

FREQUENTLY ASKED QUESTIONS (AND ANSWERS) *about the CB3 Energy Project*

What is the proposed project?

We propose to take an ordinary city block in Manhattan's Community Board 3 (CB3) and improve energy efficiency on a building-by-building, apartment-by-apartment, storefront-by-storefront basis. The project will take roughly six months to plan and a year to implement. It will involve 40 to 50 buildings, up to a dozen storefront businesses and as many as 500 apartments.

How will you improve energy efficiency in the buildings, apartments and storefronts?

Means for improving energy performance in older residential buildings are well known. They include reconfiguring and upgrading antiquated heating systems, insulating and air-sealing buildings and windows, replacing incandescent light bulbs with efficient compact fluorescent lamps (CFLs), and replacing inefficient appliances such as air conditioners and refrigerators with efficient new ones.

How much energy do you expect to save?

We're aiming for at least a 30% reduction in energy consumption in heating fuel and electricity. Assuming that three-quarters of the buildings and apartments participate, the fuel savings could be on the order of 180,000 gallons of fuel oil a year, equivalent to taking 300 cars off the road, and worth \$270,000 a year. Per apartment, the savings in fuel and power would average \$700 a year, or almost \$60 a month.

What will the building owners and tenants pay for the improvements?

Quite little, and nothing at all in some cases, depending on ability to pay. Most of the working capital for the improvements will be drawn from an environmental mitigation fund endowed by Con Edison. Federal Weatherization Assistance Program (WAP) funds and state energy-efficiency funds from the New York State Energy Research & Development Authority (NYSERDA) will also be leveraged.

Why are you targeting one city block?

A single block is big enough to create the economies in project administration necessary to make residential energy efficiency cost-effective. It's also large enough to encompass a broad sample of buildings and residents. Our hope is to find a block that provides a reasonable cross-section of the entire Lower East Side, so that the project can serve as a model for saving energy throughout CB3. In addition, targeting all the buildings on one block, rather than an equal number of dispersed buildings, allows for "co-operative competition" between buildings that will help maximize participation and savings rates; it also circumvents concerns over "cherry-picking" — pushing up the numbers by choosing easy-to-retrofit buildings.

Why are you targeting CB3 for this pilot project?

The Lower East Side suffers from poor air quality, high energy costs, inadequately heated and cooled apartments, and high unemployment — conditions that could be significantly eased by effective, community-wide energy-efficiency programs. Moreover, CB3 is home to many energy practitioners and advocates who will participate in the project as contractors, advisors and volunteers. CB3 also controls a multimillion-dollar environmental mitigation fund that, we hope, will provide the working capital for the energy-efficiency measures.

Describe this environmental mitigation fund.

In 2002, as part of the permitting process for expanding its East River plant, Con Edison set aside \$3.75 million for CB3 air quality improvement projects. A million dollars was allocated to convert large apartment buildings to steam heat and to increase the buoyancy of older smokestacks at the East River plant (to allow for wider pollutant dispersion). The remaining \$2.75 million is earmarked to subsidize Con Ed to replace dirtier fuel oil with cleaner natural gas during the fall and winter months, to reduce emissions from the East River plant. We propose to

re-allocate this fund, in whole or in large part, for the energy efficiency project.

Which use of the funds is likely to better benefit air quality and health in CB3 — subsidizing Con Ed to burn more gas, or financing the energy project?

The energy efficiency project will improve air quality more. Particulate matter (soot) in the air on the Lower East Side now averages 15,000 “nanograms per cubic meter” over the course of the year. At one particularly sensitive location, Village East Towers, several blocks from the East River plant, the Con Ed “gas burn” alternative would reduce particulate levels by 43 nanograms for three years, assuming that is the period over which the funds are drawn down. The energy efficiency project would reduce particulates on the model block by three to four times as much — 150 nanograms — and this reduction would persist over the lifetimes of the energy-saving measures. If the savings persist for 20 years, then the pollution reduction from the energy efficiency project would be two dozen times as great as the reduction from the Con Ed gas burn.

Why would the energy project be more effective at improving air quality than the Con Ed gas burn?

On-site fuel burning for heat and hot water is a major source of local pollution in CB3 (and throughout New York City). Buildings are drafty and poorly regulated for heat, boilers are often poorly tuned and poorly maintained, and chimneys deposit most of their emissions in the neighborhood. Not only does a dollar invested in reducing and optimizing on-site fuel use go further than a dollar invested in changing Con Ed’s fuel mix; more of the benefit is “captured” locally (within CB3), unlike the Con Ed option, whose air benefit tends to be diffused over a wide area.

How else might the energy project be better for health?

