

National Association for State Community Services Programs



# Vermont's Approach to Deferral Decisions

Josh Larose  
Vermont Office of Economic Opportunity

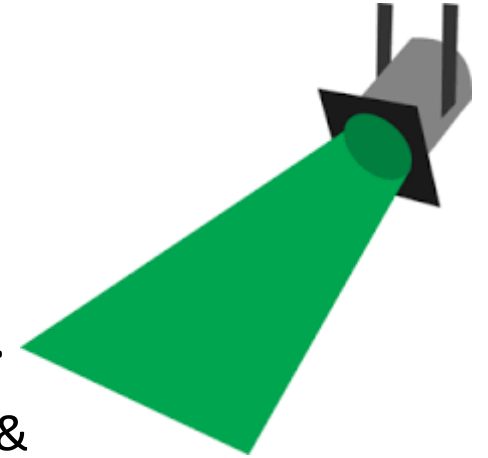
[www.nascsp.org](http://www.nascsp.org)



Winter Training Conference  
February 13-15, 2019

# Section Objectives

1. Overview of historical deferral causes in Vermont's WAP.
2. Review Vermont's approach to the toughest WAP cases & making deferral decisions.
3. Introduce a calculation aid that helps make consistent investment & deferral decisions based primarily on project economics.
4. Highlight outcomes of this decision making approach.



# What Caused Deferrals to Happen the Most Frequently in the past?





## **A Look at the Building Conditions**

- Vermiculite
- Knob & Tube Wiring
- Major Structural Issues
- Roof Condition
- Misc. Bulk Water Intrusion Issues
- Combination of Multiple Issues from List Above

# What Caused Deferrals to Happen the Most Frequently in the past?



## A Look at the Program Conditions

- **More being asked of WAP providers** | Feeling over-regulated & under-resourced
- **Shortage of**  | A need to keep production moving & complete units
- **Shortage of**  | A need to maintain Job Cost Average

# How were deferral decisions for individual cases being made in the past?



## A Look at the Decision Making Process

- Lots of hardworking & well-intentioned people trying to do the best they can to help as many people as possible



...and ultimately the decisions to proceed or defer complicated and/or expensive projects seemed inconsistent from one case to the next.

# What Now?



## Goal Setting

- **Increase Parity of Service Provisions in the Toughest WAP Cases** | Operationalize Consistent Deferral Decision Making Strategies
- **Enhance Client Communication** | Increase Client Involvement in the Project Decision Making Process When a Deferral Could Potentially Occur
- **Reduce # of Deferral Decisions** | Find & Leverage More Resources

# What We Did...



## Some Key Actions Taken

- **State of Vermont earmarked some Non-DOE WAP funding to remediate potential deferral causing issues**
- **State & local WAP providers leveraged additional resources to help with non-energy saving building repairs**
- **Operationalized policies & procedures to ensure that...**
  - (A) The new earmarked funding and additional leveraged resources get used in concert with WAP funding according to a consistent methodology
  - (B) Deferral decisions are made according to a consistent methodology

# The new policies and procedures



## **Built From a Simple Premise**

- **Make decisions based primarily on project economics**
- **Do a little bit more for clients with the greatest need**



# The new policies and procedures



**Built to be complimentary to existing rules**



## **An Old Rule still in play moving forward:**

A WAP job must have a project-level SIR of 1.0 or greater to be performed.



## **A New Rule to supplement—but not to replace—the old rule:**

When the **Non-Direct Energy Saving Measures** exceed a defined cost threshold then a provider can use the Non-DOE WAP funding that has been earmarked to remediate potential deferral causing issues. The cost threshold is dependent upon a client's WAP Rank.

