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Energuy Comments on Proposed Structure for HOMES program - urgency in the market

Additional submitted attachment is included below.

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California Energy Commission Docket Unit MS-4
Docket # 23-Decarb-01
715 P Street
Sacramento, CA 95814

Dear Commissioners, January 17, 2024

We are honored to present our formal response to Docket 23-DECARB-01, which addresses the Inflation Reduction Act Residential Energy Rebate Programs. We commend your efforts to tackle inflation while fostering sustainability within the residential sector, and we appreciate the opportunity to contribute to this vital initiative.

We empathize with the industry on the urgency to get these rebates rolled out and accessible to the general public.

In response to the input request:

2. In the situation where CEC **does not incorporate/braid HOMES** program funding into the EBD Direct Install Program, respond to the following questions to inform CEC's HOMES program design and application to DOE.

We are confident that other industry partners will have substantial responses to the braided program scenario.

a. Overall Program Design:

i. How can HOMES funds that are awarded to deliver residential whole building energy efficiency retrofits, be best utilized to support the state's decarbonization and electrification goals?

The funds awarded can be best utilized with the fastest and most comprehensive uptake in 80% or < AMI areas and 50% < AMI areas if the requirements, rebate amounts, verification methods are as consistent and simple as possible and can be verified accurately and quickly by knowledgeable and certified third party energy professionals in pursuit of modeled improvements rather than pay for performance. Our additional recommendation to ensure feasibility and success of the state's electrification and decarbonization goals are that they need to be administered via one statewide program.

ii. Aside from ensuring that program participation is a simple process from the resident's point of view and the need to avoid cash outlays, how should the program be structured to support widespread access and uptake in households located in disadvantaged communities or with a low income? How could CEC structure HOMES's pay-for-performance option to reach low- income communities more effectively?

Our recommendation is to release a simple direct to install program, open the program for RFP's and allow contractors to do the rest of the outreach. Contractors have access to experienced marketing agencies who would be able to reach any specified demographic in a targeted method. Under the "Energy Upgrade California" program, $60,000,000 was spent on marketing. No one can quantify the energy savings that resulted from that initiative. Reward the consumer and the contractors will do the outreach cost effectively.

To supplement, we recommend partnering with local utilities to ask for assistance in informing all of their low income program participants and/or low income multi family building owners of the rebates available. They should also consider adding links to a

centralized income verification portal to ensure they qualify before reaching out to an approved contractor.

To target mobile homeowners, Energuy recommends a formal partnership with California Housing and Community Development, in addition to Facebook Ad Campaigns, Deadlines for incentives and partnerships with organizations such as EGIA, Tech Clean California and Building Decarbonization Coalition.

iii. If funds are provided directly to existing residential efficiency programs, which programs will make the highest impact in terms of market transformation for efficiency and decarbonization technology?

