Comment Received From: Franklin Energy
Submitted On: 8/27/2025
Docket Number: 23-DECARB-01

HOMES P4P Solicitation Manual Concept Paper

Additional submitted attachment is included below.

FRANKLIN ENERGY™

August 27, 2025

California Energy Commission
715 P Street
Sacramento, California 95814

Subject: Docket No. 23-DECARB-01 – Comments on California Energy Commission's HOMES P4P Solicitation Manual Concept Paper

Dear Commissioner McAllister and Pertinent California Energy Commission Staff:

On behalf of Franklin Energy and our subsidiary AESC, the following offers comments to the California Energy Commission (CEC) on the above referenced docket and topic. We appreciate continuing to have the opportunity to engage in stakeholder discussions on the CEC's plans to utilize a portion of its United States Department of Energy (DOE) grant award for the Home Efficiency Rebate (or "HOMES") Program to deploy a statewide Pay-for-Performance (P4P) residential retrofit offering (hereinafter referred to as "HOMES P4P").

Franklin Energy and AESC—now part of Franklin Energy since December 2024—have long provided turnkey energy efficiency and demand management programs throughout California. We implement programs for the CEC, utilities, RENs, and CCAs. Recently, we've become leaders in launching demand-side energy programs using CalTRACK methods.

Our comments are organized according to the topics and questions in the CEC's July 28, 2025 "Notice of Solicitation Concept Workshop for Home Efficiency Rebates (HOMES) Pay-for-Performance (P4P) Program" ("July Notice"), and we also address areas where the CEC requested further input in the August 19, 2025 "HOMES P4P Solicitation Concept Workshop Supplemental Q&A" ("August Supplemental").

Partial Payments (July Notice Question #4, August Supplemental Q1)

Franklin Energy recognizes the cashflow risks and program costs in financing incentives and construction for 12 months before receiving payments. High borrowing costs limit household participation in HOMES P4P and reduce energy savings. Aggregators may be discouraged by these challenges and shift focus elsewhere, underutilizing HOMES P4P. Franklin Energy urges the CEC to collaborate with IBank or other public financiers to offer lower interest rates on construction loans, ensuring more program funds reach underserved households rather than commercial banks.

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Aggregator Profit (August Supplemental Q4)

Franklin Energy supports the CEC's choice not to cap Aggregator profit margins. We propose limiting Participation Agreement terms to reasonable project costs, net customer costs after rebates, and customer bill impact. Competitive profit margins will attract Aggregators; as they enter the market, competition will reduce margins over time. Franklin Energy recommends restricting cost inputs instead of reimbursement outputs. Aggregators who deliver large savings at low installation costs should be encouraged and rewarded.

Agreement Structure (July Notice Question #5, August Supplemental Q7)

Franklin Energy continues to recommend the CEC issue this as an RFP instead of a GFO. The P4P approach has been successful in California, in large part, because of the ingenuity and collaboration of commercial implementers, Aggregators, and contractors. Companies like Franklin Energy, AESC, and others have invested in the P4P model and have already gone through the growing pains of operationalizing it – making implementation a cost-efficient commercial endeavor and building the relationships and ecosystem that will support program success.

Roles and Responsibilities (July Notice Questions #7-10, August Supplemental Q8)

The active list of California P4P Aggregators is diverse and constantly growing. The MCE Peak Flex and Energy Efficiency Market features 11 Aggregators focused on residential efficiency today, and 3 dozen more that may take an interest in HOMES P4P. And the existence of the program itself reinforces the market signal that California is committed to the P4P approach, encouraging Contractors to evolve into Aggregators and acting as invitation for Aggregators from other regions.

Aggregators may take different forms, but those working directly with both customers and contractors to define retrofit scopes and expected savings are successful. With Aggregators supporting project development and sales, contractors can focus on technical work, reducing installation costs.

Program Integration - Combining Funding Sources (July Notice #13, August Supplemental Q10)

Franklin Energy supports the CEC's aim to promote stacking and layering of funding sources. Since funding availability varies by jurisdiction and changes over time, it is practical for the SWI to report which sources were available and used at project closeout in monthly reports to the CEC.

This enables the SWI and CEC to identify if Aggregators are not fully utilizing stacking funds compared to others in similar regions.

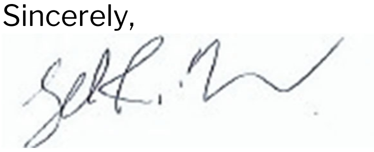
Participant Utility Cost Protections (August Supplemental Q13)

Stakeholder discussions have focused on protecting customers from retrofits that save BTUs through fuel switching but may increase energy bills due to cost differences between gas and electric BTUs. The program should prioritize transparency, adaptability, clear reporting, and flexible models to help Aggregators address changing market conditions. Building trust with customers requires open feedback and ongoing improvement. Collaboration led by the CEC will support innovation and enhance both customer benefits and market adoption.

Ensuring energy remains affordable is essential, particularly for households struggling with high living costs. This program should provide transparent information about how retrofits affect affordability across different housing types and project sizes. Some customers may participate for health, safety, or climate reasons because the HOMES P4P program is less equity-oriented than others such as the Equitable Buildings Decarbonization Program. The primary goal for this program is to achieve accurate forecasting that supports informed decision-making. This can be done using strategies such as project screening with historical usage data and the application of modeling tools that account for rate changes. For example, in the Silicon Valley Clean Energy (SVCE) On-Bill Financing pilot, bill savings were used to repay loans, with a minimum projected 80% customer bill savings over one year. This provides a 20% margin for external factors like weather while maintaining customer savings. Program participation agreements with Aggregators should include language requiring a signed acknowledgement that energy cost forecasts provided to customers must meet exacting standards of accuracy for eligibility in the HOMES P4P program.

On behalf of Franklin Energy, we appreciate this opportunity to provide comments on this important matter. If you have any questions about these recommendations, please do not hesitate to contact me at lkass@franklinenergy.com.

Sincerely,



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