

# Energy Democracy

## Community Innovation in Boston: A Case Study

AUGUST 2012

For more information, contact:

Anthony Giancattarino, Coordinator for Research and Advocacy  
150 Broadway, Suite 303  
New York, NY 10038  
agiancattarino@thecsi.org  
212.248.2785 x1451

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

## ACKNOWLEDGEMENTS

The Center for Social Inclusion (CSI) expresses our profound appreciation for the leadership and knowledge shared by the leaders of the Boston Workers Alliance, Chinese Progressive Association, and Alternatives for Community and Environment.

In particular, we thank Katjana Ballantyne for her time, guidance, and support in the interviews and writing of this document. We thank Penn Loh, Aaron Tanaka, Kalila Barnett, and Mark Liu for their time, energy, and participation in our interviews. Additionally, we thank Nancy Wasserman for her time and insights into the Boston ESCO project.

We are very appreciative of Monique Morris for conducting the interviews, providing additional research, and producing the summary analysis.

We are grateful to the [Kresge Foundation](#) and [Quixote Foundation](#) for their financial support for this report.

## PREFACE

We all want clean air, fresh water, and a healthy environment to live in. And we want good quality jobs to provide for our families and build an economically healthy community. In spite of economic stagnation and a looming climate crisis, local leaders and communities are working toward solutions that can build a new and better economy for people and the planet.

Such solutions require all of our best thinking and they require that we all have the opportunity to contribute. Because our environment is a shared resource, tackling climate change requires shared participation. All types of communities must be part of the solution, including Black, Latino, Asian, and Native American communities, who are soon to be the majority. Getting everyone involved will require widespread structural change. According to the Union of Concerned Scientists, “the biggest impact on climate change will come from large-scale changes—[including]...regional policies; thoughtful, systematic efforts to reduce polluting fossil fuel energy sources and unsound land use practices; and steady progress toward a green, sustainable future.”<sup>1</sup> Steady progress requires that we identify and remove barriers to local and regional innovation to begin to slow climate change, create jobs, and support healthier people and places.

Despite many obstacles, communities of color, who face some of the most devastating impacts of climate change, continue to generate new ideas and lead multiple efforts to build a more inclusive energy solution. This case study describes one innovative approach in Boston, Massachusetts, and offers some policy ideas to make projects like this feasible.

---

<sup>1</sup> Union of Concerned Scientists. [http://www.ucsusa.org/global\\_warming/](http://www.ucsusa.org/global_warming/)

## INTRODUCTION

In 2008, Massachusetts took a bold step. It set an aggressive goal of cutting greenhouse gases by 25% in the next decade and over 80% by 2050. The *Green Communities Act* seeks to improve energy efficiency in communities and spur renewable energy development. The question remains, will people of color, 53% of the Boston population, be able to participate in this effort?

**Communities of color have been *environmental activists* for decades.** These are communities most often victimized by poor environmental planning, regulations, and decision-making. In the last twenty years, communities of color in the Boston area have united and won a Boston-wide plan to run buses on cleaner burning fuel, stopped a diesel fueled power plant from being located across from the only elementary school in the diverse Chelsea neighborhood, and ended illegal dumping of trash and toxic materials in abandoned lots throughout the communities of Roxbury and Dorchester.<sup>2</sup>

Communities of color acting as environmental justice advocates have continued to work towards energy improvements by supporting community focused policy development. The *Green Communities Act, a statewide policy passed in 2008*, opened a new door to social entrepreneurship – applying entrepreneurial strategies to solving social problems for the public good. Social entrepreneurship is one of the ways communities of color have gone beyond fighting bad decisions to promoting positive solutions. Forming a Green Justice Coalition, environmental and economic advocates argued, “Small pockets of greening cannot meet this goal [of 80% efficiency]. To transform our energy system on this scale, *all communities* must have broad and deep engagement of residents and workers.”<sup>3</sup>

With hopes of making this statement a reality, three Coalition members from Boston – Alternatives for Community and Environment (ACE), Chinese Progressive Association (CPA), and Boston Workers Alliance (BWA) – formed a partnership. The three non-profits believed that communities of color would not be fully included in efficiency efforts because almost all the energy service companies responsible for implementing efficiency programs under the *Act* are not located where people of color live, such as the Roxbury or Dorchester neighborhoods (*see: figure 1*).