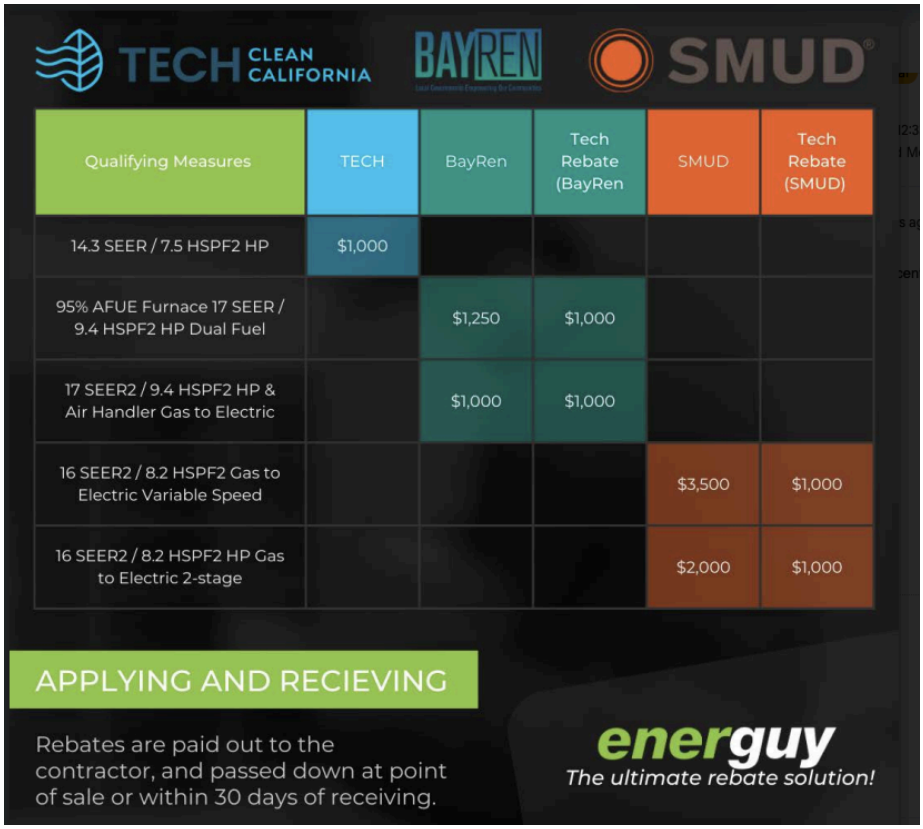
Energuy is confident that TECH Clean California is the only program that is already set up with statewide infrastructure and a track record of implementing and improving a simple and streamlined program that allows a time of sale rebate, an easy to use portal for contractors, expedient turn around times for rebate checks to be delivered, as well as program requirements that are easily integrated into the contractor business model. TECH's marketing efforts have captured a significant portion of the industry's attention and have been successful when cascading program changes, details and requirements.

iv. Leveraging and stacking:

a) CEC has gathered feedback on how electrification incentives could best be leveraged and stacked with existing programs. Are there additional considerations for best leveraging and stacking residential whole house efficiency rebates, like HOMES with existing programs?

Our recommendation is to allow other local programs to communicate with TECH and layer their programs as they do currently without change to their programs. Layering with the HOMES program will increase participation in local programs as well as a statewide IRA/HOMES program. It benefits all parties to impose no change to current successful practices. See table 1.A:

TABLE 1.A


TECH CLEAN CALIFORNIA
BAYREN
SMUD
Qualifying Measures
TECH
BayRen
Tech Rebate (BayRen
SMUD
Tech Rebate (SMUD)
14.3 SEER / 7.5 HSPF2 HP
$1,000
95% AFUE Furnace 17 SEER / 9.4 HSPF2 HP Dual Fuel
$1,250
$1,000
17 SEER2 / 9.4 HSPF2 HP & Air Handler Gas to Electric
$1,000
$1,000
16 SEER2 / 8.2 HSPF2 Gas to Electric Variable Speed
$3,500
$1,000
16 SEER2 / 8.2 HSPF2 HP Gas to Electric 2-stage
$2,000
$1,000
APPLYING AND RECIEVING
Rebates are paid out to the contractor, and passed down at point of sale or within 30 days of receiving.
energuy
The ultimate rebate solution!

d. Which existing program quality assurance, quality control, workforce, or other implementation standards or best practices should be taken into consideration or used as a model?

Quality Assurance:

California has a robust set of requirements for energy efficiency;

- HERS Program
- Permitting Requirements (need to focus on compliance, currently less than 15% of the state's alterations are permitted)
- Each jurisdiction has its own requirements to pass final inspections

Quality Control/Assurance cont. :

- Each contractor should be an enrolled and eligible participating contractor with the administrative party (our recommendation, TECH Clean)
- The customer completes an income verification step prior to enrollment in the rebate program.
- A 3rd Party Energy Professional (HERS Rater, BA-P,BA-T, Home Energy Score Assessor, etc.) be contracted at the expense of the contractor or program funds to perform a simple blower door test in prior to install to gain an accurate assessment of the homes current performance
- Contractor to provide scope of work and cost to the customer explaining rebates applied
- The contractor provide the Program Administrator with a permit, an invoice/contract, BPI-2400 compliant software modeled report with recommendations and improvement expectations
- Contractor to complete measures to achieve the desired tier of rebate
- Optional Measure: 3rd party (HERS Rater) also performs a blower door test post install to confirm improvements.