# The new policies and procedures



## Key Definitions

- **Direct Energy Saving Measures** | Direct Energy Savings Measures (ESMS) are measures that will typically reduce energy consumption. Every ESM generates an individual measure-level mmbtu savings projection and a measure level SIR in the Energy Savings Report for the project.
- **Non-Direct Energy Saving Measures** | This category of measures includes (1) Health & Safety Measures, (2) Incidental Repair Measures, (3) Ancillary Measures & (4) General Energy Waste Reduction Measures. None of these measures generate individual measure-level mmbtu savings projections or measure level SIRs in the Energy Savings Report for the project.

# The new policies and procedures



## Key Definitions

- **The Total "Gross" HES Job Cost** | The cost of the entire job as recorded in the Hancock Energy Software.
- **The Total "Net" HES Job Cost** | The remaining cost of the job from Hancock Energy Software after subtracting any costs associated with the following measures:
  1. Travel & Cleanup
  2. Health & Safety Heating System Replacements.


# The new policies and procedures



## The DAACC – A Decision Making Aid

- **The Deferrals and Additional Contributions Calculator (DAACC) |**  
This spreadsheet is used as an aid to make consistent weatherization investment and project deferral decisions. It is also used to determine when certain funding sources can be used and how much of those funding sources can be invested into each individual job.

# Using the DAACC

Section 1: Deferrals & Additional Contributions Calculator (Use Only If Vermiculite is Present)									
Client Last Name	Job Number	City	Annual Savings mmbtu	Lifetime Savings mmbtu	Pre Usage Variance %	Project Level SIR w/ all costs screened in HWAP job including full vermiculite remediation cost	Annual Modeled Pre-Mmbtu	Annual Modeled Post-Mmbtu	Percentage of Mmbtu savings
Sample	5244	St. Albans	63.81	1435.73	21.77	1.98	176	112.19	36%
Total HES Job Cost "Gross"	Total HES Job Cost "Net"	Direct Energy Savings Measures (ESM's)	Non-Direct ESMs -- Ancillary & G.E.W.R. Measures	Non-Direct ESMs -- Incidental Repair & Health and Safety Measures	Travel & Cleanup	H & S Heating System Replacement Cost	Type Additional Comments About This Job Below		
\$ 19,210.00	\$ 18,375.00	\$ 6,665.48	\$ 326.41	\$ 1,313.11	\$ 835.00	\$ -	Vermiculite Abatement = \$8,770, There is also \$1,300 needed for k + t wiring removal.		
				\$ 1,300.00					
Add up the following costs and enter them here:					Indicate Deferral Issue(s) Below				
1. Estimated Cost of Vermiculite remediation + 				\$ 8,770.00	Vermiculite + Knobe & Tube				
2. Each Estimated Non-Direct Energy Saving Measures > \$1,500									
\$ 19,210.00	\$ 18,375.00	\$ 6,665.48	\$ 326.41	\$ 11,383.11	\$ 835.00	\$ -	Totals		

# Using the DAACC

Section 2:			Section 4:		
	Total Est. Cost to Remove Potential Deferral Causing Issue(s)	Amount of this work that must be funded from outside the regular HWAP job without OEO approval		WAP Rank*	Non ESM as % of Total "Net" Direct Job Costs shown if all possible costs were included on the HWAP Job
	\$ 8,770.00	\$ 5,278.27	*use new wap rank	19	64%
			Use of this calculator is required for the job when the Percentage of Non ESMs shown above exceeds the max % indicated below AND either of the following is true: 1. You would like to use VLITE + HWAP-Vermiculite Funding 2. You would like to make a deferral decision for the job		
Section 3:					
Funding Source	Max Allowable Contribution (Before the Funding Interaction Analysis)	Actual Contribution Determination		Max %35%	
Zonolite	\$ 4,125.00	\$ 4,125.00			
HWAP-Vermiculite	\$ 3,500.00	\$ 2,322.50			
VLITE-Vermiculite	\$ 3,500.00	\$ 2,322.50			
HWAP-Regular Job	\$ 3,491.73	\$ -	Regular HWAP job's Project Level SIR w/ amount from cell D27 entered into HES as the measure cost*		Non ESM Charged to Regular HWAP Job shown as a % of the Total "Net" Direct Job Costs made from All Funding Sources
Total Contributions		\$ 8,770.00		3.13	16%
Remaining Balance of Funding Needed from Other Sources		\$ -			