From an economic perspective, case study participants further noted that the lack of a local weatherization business may be a reason why many youth of color from the neighborhood, trained for weatherization, have difficulty finding work. Without a local weatherization business, young neighborhood residents who graduated from green training programs must go out of the area to find a job, a challenge for many in Roxbury and Dorchester, where 15% - 35% of the population does not have access to a car and rely on transit for job opportunities.<sup>4</sup>

To fill these gaps in environmental impact and access to green jobs, the three non-profits are collaborating to create the Boston Energy Service Cooperative (BESC). BESC would retrofit and weatherize homes of low-income residents. It would also be a community-owned business employing local men and women and

---

<sup>2</sup> According to 2010 Census Tracts, Roxbury and Dorchester are majority people of color. Roxbury is 42% Black, 25% Latino, 20% White, and 5% Asian; Dorchester is 37% Black, 28% White, 13% Latino, and 11% Asian.

<sup>3</sup>The Green Justice Coalition. *The Green Justice Solution* <http://massclu.org/system/files/TheGreenSolution-short.pdf>

<sup>4</sup> 2010 Census Data.

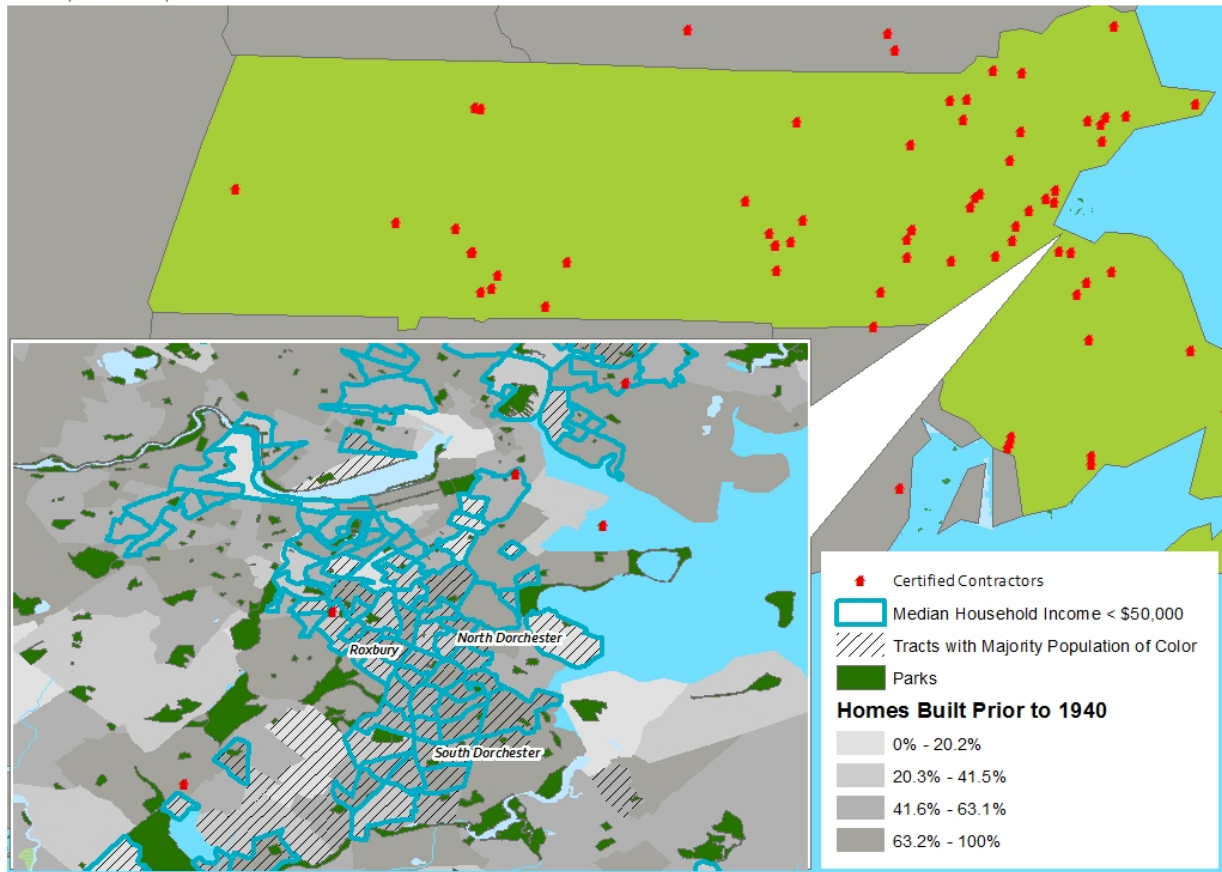
providing them with a democratic, one person/one vote decision-making process. This need is significant; especially as unemployment for communities of color was double that of White communities prior to the recession.<sup>5</sup>

It's a compelling idea. And if it works, it could be a replicable model that contributes to job creation, civic engagement, and solving one of the world's most pressing problems – global climate change.

