



# LIFE 2002 Statewide Conference BRIEFING PAPER

## *Making Coordination and Collaboration Work in the Changing Energy Market*

Three strategies have traditionally helped low-income households to afford their energy costs:

- Referral to a Weatherization Assistance Program to lower the amount of energy they use;
- Referral to the Low-Income Home Energy Assistance Program (LIHEAP) to help them pay the energy bills; and/or
- Referral to a utility-based low-income program to help them address the bills they couldn't afford to pay.

These strategies continue to be important as low-income households face a changing energy market. At the same time, new opportunities are on the horizon which may be used individually or in conjunction with these traditional low-income energy programs. Making these new and old resources work more effectively together will require coordination and collaboration at a level far beyond anything that we have witnessed in the low-income energy arena.

This briefing paper will explore how coordination and collaboration can be used to strengthen energy services for low-income households in the changing energy market.

### **Coordination & Collaboration**

While coordination and collaboration may seem very similar to many, for this discussion, we'll define them this way:

*Coordination:* When two or more existing programs are brought together on behalf of low-income households. Each program keeps its individual identity and administrative control over funding. Coordination adds value to the existing programs and may include adapting program rules to increase compatibility or leverage funding. It may or may not be voluntary. Coordination is often undertaken to: extend the reach of an existing program, reduce administrative costs, avoid duplication of effort, avoid gaps, extend limited financial resources, strengthen capacity, or improve the quality of program reporting which may help the program or its program requirements.

*Collaboration:* When two or more organizations come together on behalf of low-income households to create new programs or services. Each organization contributes something to the collaboration in order to provide more effective services for low-income households. The collaboration partners may contribute time, money, expertise or goods to the effort. Collaborations are voluntary.

According to the Drucker Foundation, a national nonprofit technical assistance provider (<http://www.drucker.org>), nonprofit organizations have traditionally sought collaboration as a way to access donations of services, goods or dollars. While this type of collaboration still occurs, many nonprofit, as well as for profit organizations, are looking to new types of collaboration which are

transaction-based relationships (fee for service) or integrative relationships (joint ventures leading to the development of new products or services).

The changing energy market and a human service environment which is increasingly holistic and outcome-oriented both contribute to an increase in coordination and collaboration on behalf of low-income energy customers. The changing energy market includes a range of energy service providers: utilities, energy services companies, energy marketers and aggregators.

Because energy (gallons of oil or kw of electricity) is more or less the same from vendor to vendor, energy service providers may need other services or incentives to attract customers. Residential customers (including low-income) may be perceived as difficult to serve and may need assistance in understanding why they should serve those customers and how to serve them well. Customers may also require help in understanding the products and services available to them. All of these present opportunities for coordination and collaboration.

Coordination is essential in the changing energy market because program requirements and regulations are changing. One barrier facing energy service providers in the new market is understanding and working through changing program requirements and regulations. Effective coordination can help to establish a clearer path which can help them better serve their customers. Proponents of this view also believe that coordination can allow energy resources and services to be better allocated and targeted to better meet the needs of low-income households most in need of assistance.

Some have suggested that New York explore a new, more intensive level of coordination among its low-income energy

programs (Weatherization, LIHEAP, System Benefits Charge Programs and Utility Programs) by co-locating them into a single, centralized administrative entity. Proponents of this view believe that co-location of programs will reduce the administrative expense, reduce duplication, and improve coordination among programs which could result in a more seamless, holistic response to the energy needs of low-income households.

Two models have been recommended for this more intensive level of cooperation: creation of a public benefits program council which would result in program coordination in a more systematic way or the creation of a public authority which would physically co-locate the energy programs under a single administrative entity which would have greater flexibility than the traditional state agency. Implementing either model would require significant regulatory, statutory and logistical work. In fact, some have questioned whether or not these more intensive cooperation models could, in fact, add another layer of administrative complexity and cost.

Another issue which has been raised related to coordination is the potential for targeting resources to a broader range of low-income households. Historically, energy resources have been targeted to households that meet the HEAP income guidelines. New resources available through the System Benefits Charge programs allow households above that income level to qualify for certain types of assistance. Some have urged that New York carefully consider the impact that this expanded eligibility will have on the number of households that can be served, how service priorities are determined and how service to those with the greatest need can be preserved. These concerns make the need for improved coordination and collaboration even greater than it might have been in the regulated energy market.

The changing energy market creates greater opportunity for a wider range of collaborative opportunities among a wider variety of organizations. It is an environment likely to include participants who have no experience in working with low-income households, those who have experience working with low-income households on a day-to-day basis and may or may not have energy experience. These organizations will have different corporate cultures, expertise, and expectations. The quality of their collaborative agreements and the energy that they put into developing effective relationships will be essential to the success of their collaborations.

