

Green-Collar Jobs: Realizing the Promise—Energy Efficiency



Investing in energy efficiency can help homeowners, renters, and businesses save money on their utility bills, while giving a boost to local employment. According to a McKinsey Institute study, nationally, energy efficiencies could save \$1.2 trillion, reduce greenhouse gas emissions 1.1 gigatons, and create 1.7 million new jobs. But a host of obstacles—from confusing array of choices, to difficulties in obtaining financing, to “split incentives” between landlords and tenants—have stood in the way of realizing the economic potential of energy efficiency projects.

What can state and local governments and agencies do to solve this puzzle? Sightline’s review of existing programs shows a way forward. Successful efficiency programs would:

Put the pieces together.

Businesses or homeowners need a reliable guide to help them scope out their projects, identify contractors, secure financing, and learn how to make the most of their efficiency upgrades. Programs should create or identify a single point of contact to fill those needs—and also to evaluate the success of retrofit strategies, compile the best information on efficiency strategies, set funding priorities, and connect labor needs with workforce training.

In Bellingham, Washington, a collaborative effort by the Opportunity Council and Sustainable Connections has been granted \$2.7 million for the Community Energy Challenge: a program that combines retrofits for homeowners and businesses with efficiency training for workers. Sustainable Connections will aggregate information, creating a one-stop shop for information on retrofitting, and The Opportunity Council will manage the projects.

Focus on fairness.

The best programs use economic and demographic data to target groups who need the most help—particularly working families, small businesses, and sectors hit by high unemployment.

Idaho received over \$30 million in stimulus funds for local agencies to weatherize eligible homes. South Central Idaho Community Action Partnership will receive about \$4 million of those dollars over two years for home retrofits—helping households struggling to make ends meet while stimulating demand for more green jobs.

Audit in and audit out.

Efficiency retrofits in buildings should start with complete and objective energy audits, both before and after improvements are made. The first audit identifies which improvements yield the greatest savings and the second rates the effectiveness of the retrofit.

Performance contracting—an active, state-supported program Oregon and Washington—lets energy efficiencies pay for themselves with future energy savings. A public agency applies to participate in the program. If they meet the basic criteria established by the state, an Energy Services Company—or ESCO—is contracted to conduct an audit to determine where the greatest opportunities for savings can be found. Since the ESCO gets paid out of the savings, a final audit after the work is done confirms the energy savings.

Make efficiency affordable.

Retrofits and efficient appliances can be expensive up front; but over the long term, the savings on utility bills can more than pay for the up-front costs. Safe, smart financing solutions, such as low-interest loans and “on-bill” financing, can make retrofits affordable from day one.

A Portland retrofit program called Clean Energy Works, is collaborating with Shorebank Enterprise Cascadia to provide the services needed to manage low-interest loans for energy retrofits that can be paid back “on bill.” Funded with federal stimulus dollars, the goal is to fully retrofit 500 homes by June 30, 2010 and then expand to thousands more homes. The city has signed a Community Workforce Agreement with local unions and community organizations to create training opportunities for displaced workers to do the retrofit work.

Raise the standards.

Cities can improve building codes, and require more efficiency for appliances in rental units. States can raise baseline energy efficiencies for electronics and other household items and protect wages by following federal “Davis-Bacon” rules to be sure green jobs pay a living wage.

Proposed legislation at the Federal level—and similar legislation already passed by the Washington State legislature—provides for building “labeling” requirements. This will help improve energy efficiency in existing buildings, especially when they are put up for sale or lease. When combined with increased energy efficiency standards, labeling—like a mileage rating sticker on a car—would generate more demand for retrofits.

Teach people.

Efficiency is about people, not just buildings. Residents need training; otherwise, efficiencies (and dollars) can go to waste if buildings or appliances are operated improperly.

Puget Sound Energy in Washington funds Resource Conservation Specialists at local schools to help prevent buildings that are green or retrofitted from losing least-cost efficiencies through operator errors, such as cooling empty buildings during the summer. Eventually the cost of the specialists is paid through efficiencies.