

Energy Efficiency Idea: Diverse Contractor Support

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Background and Context



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Elevate's Mission

We design and implement programs that reduce costs, protect people and the environment, and ensure the benefits of clean and efficient energy use reach those who need them most.

Diverse Contractors in Energy Efficiency Programs

- This idea focuses on Contractors, also called “Trade Allies” or “Energy Efficiency Service Providers”
- Typically, these are the companies that install energy efficiency measures
- Often contractors are specialized in one type of measure, such as: lighting, weatherization, or HVAC.
- Many have been highly successful in the energy efficiency programs
- Some firms may also be a new or emerging business



Diverse Contractors in Energy Efficiency Programs

- Types of Diverse Contractors
 - MBE, WBE, VBE, DBE
 - Often certified by local government bodies, state government, or national organizations
- Typical requirements:
 - Have at least 51% ownership by a minority, woman, or person with a disability, OR
 - Have at least 51% of their business controlled by one or more minority groups, women, or persons with a disability
 - The owner must be a citizen of the United States or a legal permanent resident alien
 - Have annual gross sales of less than \$150 million

Diverse Contractors in Energy Efficiency Programs

- Each utility has a Market Development Initiative to support diverse businesses' growth in the energy efficiency programs
- The MDI teams may already be planning to cover these ideas!
- Two Common Barriers
 - Lack of certification
 - Required insurance costs



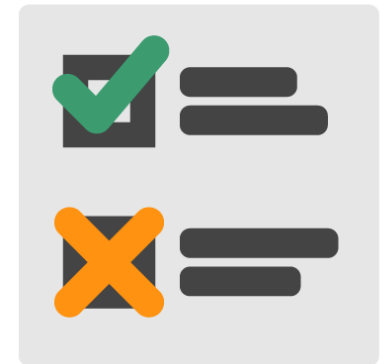
Lack of Certification



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Barrier: Diverse Contractor Certification Process

- Many diverse contractors meet the requirements to be a MBE, WBE, DBE, or VBE but are not certified
- The certification is long, confusing, and requires a significant amount of time and resources to fill out paperwork, respond to comments, and provide additional documentation (if requested)
- It can take anywhere from 3 months to well over a year
- A common refrain from diverse firms is: “Where do I even begin?”



Barrier: Diverse Contractor Certification Process

- In one example, a diverse business working on one of the joint utility programs has recently been in the process for over a year, and they report it has been very confusing to them
 - This is actually one of the bigger diverse contractors with dedicated office staff
- Smaller firms do not have dedicated office staff and struggle even more to work on these certification applications.
- Without the certification, the diverse businesses do not 'count' toward most of the utilities' diverse spending goals and may have difficulty in growing their business in other programs with diverse spending goals.



Idea: Diverse Contractor Certification Process

- Two separate ideas:
 1. Allow new, small, diverse firms to self-identify as diverse for a period of two years while they seek their certification from an official certifying body. Allow utilities to 'count' self-identified diverse businesses towards their diverse spending goals.
 2. Provide support, coaching, and resources to the diverse businesses seeking to gain a diverse business certification.
 - a) This support should include: explanation of the types of diverse certifications; explanation of the process for applying for the certification; support in creating the applications for the certifications, including support for filling out the paperwork and assembling the required documentation; a grant to cover the cost of the certification fee; and other support as-needed for the certification process, such as responding to any follow-up questions from the certification bodies.



Insurance Costs



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Barrier: Insurance Costs

- Many diverse businesses have challenges meeting the insurance requirements of the utility energy efficiency programs.
- Multiple diverse businesses have stated that the insurance requirements are cost prohibitive, especially for small, newer firms just trying to get started in the market.



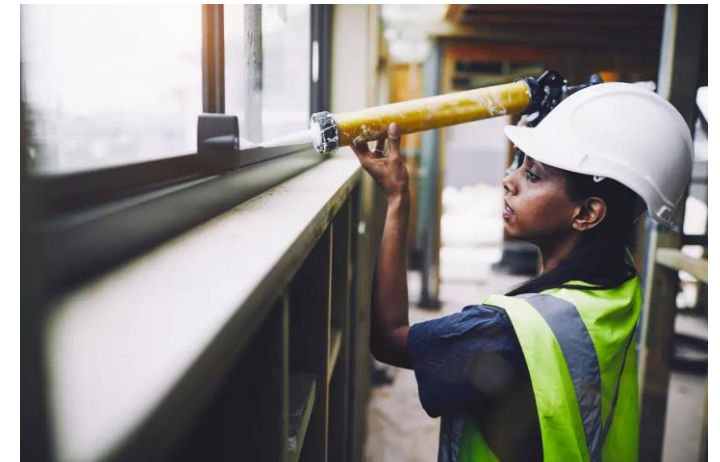
Idea: Insurance Costs

- The utilities could provide grants to small businesses to assist them in paying for the increased cost of meeting the insurance requirements of the utilities.
- These are envisioned as two year grants that would assist businesses as they begin working within the EE portfolio and grow their businesses.
- After the initial two year period, it is envisioned that the businesses would develop more cash reserves to pay for expenditures such as the higher costs of insurance.
- Thus, after two years the expectation shifts to the contractor to providing insurance levels sufficient enough to remain in the program without financial assistance.



Impact: Diverse Contractor Certification Support

- Help to make the EE portfolios more equitable by addressing two common, known barriers to participation from diverse businesses working as contractors.
- Once the diverse businesses have obtained their diverse certification they will be able to increase the work their business can complete, for both the utility EE portfolios and from other funders or programs that also have diverse business certification goals.
- The insurance support would allow contractors to begin building their businesses and to get their ‘foot in the door’ of the utility EE programs.
- Otherwise, contractors cannot participate and cannot begin gaining experience in working within the EE portfolio.



Examples: Diverse Contractor Certification Support

- Elevate completed a pilot in 2021 in which we used grant funding to provide support for diverse businesses to gain diverse certification.
- The pilot was highly successful, helping a number of diverse contractors through the process to apply for and gain their certification.
- The support was structured as a six-week workshop.
- Five contractors submitted diverse certification applications due to the support; all of them received certification and all but one are still working within at least one joint utility program today.

Examples: Diverse Contractor Certification Support

- The Energy Trust of Oregon, which implements energy efficiency programs on behalf of utilities in Oregon, has implemented this idea.
 - They allow diverse businesses to self-identify as diverse while they are working to obtain their diverse business certification.
 - In order to self-identify (or self-certify) as diverse, the business owner fills out a simple form, [available here](#)
- The Energy Trust of Oregon also has a “Pathways to Certification” program in which they support trade allies in getting diverse certification at no cost.
- The Energy Trust has seen the largest gap in certification among residential trade allies.
- Please see the Energy Trust summary [on this website](#)

Staffing Impact, Budget, and Participation

- These ideas could be implemented within the budgets of the Market Development Initiative of each utility
- The estimated cost is approximately \$500-1,000 per contractor supported in gaining diverse certification. However, this cost does not include ongoing workshops that are recommended to support the contractors working on their certification.
- For insurance support, the estimated cost is unknown.
- It is estimated that 10-15 contractors could receive support in each year, for a total of 40-60 contractors receiving support through the 2026-2029 period.

Thank You!

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