The Drucker Foundation's research on successful collaboration reveals that most include a four-phase process which includes:

- Preparation of individual partners prior to establishing the collaboration,
- Planning among the partners,
- Development of the collaboration, and
- Renewal of the collaboration which allows all partners to evaluate the success of the effort and recommit themselves to continuing.

## **The Coordination/ Collaboration Challenge: A Weatherization Case Study**

While much of the program coordination required by the changing energy market may occur at the state or regional level, the impact of that coordination can be felt at the local level. For example, the State's Weatherization Assistance Program has established significant program coordination guidelines for local weatherization agencies. It has separate guidelines for fee-for-service activities for local agencies. Local agencies are required to maintain separate labor, tools and materials records for both types of project. For more information, see the *Weatherization Program*

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*Policy and Procedures Manual at*  
<http://www.dhcr.state.ny.us>.

Income generated from the coordinated projects must be treated as part of the weatherization contract and must be rolled back into the program for use with income-eligible households and WAP-eligible measures. Income generated from the noncoordinated fee-for-service activities is considered agency income and may be used for any unrestricted purpose by the agency.

At first glance, it might appear that the administrative and reporting requirements for coordination of local weatherization agencies might make it harder for them to collaborate with energy service providers. The changing energy market, though, has a significant need for trained energy efficiency professionals which local weatherization programs are uniquely suited to fill. Most are finding substantial collaborative opportunities with utilities, housing organizations, and others.

Local weatherization agencies are also finding opportunity in new NYSERDA programs funded through the System Benefits Charge, a direct outcome of the changing market. In the Assisted Home Performance Program, for example, local agencies will soon work through regional teams to provide energy efficiency services to households who are above the Weatherization Program's 60% of state median income guideline but below 80% of state median income. This is the first time that these households, the working poor, will be assisted by low-income energy programs. Leveraging the benefits of both the Weatherization Assistance Program and the Assisted Home Performance Program is requiring extensive coordination by the State Division of Housing and Community Renewal and NYSERDA as well as the local weatherization agencies.

Coordination requirements that local weatherization agencies must consider require them to have strong data management and

fiscal reporting skills as well as the energy efficiency skills required by the market. Some of the issues that have evolved in weatherization collaborations include:

- Managing diverse income eligibility requirements;
- Developing effective outreach to a population which may not be the primary customer base for the agency;
- Making sure that staff are trained at the level required for collaboration
- Understanding how waiting lists and customer intake will be handled;
- Clarifying how project reporting will occur with the local agency and collaborator; and
- Defining workscopes and placing a value on non-weatherization work

While this example is specific to Weatherization agencies, it is important to note that collaboration and coordination opportunities can occur outside of that program model. In several instances, energy collaboration and coordination opportunities are including case management, budget counseling and other services.

## Preparing for Coordination and Collaboration

The changing energy market and changing human service environment present many coordination and collaboration opportunities. In addition to the traditional coordination/collaborations that have occurred between Weatherization agencies and utilities, the new energy market has also resulted in collaborations between utilities, energy services companies, weatherization agencies and new participants such as Cooperative Extension, Family Development programs, Habitat for Humanity, faith-based organizations and others.

With every collaboration or coordination opportunity, it is important to understand the guidelines, rules or regulations that may impact your ability to coordinate or collaborate with another organization. It is also important to take the time to prepare your organization for the changes that will come with coordination and collaboration. The Drucker Foundation has a free on-line workbook that can help you prepare, plan, implement and evaluate your organization's opportunities. See *Meeting the Collaboration Challenge Workbook: Developing Strategic Alliances Between Nonprofit Organizations and Business* (<http://www.drucker.org/collaboration/>).

In the meantime, here are a few of the types of skills which your organization may translate into coordination or collaboration opportunities:

- Low-Income Knowledge
- Knowledge of How to Access Government Resource Programs
- Budget Counseling
- Family Development-Based Case Management
- Housing Construction or Rehabilitation
- Community-Building and Networking
- Energy Efficiency Expertise
- Consumer Education

*This briefing paper is one of six prepared for the LIFE 2002 Statewide Conference and distributed by the LIFE Content Committee. Although each briefing paper was reviewed for accuracy and fairness by the LIFE Steering Committee, the final version was prepared by the author and does not necessarily reflect the views of the members of the Steering Committee, the NYS Public Service Commission or NYSERDA. This paper, Coordination and Collaboration in the Changing Energy Market was authored by Sue Montgomery Corey, President, Community Power Network of NYS, Inc. PO Box 36, Minerva, NY 12851, 518/251-2525, [suemc@capital.net](mailto:suemc@capital.net).*