# Using the DAACC

Weatherization Assistance Program: HWAP-Vermiculite & VLITE Investment Approval Form			
WAP Provider:	CVOEO	Client Last Name:	Sample
Project City:	St. Albans	Job Number:	5244
Request Submitted by:	sample	Date:	2/11/2019
Background: The DAACC helps determine how much of the repair costs a regular weatherization job can absorb when there are major home repair needs and also ensures that HWAP- Home Repair Funding is not used to supplant otherwise allowable weatherization funded activities. That calculator will help provide answers to the questions below.			
Section 1: Standard Proposal Questionnaire & Investment Request:			
What is the total cost estimate to remediate the Vermiculite (& any other major issues)?	\$	8,770.00	
Name of the Asbestos Contractor?	Claypoint		
What type of Vermiculite Remediation Project will this be?	Abatement		
Amount Regular HWAP job to contribute to remedy unless you complete Sect. 2 below?	\$	-	
Amount of HWAP-Vermiculite Funding being requested for this job (up to \$3,500 cap)?	\$	2,322.50	
Amount of VLITE-Vermiculite Funding being requested for this job (up to \$3,500 cap)?	\$	2,322.50	
Amount of ZonoLite Trust Funding this job is eligible for (if the amount is known)?	\$	4,125.00	
Without this HWAP-Vermiculite & VLITE funding would the project need to be deferred?	Yes		
Will all of the funding sources/amounts listed above be enough to prevent a deferral?	Yes		
Remaining funding amount needed to prevent a deferral after all funding above is used?	\$	-	
Regular HWAP job's Recalculated Project Level SIR	3.13		
Indicate how the remaining balance of funding needed will be provided (funding sources & amounts)			
Our agency's leveraged and/or program income			
Our agency's funding secured from private funders (e.g. private foundations, donors)			
Our agency's funding secured from Non-OEO administered grants (e.g. USDA grant funding)			
The client will be making a financial contribution			
Indicate primary means of the client contribution (if known)	Select from List		
*Approval is required prior to commencement of any remediation services by an asbestos contractor*			
**A signed copy of the -Vermiculite Waiver- must be submitted with this file to secure approval**			

Section 2: Investment Restructuring Request:			
Only complete Section 2 if you would like to make an additional request:			
Additional Investment Restructuring Request Type			Adjusted Request Amount
1	Increase the amount of funding to be included in the Regular HWAP job cost above the amount shown in row 14 by an additional amount:		
2	Decrease/Buy Down* the amount of funding to be included in the Regular HWAP job from the amount shown in row 14 by this amount:		
*To decrease/buy down the amount of funding applied to the Regular HWAP job from the amount shown in Row 14, you must substitute that funding amount in an approvable way, e.g. from other non-OEO administered funding (USDA, Argosy, Other).			
You cannot request to decrease the amount of funding applied from the Regular HWAP job shown in Row 14 and then ask the client to contribute that amount of funding.			
Additional Investment Restructuring Request Justification:			
Reviewer Section			
Approval Decision:		Section 1 is Approved	
Date:	2/11/2019	Reviewer:	Josh Larose
Reviewer Comments:			
Approved to use \$2,322.50 from the HWAP-Vermiculite Funds & \$2,322.50 from the VLITE-Vermiculite Funds. Remaining Balance of the Vermiculite abatement to be covered by Zonolite.			
Does This Also Serve as Transmittal Approval?		Yes, Transmittal is Approved	

# Outcomes...



## What are we seeing

- **Deferrals decisions are being made in a more consistent and transparent manner**
- **Communication with clients is improving**
- **Rate of Deferrals has decreased**



# Vermont's Approach to Deferral Decisions

Josh Larose

Vermont Office of Economic Opportunity  
joshua.larose@vermont.gov

