



October 29, 2015

To: Participating Contractors, Installers, Community-Based Organizations and Other Program Partners

From: Karen Hamilton, Director

Subject: Green Jobs-Green New York Interest Rates for Program Sustainability

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NYSERDA greatly values your participation in our programs and appreciates your partnership in building the market for clean energy. As a valued partner, we want to make you aware that we will soon be implementing changes in the Green Jobs-Green New York (GJGNY) residential loan program that are needed to ensure the long-term sustainability of the GJGNY revolving loan fund.

The GJGNY residential revolving loan fund has filled a gap in the market for residential energy efficiency and PV loans for several years. The availability of the expanded loan underwriting criteria (“Tier 2” criteria) offered through GJGNY has enabled households who cannot qualify for traditional lending to participate in energy efficiency and renewable energy projects. The availability of On-bill Recovery (OBR) loans provides an alternative repayment method attractive to consumers. The low interest rate also has been a means to encourage consumers to move ahead with their projects. However, the current interest rates do not fully cover the costs of providing the loans, and as a result, the residential loan fund is not sustainable as currently designed. At the same time, NYSERDA also understands that lower-income households continue to need access to lower-cost financing to afford investments in clean energy.

To continue offering GJGNY loans to all households in a sustainable manner, NYSERDA has applied the following guiding principles:

- Subsidized financing will continue to be offered to low- and moderate-income (LMI) customers (those with household income less than or equal to 80% of the area or state median income - AMI or SMI) for energy efficiency and PV loans on the current terms.
- Expanded access to subsidized interest rate loans will be available for consumers with household income up to 120% AMI or SMI.
- Interest rates for consumers with household income greater than 120% AMI or SMI will be revised so that the interest rate on these loans fully covers the cost of providing loans to this segment of the consumer market.

In consultation with the GJGNY Advisory Council, NYSERDA has established the following transition timeline to the new interest rates. For loan applications received on or after **February 1, 2016**:

- Consumers with household income less than or equal to 80% AMI or SMI -- No change in 3.49% interest rate\*
- Consumers with household income over 80% to 120% AMI or SMI -- Change to 4.99% interest rate\*
- Consumers with household income over 120% AMI or SMI -- Change to 5.99% interest rate\*

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Furthermore, to bring the interest rate to the point where the loans for consumers earning more than 120% of AMI or SMI are sustainable and are no longer subsidized, it is necessary for these loans to increase again for loan applications received on or after **April 1, 2016** as follows:

- For energy efficiency loans, the rate will be 7.99%\*
- For PV loans, the rate will be 9.99%\*
- Combination PV and energy efficiency projects will receive the PV interest rate of 9.99%\*
- Solar Thermal and Renewable Heat NY projects will receive the energy efficiency interest rate of 7.99%\*

\*This interest rate applies to On-Bill Recovery Loans and Smart Energy loans which include automatic payment deduction from a checking account. Interest rates for Smart Energy loans that include standard billing by mail from the Loan Servicer are 0.5% higher than the rate shown here.

This two-step increase will allow contractors and installers more time to evaluate other financing products as an alternative to the GJGNY loans if desirable.

NYSERDA will continue to facilitate the introduction of private lender products to our partners through webinars and other means. Additional detail regarding loan fund sustainability and other loan options can be found in the presentation provided to the GJGNY Advisory Council on October 23, 2015, posted on NYSERDA's web site at <http://www.nyserd.ny.gov/-/media/Files/EDPPP/GJGNY/Advisory-Council-Meetings/2015-10-23-GJGNY-Presentaion-Interest-Rates.pdf>.

New York is making great strides to accelerate and expand private investments in the clean energy economy, to support and attract new business models and market participants, and to continue focusing public resources on underserved areas of the market. We look forward to continuing to work with you to significantly build scale in energy efficiency and solar markets.