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Flex Coalition Comments on P4P Program

Please see the attached comments from the Flex Coalition in support of the P4P program.

Additional submitted attachment is included below.



August 28, 2025

Commissioner Andrew McAllister
California Energy Commission
Docket No. 23-DECARB-01
715 P Street
Sacramento, California 95814

Dear Commissioner McAllister:

Thank you for the opportunity to provide comments on California's HOMES Rebates Pay-for-Performance (P4P) program plan and solicitation. The measured pathway of the HOMES program provides California with an ideal solution to maximize energy benefits for all California households, ensuring reductions in emissions and energy bills by incentivizing only actual, measured savings. California already leads the nation in deploying measured savings programs, and the California Energy Commission (CEC) can leverage the existing infrastructure to rapidly deploy the HOMES program across the state. The Flex Coalition members¹ look forward to being active participants in the program, contributing as aggregators, service providers, measurement and verification providers, and other key program roles.

The Measured Approach Drives Market Transformation: The intention of the measured pathway of the IRA HOMES Program is to catalyze market transformation by creating markets for residential energy efficiency and electrification that last far beyond the IRA funding, providing a mechanism to scale building decarbonization efforts at the lowest cost, improving contractor and aggregator program participation, and bolstering grid reliability. Additionally, the California Public Utility Commission recently established measured savings as the default program design for California energy saving programs.² The HOMES P4P program will help to transform residential energy savings markets, consistent with other programs across the state, to achieve long-term market transformation.

The Flex Coalition offers the following responses to the input requests contained in the July 28, 2025, notice in the docket.

¹ The Flex Coalition is a project of Smart-On-Smart, a 501(c)(3) non-profit dedicated to providing policy-driven solutions, research, and education at the intersection of energy efficiency, renewable energy, and demand flexibility with the goal of advancing a smart, resilient, and clean energy future. The Flex Coalition comprises 24 of the nation's leading demand flexibility providers—companies who are helping turn homes and buildings into Virtual Power Plants (VPPs) to promote grid reliability, greenhouse gas reduction, and energy equity through energy efficiency, demand response, and behind-the meter solar and storage assets, collectively known as distributed energy resources (DERs).

² California Public Utilities Commission, "Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031," p. 73-76, <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M512/K907/512907396.PDF>

3) For potential implementers or others: are there any issues or concerns resulting from recent federal actions or orders that may influence your entity's interest in this solicitation?

While recent Federal actions to roll back clean energy programs remain a concern, the Flex Coalition remains confident that the industry will respond enthusiastically to the P4P program. Funding for the HOMES program remains available and was not targeted for repeal in either H.R.1. or the House Appropriations Committee annual appropriations bill. The program provides an ongoing opportunity for the Trump Administration to support consumer choice, lower energy bills for homeowners, and support flexible demand to help accommodate load growth from data centers – all priorities for this Administration.

Uncertainty over Federal actions nevertheless remains, and the CEC should continue to move the HOMES program forward in a rapid and transparent manner to help reassure the industry of California's continued support for the program. Workshops and comment opportunities such as this play an important role in building that trust and support.

4) DOE staff has advised it does not expect to allow "partial payments" for the HOMES measured pathway, prior to the 12-month Measurement & Verification (M&V) period. In addition, CEC does not foresee any state funds being available for this action.

a) What are options for financing the rebate value, given that HOMES and state funds are not available?

b) Do aggregators have the capacity to finance all or part of rebate values? Do recent federal actions impact aggregators' ability to access financing?

Aggregators will play a critical role in financing projects, as will other financial partners in the industry. Flex Coalition members, and residential energy efficiency contractors and the industry in general, typically already have existing financing arrangements in place, which will allow them to provide the necessary financing to support their operations even in the absence of interim payments or state-provided financial support.

The industry would welcome opportunities, however, to partner with the P4P program to achieve lower-cost financing and streamline financing agreements. The Statewide Implementer and the CEC should facilitate engagement with a group of financing entities who are interested in participating in the program that could help aggregators partner with entities that are familiar with the program. By providing a coordinating role with interested financial partners, the CEC and SWI can help reduce uncertainty and risk from the financing perspective and provide a standardized set of financing options for aggregators to choose from across financial partners.