BESC social entrepreneurs have made progress on development of the cooperative model and also face real challenges that policy innovation can help solve. By understanding these barriers and supporting their removal, we can make the hope of BESC a reality and create more opportunities for similar innovations.

**Figure 1:**

**Mass Save Certified Contractors Overlaid with Median Income, Population of Color, and Age of Housing Stock (by Census Tract)**  
Source: ESRI, US Census Bureau, Zillow



<sup>5</sup> Prior to the recession, White unemployment was at 4.8%, Asian unemployment at 8.8%, Black unemployment at 10.8%, and Latino unemployment at 12.4%.

## THE CHALLENGE

Communities of color in Boston want to contribute to reversing climate change by using energy more efficiently. And why shouldn't they? Data shows that households of color pay 30% more in energy costs compared to White households – mostly in electricity and space heating costs. One reason for this is that people of color, relegated to areas of historical disinvestment and lacking the accumulated wealth to relocate, often live in older homes where new insulation and electrical appliances could help cut such costs. This applies to the Roxbury and Dorchester communities whose majority residents are Black, Latino, and Asian, and are more likely to live in homes built prior to 1940.

A weatherized home is a home that substantially reduces our carbon footprint and lowers energy expenses. NRDC reports that low-income communities can save up to \$437 in annual utility bills,<sup>6</sup> while cutting emissions by 7% over 10 years.<sup>7</sup> With communities of color the hardest hit by unemployment in the Boston area, and also facing higher utility costs, the *Green Communities Act* provides an opportunity to create jobs, reduce costs for financially-stressed people, and contribute to Massachusetts's carbon emissions goals.

According to the Green Justice Coalition:

- Low-income communities and communities of color are underserved by weatherization programs.
- People of color have trained for green jobs but are not finding sustainable employment.

The reason: **Massachusetts weatherization programs are race-neutral.** These programs support weatherization and do not seek to discriminate in doing so. Nonetheless, the way they are structured makes it implicitly harder for communities of color to participate.

Financing is one such structural barrier. Federal weatherization assistance programs have provided grants for people making less than 60% of the state median income, or about \$38,000 in Massachusetts. But this does not help those who make between \$38,000 and \$64,000 (the median income), which means roughly **45,000 lower-income Boston households could be left out of weatherization opportunities.** These lower-income households in Boston that sit just above the \$38,000 threshold are primarily found in communities of color.

For these communities, there are two primary financing mechanisms.

- Personal financing of energy service contractors
- Participating in state rebate programs

---

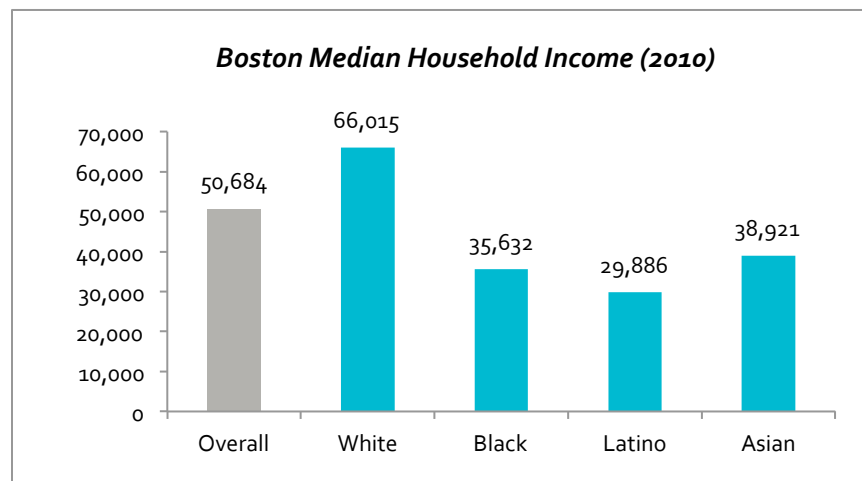
<sup>6</sup> Byrk, Dale. *Switchboard Blog*. [http://switchboard.nrdc.org/blogs/dbryk/better\\_life\\_weatherization\\_sav.html](http://switchboard.nrdc.org/blogs/dbryk/better_life_weatherization_sav.html)

<sup>7</sup> Science Daily. "Simple Measures Can Yield Big Greenhouse Gas Cuts, Scientists Say"  
<http://www.sciencedaily.com/releases/2009/10/091026152944.htm>

1. *Personal financing of energy service contractors:*

Weatherization requires at least \$2,000 in upfront cash if a homeowner is financing such repairs independently. Yet Boston's cost of living is the 13<sup>th</sup> highest among 135 metropolitan areas in the nation, with utility and housing costs being among the highest.<sup>8</sup> **People of color are less likely to have the upfront money as their incomes remain among the lowest levels** (as seen in figure 2).

