funding Sources*

EIC is aggressively pursuing additional grant funding from both government entities and private foundations. NYSERDA has given preliminary approval for \$975,000 in grant funds to support the EIC Commercial program in 2014 and 2015. Anticipated deliverables to NYSERDA include a program to add municipal members to EIC's roster, financing large industrial and commercial projects and helping to drive demand for NYSERDA's programs and services.

#### *Outlook*

EIC's mission and ultimate success will hinge on moving past the current focus on the grant deliverables and leverage EIC's proprietary methods and processes into delivering a superior ENY product that is determined to be essential to the goals of EIC's clients and stakeholders. The ENY Programs will continue to provide a high level of direct homeowner support within NWEAC communities but will be significantly expanding the ENY Commercial Program and ENY Finance Program to expand the types of buildings serviced in EIC's Member communities.