Additionally, we encourage the CEC to continue to work with the U.S. Department of Energy to explore options for interim payments, consistent with industry best practices and with existing program rules for the modeled HOMES pathway. Interim payments, with associated true-up provisions, are a contractual mechanism fully consistent with the Code of federal regulations, and we encourage continued efforts to unlock this important supporting mechanism for the P4P program.

7) Which types of companies or organizations are likely to step into the residential aggregator role for the HOMES P4P Program? What capacities (for example: existing tools or platforms, financing) do they have? Are these entities likely to be working locally, across the state, or across the country?

California is a leader deploying measured energy savings programs, with a robust industry of aggregators and market participants in the existing Market Access Programs. In October 2023, 39 companies sent a letter to the CEC expressing interest in participating in the California P4P program as aggregators and other market participants.³ Further, the 2024 *California Statewide Market Access programs Process Evaluation Report Draft*⁴ identified 45 participating aggregators, and 109 “near participant” aggregators who expressed interest in the programs. While many of these aggregators are currently focused on commercial customers, the significant opportunity presented by the HOMES P4P program and expanding utility-led MAPs will undoubtedly draw increasing numbers of aggregators to the residential market. Even without further growth, the existing residential aggregators in the MAP program achieved significant results, implementing “8,460 residential projects as part of MAP in 2022 and 2023.” Most of these aggregators “*were small businesses in terms of staffing and revenue. Just over two-thirds (69%) of the interviewed aggregators were smaller companies with between 2 and 30 employees.*”⁵

Additionally, larger contractor companies with access to financing are expected to enter the market as self-aggregators, aggregating and managing their own projects.

These aggregators will perform a wide range of services, beyond just financing the rebate costs, in support of broader market transformation outcomes:

- Provide upfront capital to contractors and homeowners based on the expected value of measured savings rebates.
- Assume 100% of the energy savings performance risk - if projects don’t save energy, aggregators don’t get paid (but contractors and homeowners still do).
- Invest in other value add services like lead generation, software development, homeowner education, contractor training, and financing.

As the CEC stands up the P4P program, we expect robust market participation from a range of different aggregators and stakeholder. As demonstrated by the MAP reporting numbers, many small companies are interested in providing aggregator functions, but have not yet participated in programs. Small companies cannot build a business and then wait for rebates to be available, and we expect many potential aggregators are waiting for further program details and rebate valuation details before entering the market. The SWI should continue the transparency efforts of the CEC by regularly publishing updates as the program develops, including aggregator participation requirements and hourly rebate valuations, to help grow market confidence and encourage potential aggregators to enroll in the program.

³ See https://flexcoalition.org/wp-content/uploads/CA-Flex-Coalition_Aggregators_Allies-State-Sign-On-Letter-for-the-HOMES-Rebate-Program-Measured-Savings-Path.pdf

⁴ Opinion Dynamics, California Statewide Market Access Programs Process Evaluation Report Draft, May 16, 2024, https://pda.energydataweb.com/api/view/3985/CPUC%20CA%20Statewide%20Market%20Access%20Program%20Evaluation%20Process%20Report%20_PUBLIC%20DRAFT_2024-06-03.pdf, p. 25

⁵ Ibid, p. 26

8) What tools or resources will the SWI need to provide to aggregators to facilitate participation and project success? Are there different needs for experienced, established aggregators versus new and emerging aggregators? Please describe and prioritize.

Aggregators should have the flexibility to use their own suite of tools for project energy savings estimates, contractor interfaces, and project tracking and submission. The SWI should leverage an open and transparent measurement and valuation framework (such as Open DSM, formerly OpenEEmeter) and should facilitate aggregator project submissions through a flexible platform interface to accommodate different aggregator software systems.

9) What tools or resources (for example: tool to gather and submit required data, energy savings estimators, rebate value estimators) will the SWI need to provide to contractors (installers) to facilitate participation and project success? What tools or resources do contractors (installers) typically already have access to? Are any provided by existing aggregators?

Aggregators will generally be responsible for supporting contractors in project data gathering, estimating energy savings, and interfacing with the rebate program document submission portal. Many aggregators and contractors already leverage systems for estimating energy savings of projects, and the CEC and SWI do not need to approve specific tools or methods as preferred solutions, as the P4P approach naturally incentivizes aggregators and contractors to improve and refine their models to increase accuracy. The CEC should avoid establishing a specific software product as preferred, as this will limit the flexibility of aggregators and contractors to innovate and find methods to streamline administrative processes while maintaining accuracy. The SWI should provide regular feedback on portfolio performance to aggregators and contractors (via a dashboard and quarterly summary reports) to help identify actual project performance against estimated energy savings.