**Figure 2:**



2. *Participating in a state rebate program:*

Importantly, the State of Massachusetts offers a \$2,000 rebate program (\$3,500 for the city-wide *Boston Renew Program*) so that homeowners who can afford to front the costs of weatherization will get these expenses back as a rebate. But, to participate, residents must enroll in the MassSave program, a clearinghouse operated by utility companies, which directs homeowners to an approved contractor for the work.

Boston residents specifically have not always had a positive relationship with utilities. Research demonstrates that **utilities often serve communities of color poorly because they cannot fully understand the communities' particular needs.**<sup>9</sup> A lack of cultural and community-specific competencies on the part of utilities has reduced trust. Utilities may not be effective messengers or seen as a reliable resource for referrals. Additionally, many case participants expressed that the overall process lacks transparency regarding how funding decisions are made, why particular contractors are approved, and where services are, or are not, occurring.

## A COMMUNITY-DRIVEN SOLUTION

ACE, CPA, and BWA believed they could find solutions to the challenges communities of color face in participating in weatherization programs through a community-driven approach. Citing a report by Miriam Fuller of Efficiency Vermont, they found that community efforts can be more impactful in reaching

<sup>8</sup> US Census Bureau. "Statistical Abstract" <http://www.census.gov/compendia/statab/2012/tables/1250728.pdf>

<sup>9</sup> According to the Green Justice Coalition paper "Living up to the Challenge", research and experience point to the fact that communities of color or low-income status have less access to utilities and their decisions.

## What is an Energy Service Company?

An Energy Service Company (ESCO) is a “business that develops, installs, and arranges financing for projects designed to improve energy efficiency and maintenance costs for facilities [or households].” (National Association of Energy Service Companies)

ESCOs are often local and community-oriented compared to big utilities. An ESCO invests in efficiency efforts in a variety of ways. It can insulate windows and pipes, it can help customers manage their electricity usage by installing controls or timers, and it can develop combined heating and power systems to limit reliance on fossil fuels for heating and cooling.

conservation and efficiency goals. The report found that when engaging communities around energy efficiency “the way information is communicated and *by whom* is extremely important.”<sup>10</sup> When **community-driven groups implement energy efficiency programs, they can outperform private subcontractors and utilities with regard to costs, energy savings, and response rates.**<sup>11</sup>

The three groups posed a question to themselves: “*How can we use our intimate relationship with the community to improve opportunities for energy efficiency and contribute to the goals of the Green Community Act?*”

Understanding the community’s hesitation to deal with utility companies, a lack of weatherization providers in the area, and a large need for efficiency services, the three non-profits coalesced around the idea of creating a community-owned Boston Energy Service Cooperative (BESC) to:

- Provide weatherization and retrofits in low-income communities and communities of color
- Supply good quality green jobs, and
- Provide a wealth-building opportunity through a cooperative ownership model.

The BESC would be the **first community of color operated and owned weatherization company in Boston** and the first primarily serving communities of color in the Boston area. The BESC also has a competitive advantage in the field of weatherization. The non-profits incubating it have positive reputations and are known in their communities; they know the community and are committed to green justice and local reinvestment. Furthermore, there is market opportunity.<sup>12</sup>

The BESC is modeled after the worker-owned Mondragon cooperatives<sup>13</sup> in Spain and the Evergreen Cooperatives<sup>14</sup> in Cleveland, Ohio. Under their plan, decision-making power would be equally distributed

<sup>10</sup> “Enabling Investments in Energy Efficiency” ,Efficiency Vermont

<sup>11</sup> Ibid.

<sup>12</sup> Forecasts by MassSave show that contractors will service an estimate of only 550 – 940 households in Boston over 3 years, just over one percent of the city’s owner-occupied housing units, even less among renters, leaving ample opportunities for BESC to participate.