In several ways. Apartments will be warmer in winter and cooler in summer. Improved ventilation will mitigate mold, mildew and other indoor pollutants that trigger asthma and other illnesses. Tenants will pocket some of the monetary savings (including all the electric bill savings) and thus have more disposable income. Perhaps most importantly, subsequent

block-by-block, neighborhood-by-neighborhood energy projects built on this pilot project will compound the energy savings and air quality benefits many times over. Whereas the Con Ed option will extinguish in just a few years when the gas burn money runs out, the energy efficiency project will launch, we hope, an ongoing, self-replicating process to transform energy use throughout CB3.

Who is the “we” behind the energy project?

We are Jeff Perlman and Charles Komanoff. We are knowledgeable energy professionals with extensive experience in New York City utilities, agencies, neighborhoods, policies and culture, and expertise in the technology, marketing and financing of energy efficiency equipment and renewable (wind and solar) energy systems. Jeff has consulted widely in renewable energy technology evaluation and cost/benefit analysis of energy efficiency and green buildings, and is experienced in the engineering, evaluation and assessment of energy efficiency measures and solar electric system design. Charles has an encyclopedic knowledge of City and Con Ed energy history dating back decades, and he participated in the East River Plant licensing proceeding that gave rise to the settlement fund from which the working capital would be drawn for this project. Both of us have strong working relationships with other NYC energy professionals and are active with the Neighborhood Energy Network, which helped incubate the project and will help market it to landlords, tenants and the community at large.

How will the energy project be operated?

Most likely we will establish a new organization to manage the project and will contract the detailed work — energy audits, equipment procurement, installation, monitoring — to established practitioners, under our close supervision. We are discussing possible partnerships with leading nonprofit agencies on the Lower East Side and in the NYC energy-efficiency community. We are forming an advisory board of national and local practitioners of community-based energy efficiency.

What are the next steps?

First, we need to conduct a feasibility study estimating the energy, cost, air quality and pollution savings, and mapping out the financing mechanisms and administration. (Note: We are actively raising the \$40,000 we need for the feasibility study.)

At the completion of the feasibility study, we will present a detailed, formal project proposal to CB3. We anticipate that we will find the project eminently feasible, although we may need to work out some of the details of implementation. We will need CB3 to allocate to the project roughly two million dollars in working capital from the Con Edison settlement fund discussed earlier. (The precise amount we will be seeking will be established in the feasibility study.) We are currently meeting with CB3's subcommittee overseeing the Con Edison settlement fund to obtain their support. We will solicit the support of the full community board once we have completed our feasibility study.

When and how will the model block be selected?

The block will be chosen according to three criteria: (i) as close as possible to the Con Ed 14th Street plant and its plume; (ii) demographically representative of the Lower East Side in terms of building stock (type of structure, building size, ownership, age, condition, heating fuel used); and (iii) demographically representative in terms of residents (owners vs. renters, representative proportions of children and seniors, ethnicity, income, etc.). We will solicit community participation in selecting the block for the project, and envision making the selection after the completion of the feasibility study.

Who supports the project at this point?

We have the support of the East River Environmental Coalition (EREC), which, along with CB3, was an intervener in the East River Power Plant licensing proceeding that gave rise to the settlement fund; as well as the Neighborhood Energy Network (NEN) and other Lower East Side energy and environmental advocates. We are also getting encouragement from NYC environmental organizations and advocates — not surprisingly, given the hope that the energy project can point the way toward large-scale energy savings and emission reductions in residential neighborhoods in all five boroughs of New York City.

Describe your plans for community participation.

We intend to partner with a variety of established community institutions, in order to tie the project more closely to the community, develop relationships for follow-on projects on other blocks throughout the Lower East Side, and harness the energy of community institutions and businesses to maximize tenant and landlord participation in the project and heighten its impact on the community. Our ideas are spelled out more fully in our proposal for the feasibility study.

What is the project timetable?

As soon as possible, for several reasons. First, pursuant to the settlement, Con Edison may begin drawing down the mitigation fund to substitute natural gas for fuel oil as early as the next heating season, i.e., this fall, which would foreclose maximum use of the funds for the energy efficiency improvements. Second, high pollution levels and heating and electric bills are an ongoing health and economic drain on CB3, and high and rising oil prices will only exacerbate this. For these reasons, we are anxious to launch the energy efficiency project as soon as possible.

Is the Con Ed mitigation fund the only likely source of working capital for the project?

Yes. Although we intend to tap NYSERDA programs and the Federal Weatherization Assistance Program for supplemental funds, neither NYSERDA nor any other public or private agency has remotely close to the roughly two million dollars in capital needed to finance energy makeovers of some 50 multi-story buildings. That may change once we have shown that large energy savings are indeed possible on a typical CB3 block; indeed, that is our hope. But first we need to demonstrate the breakthrough, and only the Con Ed mitigation fund creates this opportunity.

Where can we obtain further information on the project?

For a copy of our detailed proposal for the project, please write or call either of us:
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