10) Marketing and outreach will need to be developed with guidance and approval from CEC staff. What marketing and outreach activities should be conducted by the SWI? What marketing and outreach activities should be conducted by aggregators?

Aggregators play an important role in marketing programs to contractors and can help increase contractor participation by simplifying participation and providing tools to help them engage with customers on the rebates. Contractors routinely express concerns regarding the administrative costs of participating in utility and government rebate programs, and aggregators are well positioned to handle these administrative aspects of the application process to allow contractors to focus on high-quality installations for homeowners.

The SWI should simultaneously market the program to homeowners and contractors, including through state-branded materials and leave-behind products and translation into multiple languages to increase the reach of the program. Official program materials – such as fact sheets, flyers, and short video clips – will help to increase the customer trust and understanding of the program and can act as a complement to aggregators marketing and outreach efforts.

13) How can the statewide HOMES P4P Program leverage and support existing local Market Access Programs authorized by the California Public Utilities Commission?

California already has successfully implemented measured savings programs, including those run by the Tri-County Regional Energy Network (3C-REN), Sonoma Clean Power (SCP), Marin Clean Energy (MCE), and Peninsula Clean Energy (PCE). These existing P4P programs are national leaders in driving market transformation.

a) What is the feasibility of developing and administering a shared application portal for both the HOMES P4P Program and local programs?

The HOMES program has significantly higher project data submission requirements than existing local programs; while a single application interface would be helpful to the industry, it must not add complexity to existing programs. Existing programs should retain their existing applications and interfaces for projects that are not pursuing a HOMES rebate, with the more detailed common application being available when applicable for projects seeking both incentives.

b) What are other potential roles and responsibilities for coordinating participation in both types of programs?

The CEC should work to align the HOMES P4P program with the existing measured savings programs, particularly regarding hourly valuations and aggregator participation requirements. By aligning the hourly incentive values with local programs, CEC can simplify incentive optimization for aggregators, contractors, and homeowners. Leveraging existing aggregator participation agreements and terms and conditions to the maximum extent possible will help minimize administrative friction for aggregators participating in both programs.

14) Do stakeholders agree with the overall sequence of project steps -- project initiation, rebate reservation, project installation, project submittal, QA/QC, M&V, and final rebate payment?

15) When should the various eligibility checks (customer and address eligibility, project and measure eligibility, etc.) as well as project compliance checks (for example: bill impact estimated provided, safety testing, permits closed, etc.) be performed in relation to the above steps, particularly rebate reservations and payment?

16) Are the roles of the contractor (installer), aggregator, and SWI aligned with how you see the project process? Particularly for the SWI, are there missing responsibilities or responsibilities that should be assigned to others?

The Flex Coalition generally agrees with the proposed workflow for projects and stated roles and responsibilities, subject to flexibility to accelerate certain steps or conduct some processes in parallel:

- Some homeowners may seek to conduct income verification eligibility checks before engaging with a contractor to determine if they qualify for the higher rebate amount; the process should allow for income verification [step (6)] to occur earlier in the process if desired.

- Some aggregators may leverage prior utility bill data in generating their energy savings estimates; the process should allow for the homeowner to sign the participation agreement [step (12)] earlier in the process to enable aggregators to query prior energy savings data from the SWI in advance of project application.
- The process shows the project certificate being issued during final project reporting (step (27)); the SWI should issue an initial project certificate shortly after project installation to ensure customers receive the certificate while the project is fresh in their mind, then provide a final certificate with verified measured savings after the evaluation period is complete.

17) How can the workflow best support an efficient sales process for the customer and contractor (installer) while minimizing the risk that a contractor completes a non compliant project? Who bears the risk that a project is ultimately found to be not in compliance?

Generally, aggregators bear the risk of non-compliant projects, which incentivizes them to establish clear procedures for their partner contractors to verify project information and helps improve realization rates and reduce the overall risks to the program. Providing flexibility to accommodate non-traditional data (e.g. for delivered fuels customers), as described in the Concept Paper, will help ensure that worthy projects are not rejected due to small amounts of missing data or format discrepancies in the provided data.