<sup>13</sup> The Mondragon cooperatives are a federation of worker-owners who practice the principle of one voice, one vote. Over 83,000 people are employed by cooperatives in the fields of finance, knowledge, industry, and retail. For more information visit: <http://www.mondragon-corporation.com/ENG.aspx>

<sup>14</sup> The Evergreen Cooperatives is a worker-owned for-profit business model that hires local workers. For more information visit: <http://evergreencooperatives.com/>



among workers (i.e. – one person, one vote). Any income the company receives after all expenses (including compensation) would be distributed equally among the workers or reinvested back into the company – depending on how the worker-owners vote.

With support from business consultant Katjana Ballantyne, the group crafted a business plan outlining the initial three years of the BESC, while setting the stage for long-term planning. In the cooperatives' first three years it would employ 11 workers. These workers would be comprised of three crews with three workers each: a crew-leader, a mid-crew person, and an apprentice. The crews would be responsible for retrofitting homes. In addition, the cooperative's management would be led by a construction supervisor and President. The BESC would be located in the community, Roxbury or Dorchester specifically, and its primary focus would be to service single and two-family homes within this area.

Because the BESC wants to ensure that they service low-income communities and communities of color, it cannot rely on self-financed homeowners. The BESC needs to participate in the MassSave program, which rebates participants up to 75% of the costs. In order to be a MassSave-approved contractor, the BESC needs to be licensed by the state and utilities. **As a community-led contracting company, the BESC could be a solution to the struggles low-income people and people of color face in working with MassSave.** Simultaneously, BESC will be helping the state achieve its goal of cutting emissions by 80% by serving hard-to-reach communities.

## **WHERE DOES BESC STAND?**

In 2009, to address the challenges that communities of color face in engaging MassSave, ACE, CPA, and BWA decided to leverage its community trust and established relationships with their communities and incubate the BESC. Each organization contributed \$5,000 to hire Nancy Wasserman as a consultant to perform a feasibility study. Nancy has spent over twenty years working in the field of community and economic development and more recently on energy efficiency. The feasibility study highlighted the potential for the nonprofits' work. Citing their unique advantage of knowing and understanding their communities, these organizations could leverage their trust and relationships to help build support for energy efficiency improvements in Roxbury and Dorchester.

In 2010, the groups applied for, and received, a \$30,000 grant from the Boston Empowerment Zone to hire Katjana Ballantyne to create the business plan and manage the start-up process of the BESC. A lifelong supporter of environmental and social justice, Ballantyne also founded and shepherded the start-up of Nilsson Associates, a LEED-certified planning and architectural design firm. She developed the business plan, which showed that the BESC would be a success within three years of development, while identifying long-term viability in the market. While it may not rake in record profits, the company would create enough revenue to reinvest in the company and provide eleven quality-paying jobs in the initial stages of growth.

The business plan details BESC's capital costs, target market, its competitive advantage, as well as barriers to entry. In order for the BESC to incorporate, the nonprofits must attain \$150,000 of initial funding to purchase equipment (such as a truck and insulation), and provide salaries and benefits to employees. Further, the nonprofits would need to secure an additional \$150,000 line of credit as an emergency fund.

The BESC revenue would be provided by the homeowners and rebates from the MassSave program for each home serviced.

Currently, the group is exploring whether or not to merge or purchase a small weatherization company from a retiring contractor. This acquisition would provide the BESC with initial working capital (such as a truck, supplies, and an established network). It would also include the company's license and work history with the utilities that run the statewide efficiency programs, sparing the BESC from having to establish itself as a viable contractor.

Questions remain on how the group will obtain the necessary capital for such a purchase. Based on discussions with legal advisors, one possibility could be that the combination of its business plan with an established agreement to purchase a working company may be enough to secure funds to see the process through. Another option would be for the group to repay the current owner through revenues generated by its work over an agreed payment period. Further questions remain over the impact of the purchase on its core idea for a cooperative, or how it may include former employees. The group is currently exploring this option more deeply.

While the groups find ways to develop the BESC project, **they did recently secure a victory in ensuring that communities of color have a voice in state energy policy**. Through the work of the Green Justice Coalition, former ACE Executive Director, Penn Loh, has been appointed to represent residential consumers on the Commonwealth's Energy Efficiency Advisory Council. And the Coalition has worked with the Commonwealth on piloting Community Mobilization Initiatives in five communities of color, including Roxbury and Dorchester, which "mobilize residents in HTR/HTS [hard to reach/ hard to serve] communities to participate in the Mass Save program"<sup>15</sup>

## **BARRIERS TO SUCCESS**

Overall, two years into the conception of the project, the BESC is still a plan and not a formed cooperative due to challenges around capacity and financial access. These are not unusual challenges for start-ups, but they are often greater for communities of color thanks to fewer educational opportunities, less access to fair credit, and fewer established relationships with the financial sector resulting from a long history of public and private disinvestment in their communities. In addition, these same communities have to overcome external skepticism about their capacity.

