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RFI 23-DECARB-01 Braiding the HOMES program into the EBD Direct Install Program

Additional submitted attachment is included below.

California Energy Commission Docket Unit MS-4
715 P Street
Sacramento, CA 95814

January 20, 2024

Re: Docket # 23-Decarb-01, RFI on HOMES program / braiding into the EBD program

Dear Commissioners,

The following are responses to the Request for Information as provided for in Docket # 23-Decarb-01:

1a. Best practices for braiding federal and state funds for highly effective rebate.

Pairing the HOMES program, which focusses on energy efficiency upgrades, with the CA state EBD Direct Install program which focusses on energy efficiency upgrades in addition to direct installations of energy efficient appliances (heat pumps, water heaters, induction stoves, electrical panels, etc) makes perfect sense. Braiding these together would be complementary and reduce overhead expenses on both programs.

When requesting permission from the DOE that they allow 100% of project costs be covered for low-income households, I recommend suggesting that the percentage of IRA funds per household will match the Federal designations in the IRA, and the State of CA will make up the difference, whatever the difference may be per project/household. I think the DOE will be more likely to approve the request if the federal allocation per household matches what was originally included in the text of the IRA.

As a best practice, I would recommend that the HEEHRA program is also administered through the EBD program. Since the HEEHRA program addresses energy appliance upgrades (heat pumps, water heaters, induction stoves, electrical panels, etc.), it is in line with the EBD program, other than the fact that the IRA is inclusive of moderate-income candidates and the EBD program is not (albeit with half the point-of-sale rebate dollar amount as low-income applicants). Similar to braiding the HOMES program, braiding the administration of the HEEHRA program with the EBD Direct Install program will cut administrative costs, and increase the efficiency of implementation. Since the three administrators of Northern, Central, and Southern CA will already be evaluating the income eligibility of low-income applicants through tax returns, W-2s/paystubs, etc., they can do the same for the moderate-income applicants to determine eligibility of the HEEHRA program.

There is a bias in allocating funds first and foremost towards those least able to make these upgrades, and who have been historically disadvantaged (low-income). However, regarding the HEEHRA program, since the federal government is only willing to provide a portion of the cost (for both low- and moderate-income applicants), the funds may not be adequately spent if the state of CA designates HEEHRA funds as only applicable to low-income applicants because of the inability of these applicants to contribute the remaining amount required to complete a job. For example, a heat pump central AC unit on a 1700 square foot home will cost about $12,000 installed including labor. The HEEHRA will provide $8,000 as a point-of-sale rebate towards a low-income applicant, and $4,000 as a point-of-sale rebate towards a moderate-income applicant on the same heat pump project. If someone is truly low-income, it is highly likely that they will not have the additional $4,000 to complete the project, and just won't do it and therefore the funds won't get used. This will hamper the speed and scale of home decarbonization in meeting our climate goals. I would recommend leaving the HEEHRA funds as intended in the text of the IRA, to go towards both low- and moderate-income candidates, and when the funds are exhausted, they are exhausted. Low Income candidates already have dedicated funds in the EBD program for 100% of appliance upgrades. Since the goal is decarbonization, we need to use those funds as quickly and efficiently as possible, and not have a portion of the funds un-allocated because of the structure of a program. I recommend keeping the spirit of the HEEHRA funds in line with the original law, which was written after extensive evaluation, to include both low- and moderate-income candidates.

2. In situation where CEC does not braid HOMES program funding into the EBD Direct Install Program.

2.a.i. How can HOMES funds be best utilized: One of the best efficiency upgrades in terms of value per dollar spent is attic insulation. If the state decided, they could limit all HOMES funds to go towards attic insulation only, this would make the funds go further and have a wider impact. (Not sure if this is even possible).

2.a.ii. No comment.

2.a.iii. No comment.

2.a.iv.a,b,c,d. Offer clear info regarding what federal tax credits are available, if applicable. Also, some utilities offer energy efficiency rebates – determine which ones offer what rebates and try to stack these rebates with the HOMES program funds and EBD if applicable. No other comments.

2.b.i. It seems like the fixed costs method will be easier to determine, lessening the administrative burden on the state of CA. I would stick with whichever method is easiest to implement on a program level scale and not provide an 2nd option.

2.B.ii. This is challenging. State of CA could front the money to the contractor, but what happens if the home doesn't meet the efficiency requirement after 1 year. How do you get the money back? No further comment.

2.b.iii. No comment.

2.b.iv. Have a standard online form which all contractors will fill out to include the necessary items required for each job (quantity of materials, cost of materials, labor). You could require scanned receipts for cost of goods sold, or not.

2.c. No, if the goal is building decarbonization, in as quickly a manner as physically possible, then we shouldn't put additional restrictions on the use of the funds, besides the restrictions that were already placed in the text of the IRA.

2.d.i Tax returns, or W-2's/paystubs. Applicants can block out their social security numbers prior to uploading.

2.d.ii They can chose to or not. However, the IRA is very specific on what applicants qualify for with both "low-income" and "moderate-income". If you are going off the applicants' prior approval of a discounted utility program for example, their income may have changed since they applied for that program, and you are also relying on the initial agency or utility's due diligence, which may or may not have been done correctly. If you want this program to be the most accurate and effective, and be in line with the IRA, it would be better to use Tax Returns or W-2s/Paystubs to prove income for each applicant.

In conclusion, thank you for the opportunity to comment on the HOMES and HEEHRA Programs. I would like to state that time is of the essence on both programs for 2 reasons:

- There are many people who have put off the replacement of a new Heat Pump central Heat/Air unit which has already gone out, in anticipation of the implementation of the HOMES and HEEHRA programs. These people have been freezing this winter and were roasting through the heat of last summer. This is not only dangerous, but it's inhumane to keep folks waiting longer than necessary considering the cold snaps and heat waves that are becoming more frequent.
- I also want to stress that this is an election year, and we shouldn't take for granted that these IRA funds may not be available after the 3rd week in January 2025. We simply don't know what the election results will be, but we do know that we can make hay while the sun shines. So let's do that, because 2024 may be the only year we have to use these federal funds from the Inflation Reduction Act.

Thank you for all the work you are putting into the implementation of these programs for the best state in the nation!

Sincerely,

Mark Cato
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