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Why the Success of the Greenhouse Gas Reduction Fund Hinges on Customer Service

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This is our collective moment to succeed. Environmentalists, environmental justice advocates, affordable housing advocates, mission-driven lenders, and green banks are all eager to begin investing \$27 billion from the Greenhouse Gas Reduction Fund (GGRF). This signature piece of the Inflation Reduction Act's \$400+ billion in climate spending represents an unprecedented opportunity to:

- mobilize private capital to address the climate crisis
- ensure our country's economic competitiveness
- promote energy independence while lowering energy cost burdens and revitalizing communities historically left behind

While there is justifiable excitement over this new financing, we will only succeed in deploying it to the right places and people if we get laser-focused on two words: *customer service*.

Capital availability is not a standalone solution

Customer service means delivering high-quality, unbiased assistance through trusted community-based advisors to build awareness and understanding of clean energy and to help customers at every stage of their clean energy project. Some have also called this customer service “market-building” to develop demand for clean energy and efficient buildings.

Regardless of what it's called, this community-level technical assistance is the key to successfully investing GGRF capital into communities that have historically been underserved and overlooked by the mainstream financial world.

As community lending practitioners we, the authors, have seen first-hand that capital availability is not the biggest challenge preventing climate projects from happening. Financing is just one tool of the many things that need to come together to get projects done, particularly in low-income and disadvantaged communities. In this article, we will focus on how this complexity impacts projects aimed at building decarbonization (reducing greenhouse gases produced by buildings). But this challenge impacts many other clean energy sectors too, like advising consumers on electrical vehicle purchase and finance and helping community-based project sponsors move forward with distributed clean energy projects.

Building decarbonization: a perilous customer journey

Buildings represent 30 percent of U.S. carbon pollution, and most of that comes from existing buildings. Imagine that you are a building owner who needs to make building energy improvements—whether it's adding insulation, installing a heat pump for heating and cooling, or going solar. For starters:

- How do you even know you need to make improvements?
- Do you know what changes can lower your energy costs?
- Is your building more efficient than average?

Let's assume that you are a motivated building owner and want to proceed.

- First, you need to find someone that you trust to come out and physically study your building and provide an energy improvement plan.
- You must find three quality contractors to give you good advice and competing bids; figure out what incentives the project qualifies for; evaluate potential financing options; and manage the project.
- Lastly, when everything is done, how do you trust that the new installed equipment is working properly? Who is going to manage any warranty issues that come up?

Even if you have access to plenty of resources and your building is in an affluent community and benefits from a strong revenue stream, you will discover that most of the time, deploying energy improvements in buildings is a remarkably complex and difficult customer journey.

These challenges are largely why, on average, less than 1 percent of homes in the United States make an energy improvement in any given year, about 1/25th of the pace of progress we would need to meet carbon goals. Worse, to the extent that anyone makes energy improvements to their building, owners often choose upgrades like window replacements that often pay back only over a long time, if at all.

Challenges are magnified for low-income and disadvantaged communities

If you are a member of a low-income or disadvantaged community, multiply the difficulty of your journey by a magnitude of order.

- Alongside the above challenges, you might also be dealing with an older building that needs repairs before energy work can happen,

like fixing a leaky roof before upgrading insulation or replacing old wiring before installing a heat pump.

- It may be difficult to find contractors who are willing to come to your neighborhood.
- You might have heard from neighbors who tried to do something but got caught in a scam.
- You might run a small business with a small staff that is already overworked and don't have time or resources to deal with all the decisions along the way.

These additional challenges result in stark disparities in access to building energy improvements by income and race.

Gaps, barriers, hassles, and inconveniences make it easy to do nothing

Looking at all these information gaps, barriers, hassles, and inconveniences, it's easy to see why doing nothing is a real option for homeowners and other building owners. It's the default option, in fact: do nothing, until maybe your boiler breaks down one winter night, and then you're just going to grab whatever boiler is available from the first heating company who answers the phone, borrowing from wherever you can, regardless of whether it's a good move for the long haul. For climate advocates and community development practitioners alike, this outcome is highly undesirable, but we can only help people avoid it if we make the alternative much, much easier.

Performance standards must be complemented by customer service

Some policy advocates have suggested that a better solution to achieve clean energy retrofits at scale is to pass building performance standards that require people to make energy upgrades to existing buildings. However, we believe this strategy doubles down on the need for delivering great customer service to help building owners comply with local regulations. Without customer service, building performance standards aren't a recipe for scale, they're a recipe for vocal and public opposition.

“Market-building” recommendations to drive demand for clean energy and efficient buildings

The journey can be made more frictionless and easier to navigate with excellent customer service. One of the authors of this article helped start the HEAT Squad, a nonprofit program assisting lower-income homeowners in rural Vermont with home energy improvements. The HEAT Squad program has found success, helping over 2,500 homeowners make improvements that saved them over \$1,000 a year in energy costs. A third-party program evaluation found that the HEAT Squad boosted participation by low-income households by 164 percent. It did so through a people-first, white-glove customer service strategy: every homeowner could count on the support of a “Home Energy Advisor” who not only came out to their home to do an energy assessment but was available to help them through every implementation step.