For example, **accessing financial resources stacks the deck against many communities of color**.<sup>16</sup> Historically White communities have more assets to leverage private capital and more access to decision-making processes that result in vital investment and infrastructure building, compared to Black, Latino, and Asian communities. Research shows that the median White household has an accumulated wealth that is over \$100,000 more than that held by the median Black or Latino household.<sup>17</sup>

---

<sup>15</sup> Fried, Mindy and Taylor, Madeleine. "Evaluation of the Green Justice Coalition's Community Mobilization Initiative Chinatown and Chelsea Residential Energy Efficiency Pilots". [http://massclu.org/sites/clud6.prometheuslabor.com/files/cmi\\_evaluation\\_full.pdf](http://massclu.org/sites/clud6.prometheuslabor.com/files/cmi_evaluation_full.pdf)

<sup>16</sup> See: Oliver, Melvin and Shapiro, Thomas. *Black Wealth, White Wealth: A New Perspective on Racial Inequality*

<sup>17</sup> Pew Research Center. "Wealth Gaps Rise to Record Highs Between Whites, Blacks, and Hispanics" <http://www.pewsocialtrends.org/2011/07/26/wealth-gaps-rise-to-record-highs-between-whites-blacks-hispanics/>

The lack of such wealth and assets are reasons why cooperatives can be such an attractive idea. Communities can pool assets, share resources, and find innovative ways to support their local economies and build wealth from the ground up. Unfortunately, cooperatives are not always eligible for or engaged by government programs. Furthermore, cooperatives face burdensome steps to access financial resources from private lenders because private companies often prefer a greater share of investment compared to what cooperatives can offer.<sup>18</sup>

#### *Lack of Capacity*

BESC has a business plan, but the participating organizations cannot afford dedicated staff to move from planning to execution. ACE, CPA, and BWA are contributing the limited time of existing staff, all of whom have many other assignments and responsibilities. They have not had resources to pay Ballantyne, their business consultant, who has had to volunteer her time to develop the project, which limits her ability to move it forward.

Due to limited resources, the organizers of BESC have also been unable to pay for legal assistance. They have been fortunate to receive some free legal assistance to help them understand what is required to incorporate a cooperative, but it has not been sufficient to actually form the legal entity. The legal process is tedious and cumbersome and it requires time and research that the nonprofits cannot perform on their own and they cannot afford to pay an attorney.

#### *Lack of Financial Access*

The business plan states that it will cost approximately \$150,000 to start up the organization, money the three nonprofits do not have to fund this venture. While cooperatives are welcomed in Massachusetts, there is not strong financial support for these developments, particularly in communities of color. If the BESC has a business plan, why are they unable to access private funding?

One problem is connected to the history of communities like Roxbury and Dorchester. Similar to many communities of color, they have faced a history of neglect and a current lack of investments by banks. Private lenders are less likely to be located in communities of color or to provide prime loans to these communities.

Another problem is that the BESC does not have capital to leverage private resources. Initial conversations with some traditional lenders and banks revealed that the group does not have the necessary collateral to leverage financing. Collateral could be a working weatherization unit (such as a truck and supplies) or a guarantee from the city that the BESC will receive rebates under its Renew Boston program. Without either, the challenges to access financing are high.

#### *Lack of inclusion in the decision-making process*

The energy economy is very complex and the decision-making roles communities can play are often limited. Communities are excluded even more so when corporations occupy a large role in the public sphere, such as utilities do in the MassSave program that oversees energy efficiency programs in the state. The BESC

---

<sup>18</sup> Small Business Administration. <http://www.sba.gov/content/cooperative>

project is a step that communities of color can take to be actively engaged in the green energy process. However, the BESC faces a structural barrier where the energy efficiency decision-making process is difficult to influence.