Workforce:

- A 3rd Party Energy Professional (HERS Rater, BA-P,BA-T, Home Energy Score Assessor, etc.)

See below for Energuy's assessment of the current qualified workforce (please keep in mind that we encourage this program to utilize Energuy as well as all of our ethical, competent competitors within the industry. We believe it will require partnership among competitors to achieve the outlined goals.

In addition, please note that there are a considerable number of certified and able HERS Raters available in California, but we look forward to seeing how other portions of the funding such as Workforce Development help to train and certify an exponential amount of certified tradespeople and energy professionals to support California's Decarbonization goals.

PROJECT DELIVERABLE / ACTIVITY	Quality Assurance					Capacity					Additional R		
	BPI-2400 Software	Onsite Blower Door Tests	CA Title 24 Req.	Ensure Permitting	Certified Professionals	Reasonable turnaround time	Statewide coverage	Necessary equipment	Experience with programs	Staffed adequately for volume			
Assessor													
Third Party	X	X	X	X	X	X	X	X	X	X			
Contractors	?	?	0	X	?	?	0	?	?	?			

It is our position that a certified 3rd party professional must be involved to ensure that program funds are allocated and disbursed for installs which truly result in an accurately predicted energy savings. We state that a BPI-2400 compliant software will help to alleviate past issues with rebate programs and a failure to meet the realization rates desired.

2b. **Rebate determination approach and rebate values.** DOE offers both modeled and a measured savings pathway. The measured savings pathway requires energy savings of 15 percent or greater per home or portfolio of homes.

As noted above, through the measured savings pathway, the state can choose to set rebate values by either 1) paying a fixed portion of the project cost (80 percent for low-income households and 50 percent for households with income at 80 percent AMI or greater or 2) a pay-for-performance calculation payment rate equal to $4,000 for a 20 percent reduction of energy use for the average home in the state for low-income households and $2,000 for a 20 percent reduction of energy use for the average home in the state for households with income at 80 percent AMI or greater. States may seek approval from DOE to increase the maximum amount available for low-income households.

For both measured pathway options, CEC is to receive and review nine to 12 months of each retrofitted home's energy consumption data to confirm 15 percent of energy savings prior to issuing a rebate to the contractor, aggregator, or program implementers. Additionally, states must design programs such that low-income households are not required to use personal funds to pay for rebate- covered work.

i. **What are the advantages and drawbacks of program design using the fixed costs versus pay-for-performance method? Can the pay-for-performance method effectively serve low-income households?**

   PFP Advantages: accuracy

   PFP Drawbacks: complexity, floating funds for rebates, exceptions such as tenant or homeowners who do not have performance history due to short terms of residence, administratively heavy, low participation/uptake. Aggregation models are not proven.

   Fixed Cost Advantages: simplicity, immediate rebates at point of sale, high uptake/participation,

   Fixed Cost Drawbacks: less accurate energy savings predictions (can be combated with suggestions above.)

iv. What is the best way for the CEC to obtain consistent and sufficient documentation for contractors, such as itemized cost breakdowns, while remaining consistent with contractor business practices?

Energuy proposes that the Program Administrator collect these documents via an online portal prior to approving the release of the rebate. The documents should be limited to a contract, itemized invoicing (already required by TECH, SMUD, Bay Ren etc.), and income verification documentation.

In conclusion, Energuy is committed to supporting the Inflation Reduction Act Residential Energy Rebate Programs in their efforts to reduce inflation and advance sustainability. We believe that the recommendations provided in this response will contribute significantly to the success of these programs and the achievement of decarbonization and electrification goals in the state of California.

Thank you for your attention to our proposals, and we look forward to further collaboration in this important endeavor.

Sincerely,

Stephanie R. Gorton

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