Does this sound costly? Yes, it could be, but it’s the right thing to do and can be done in smarter ways. First, there is market-building budget in GGRF that could be dedicated to these efforts. Second, we can incorporate these costs into transaction fees that can be financed. And last, customer service costs can be brought down through tech-enabled hybrid approaches. High-quality customer service is expensive, but we can accomplish the GGRF goals with speed, scale, and equity, if we are thoughtful about how to design its delivery with greater effectiveness and efficiency. We can:

- **Leverage existing community infrastructure and co-design with local communities.** A variety of organizations exist in most states and localities that could work together to make it much easier for building owners and other people interested in clean energy to move forward with their projects. The key will be to break down silos between these groups, and to engage community-based groups who may be new to climate mitigation work.

At the government level, key groups include state energy offices, state and local planning

agencies, and state and local housing agencies and building departments. Utility energy efficiency programs, state public utility commissions, and [Regional Energy Efficiency Organizations](#) are already working but need stronger connections, especially to trusted organizations in low-income communities. Last but definitely not least, we can fund, train, and support a wide variety of local community groups to help building owners move forward with projects and get financing from GGRF-funded lenders. For example, [Building Performance Partnership](#) (BPP) is an existing network of building innovation hubs that is strengthened by a national backbone of shared resources, like training, education, building efficiency tools. Another example is [NeighborWorks America](#), whose national network of nearly 250 community nonprofits provides housing counseling to over 400,000 families every year. Other kinds of community groups that should be engaged include neighborhood and faith-based associations, nonprofit housing groups, human service agencies, and of course the community lenders who will be making loans with GGRF support. While every community is starting from a different place, it will be important for communities to support collaborative planning efforts to unlock the contributions that these different kinds of organizations can bring to the table.

- **Use technology as a force multiplier for customer service and to help with resource allocation.** There are several startups using “big data” strategies to identify buildings with the highest potential for GHG reduction and cost savings. Community-based groups could use this data to inform and prioritize their outreach efforts. For example, NYC Housing Preservation and Development’s 321 Go! program is a free helpdesk supporting compliance with a new local buildings performance standard (called Local Law 97). The helpdesk takes a tech-enabled approach that empowers community advisors on their first phone call to walk building owners through immediate energy

scope options. Other tech startups are building online platforms to make it easier for building owners to identify potential energy improvements they can make, estimate costs, find contractors, and identify rebates or tax credits they qualify for. For electric vehicles (EVs), Access Clean California has built an innovative approach that combines grassroots outreach by community groups with a sophisticated web platform that qualifies consumers for rebates on EV purchase.

- **Identify the pain points when building owners take action and provide the deepest customer service at those points.** These decision points can include equipment failure, major capital events, meaningful cost-saving opportunities, or local compliance drivers to avoid fines. Lean into these moments and customer service will build market demand. For example, in Wisconsin, Sustain Dane launched the Efficiency Navigator program with Elevate Energy to help small and medium-sized multifamily buildings with complimentary efficiency assessments and step-by-step advice.
- **Incorporate robust financing capabilities into customer service platforms.** Community advisors need to be confident that they can refer qualified customers to appropriate financing resources and help them braid together loans, rebates, and tax credits so that their project makes financial sense. For example, Inclusive Prosperity Capital (IPC) is currently a financing advisor to the Western NY Clean Energy Regional Hub, led by PUSH Buffalo. IPC has provided financing training to the Hub energy advisors and will also assess any project leads for financing eligibility.

Conclusion

While the above initiatives could help boost the efficiency of our customer service game, we must remember to focus on a people-centric, community-based approach first. We cannot do this work on the cheap—there’s no getting around the customer’s need for a relationship with a person and/or organization they trust. In conclusion, we urge:

- Funders, including both government agencies and philanthropies, to prioritize support for unbiased, timely, community-based technical assistance programming
- Greenhouse Gas Reduction Fund awardees to include technical assistance providers and community-based partners in their program planning and funding, and to consider pooling investment to build shared market infrastructure like building resource hubs
- Community-based lenders and program managers to track data on customer satisfaction to experiment with how they can deliver a uniformly excellent experience
- All stakeholders to collaborate and consider a “whole ecosystem” approach to building a market. There are many disparate federal and state funding programs. The U.S. Department of Energy (DOE) Home Energy Rebate programs allow states to devote a portion of their budgets to this kind of technical assistance. The EPA could also encourage and look favorably upon proposals for the Community Change Grant program for local building hubs or green home retrofit programs. There is also a fantastic, but much smaller funded program at the DOE called Buildings UP. The Environmental Protection Agency (EPA) has funded 17 “Thriving Communities Technical Assistance Centers” (TCTACs) across the United States. These TCTACs should work to identify and connect organizations in their region making it easier for people to find help and encouraging partnerships to form more robust customer service ecosystems.

Delivering high-quality customer service is critical to delivering environmental, health, and economic benefits to communities across America. We have an unprecedented opportunity to come together and make the GGRF a success for all communities, and particularly for disadvantaged communities who have borne the brunt of environmental burdens.

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The mission of the Center for Impact Finance is to address income and wealth inequality and increase access to capital for underserved communities, through research, training, and practitioner driven solutions. With a successful track record of working within communities and as respected national thought leaders in the field, the Center conducts original applied research, develops initiatives, designs programs, and implements financing products, projects, and policies that address societal challenges. It is actively involved in convening and supporting the various Greenhouse Gas Reduction Fund (GGRF) awardees and other organizations working to promote clean energy and sustainable investment in low income and disadvantaged communities.



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