Rebates for retrofits are financed by both public-investment taxes and federal stimulus dollars. The money is directed by MassSave, a coalition of investor-owned utility companies. To participate as a contractor in the rebate program, companies must be certified. However, case study participants noted that **“opportunities for certification are limited by location, time, and are often poorly advertised, making it difficult for people to achieve this crucial goal.”**

Another barrier to inclusion discussed by participants is the fact that CSG, the lead vendor of the MassSave program, has substantial control over audits and administering contractor services. Its decisions are not always clear or accessible by the public. Without transparency or inclusivity in the decision-making process, it is difficult to ensure that contractors have a fair chance to participate and that all communities are served. So, while everyone pays the tax, not everyone is included in the solution.

## KEY TAKEAWAYS

### *Community knowledge and trust is an asset in pursuing energy efficiency*

Most energy efficiency efforts are administered by utility companies, which are not always responsive to community interests. A lack of dialogue, trust, or relationship between communities of color and their energy providers means that efficiency programs may not reach communities that need them the most. In contrast, the community-owned BESC represents the community it works in and knows how to meet needs in ways that are not always achieved by an outside party.

In this case, the BESC is being developed by three nonprofits that have been working in the Roxbury and Dorchester communities for a combined 39 years. Each organization has had a long history of advocating for workers' rights, pursuing environmental justice, and pushing for racially inclusive solutions. They are well respected, trusted by the community, and intimate with the unique needs and challenges that their community faces. These organizations know how to work with their community to promote full participation, an essential task to achieve citywide carbon reduction.

### *Communities of color need added capacity building and support*

Because development of the BESC relies on volunteer time donated by the three nonprofits, it competes with other priorities within those organizations. This means that non-profits that are not community development corporations need to think strategically about their capacity and time in order to assess how a project like BESC adds value to their work. The three nonprofits are asking questions like: are we incubating this program? Or is it a part of our core mission?

As they ponder these questions, it is clear that technical assistance and partnerships are crucial to build the project's capacity. The BESC project needs legal assistance to walk through the incorporation process, and it could use more technical assistance to access funding. Such assistance can come from a variety of places: anchor institutions, like universities, have provided the Evergreen Cooperatives with legal and technical

assistance; while state and city governments, like New York, have provided small and minority-owned businesses with assistance.

In addition to legal and technical assistance, building partnerships with socially-minded entrepreneurs can provide the groups with “know-how” and networks to make the project successful. The trio of non-profits identified Katjana Ballantyne as a first step towards reaching out to someone with experience in developing a start-up project. However, the lack of financial resources to pay her full time limited the amount of work she could provide. The groups have not yet identified other possible partnerships with organizations or companies that may have the necessary capital and provide the BESC with financial support in the start-up process. One possibility is working with local community development corporations – as the three nonprofits have discussed. Either way, deeper external partnerships are needed for the BESC to succeed.

## **SOLUTIONS THAT CAN HELP MAKE THE BESC MODEL SUCCESSFUL**

### *Communities of color need better access to financing and investment*

Because of historical patterns of neglect and a current lack of working capital, the BESC is unable to leverage private funding. Yet, success is dependent on the nonprofits’ ability to access start-up capital. One alternative that the nonprofits are exploring is program-related investments (PRI) from foundations. These are low-interest loans that foundations provide to organizations to support projects that are close to the foundation’s mission. These funds can often be used to leverage additional funding opportunities as well.

State or city governments could also lend support to the nonprofits around accessing financing in two ways. They could provide a start-up grant to minority-owned energy cooperatives, like the BESC. The city’s Boston Empowerment Zone grant of \$30,000 was helpful for the nonprofits in building a business plan, but it was not enough to leverage private funding to meet its goal of \$300,000. Secondly, the city or state can establish a contract guaranteeing payment to the BESC through the rebate programs. Having a guarantee from the state or city government can provide security for private loans, knowing that there is a guaranteed revenue stream once the company is in operation.

### *Energy Improvement Districts can help make community-based BESC projects viable*

Energy Improvement Districts (EID)<sup>19</sup> are a state or local policy approach that can allow communities of color to access financing, be part of the planning process, and take concerted action against climate change. An EID designates certain areas of land for special energy financing and investment. In this case, EID designation in Roxbury and Dorchester would mean the communities would be targeted for special financing for energy efficiency projects. **EIDs could be a solution to three challenges: access to financing, technical assistance, and transparency and inclusion in the decision-making process.**

EID designation can help finance community projects. As a state or local designated entity, EIDs come with public support to back projects. Such supports include: tax breaks, loan guarantees, or low-interest loans to local companies. In this case, an EID could provide the BESC with a state guarantee of financing that could be leveraged for other funding opportunities, like private-public partnerships.

---

<sup>19</sup> For more information about EIDs please see CSI’s recent paper: *Energy Democracy: Supporting Community Innovation* <http://www.centerforsocialinclusion.org/supporting-community-innovation/>

EIDs can provide an avenue for communities of color to be eligible for technical assistance. Many federal energy technical assistance programs deal with municipal governments, not community organizations. Since an EID is administered by the local government, EIDs can be a conduit for technical assistance to communities looking to create efficiency projects.

Since the point of an EID is to focus investment on an energy-inefficient area, data collection must show what communities have the most need. Because communities of color are more often energy-poor, data collection should have racially-explicit equity metrics. Such metrics will help provide transparency in the decision-making process on where EIDs are located.

The three nonprofits can use this data to show why the BESC is vital to meet the needs of the community and can also create an avenue to help the state meet its goals of 80% efficiency by 2050. By having the right data and a role in the decision-making process, the non-profits can use EIDs as a pathway to hold state, local, and corporate decision-makers accountable. For example, an EID could provide an avenue for the BESC to use data and identify needs and markets to negotiate with the utility-run MassSave program, ensuring the program provides services or grants to the communities that are in most need.

## CONCLUSION

The Boston BESC project addresses a desire that many communities of color have – racial inclusion in the fight against climate change. As CSI proposed in our recent report, *Energy Democracy: Supporting Community Innovation*, to truly meet the challenges of climate change and build a more sustainable environment, we must have energy policies that include all of us, particularly the fastest growing populations, which are communities of color. To meet this need, we must recognize the assets and potential that communities of color have. The BESC project seeks to do just that.

The BESC is a transformative solution. **It is more than consumer participation and education; it seeks to tackle our environmental crisis, while building a community's health and wealth.** The BESC is a bold project and despite their struggles there is potential for success. The barriers and needs are clear: the group needs dedicated capacity, financing, and business and political partnership. The group acknowledges these needs and is currently strategizing a way forward to meet them.

However, these barriers cannot be addressed by the BESC alone. Policies at the state and local level, like Energy Improvement Districts, can support communities like Roxbury and Dorchester in Massachusetts so they have a chance to succeed.

## THE BOSTON ENERGY SERVICE COOPERATIVE (BESC): A SUMMARY

### *The Challenge:*

1. Low-income communities and communities of color are underserved by weatherization programs.
2. People of color have trained for green jobs but are not finding sustainable employment.
3. Weatherization requires upfront payments costs, which many low-income communities and communities of color lack.
4. State sponsored weatherization programs administered by the utilities are not always responsive to community needs.

### *The Solution - An energy service company that would:*

1. Create new jobs in a community with high unemployment and underutilized training and skill.
2. Be community-owned and run, building and keeping wealth in the community.
3. Provide weatherization services to low-income communities and communities of color in single- and multi-family homes in the Boston area.

### *What has the BESC done so far?*

1. Completed a feasibility study showing the potential for BESC's success and services.
2. Established a profitable business model and plan.
3. Explored the option of purchasing a retiring energy-service business to establish assets and credibility, and obtain critical contracting licenses.

### *Barriers to Success:*

1. Lack of capacity to pursue next steps and navigate business and legal issues.
2. Lack of financial resources to leverage private capital for BESC start-up.
3. Lack of inclusion in the MassSave decision-making process makes it difficult for BESC to ensure it will be a certified contractor that will allow it to provide services to residents eligible for state grants.

### *Key Takeaways*

1. Building on community trust is critical to make energy efficiency efforts successful.
2. Communities of color need added capacity and support to pursue such projects.

### *Solutions that can help make the BESC model successful:*

1. Foundations or city and state governments can provide low-interest loans to help communities leverage support for private capital.
2. Energy Improvement Districts can provide an opportunity for communities of color to engage in energy efficiency financing, decision-making, and implementation efforts.

The Center for Social Inclusion works to unite public policy research and grassroots advocacy to transform structural inequity and exclusion into structural fairness and inclusion.

We work with community groups and national organizations to develop policy ideas, foster effective leadership, and develop communications tools for an opportunity-rich world in which we all will thrive.

The Center for Social Inclusion  
150 Broadway, Suite 303 New York, NY 10038  
(212) 248-2785  
[www.centerforsocialinclusion.org](http://www.centerforsocialinclusion.org)

---

Copyright © August 2012 by The Center for Social Inclusion

All rights reserved. No part of this report may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and retrieval system, without the permission of the Center for Social Inclusion