DOCKETED	
Docket Number:	22-DECARB-03
Project Title:	Equitable Building Decarbonization Program
TN #:	255385
Document Title:	VEIC Comments on Draft Equitable Building Decarbonization Direct Install Solicitation Scope of Work
Description:	N/A
Filer:	System
Organization:	VEIC/Becky Schaaf
Submitter Role:	Public
Submission Date:	3/29/2024 4:06:30 PM
Docketed Date:	3/29/2024

Comment Received From: Becky Schaaf
Submitted On: 3/29/2024
Docket Number: 22-DECARB-03

VEIC Comments on Draft Equitable Building Decarbonization Direct Install Solicitation Scope of Work

Additional submitted attachment is included below.

To: California Energy Commission, Docket 2-DECARB-03

From: Becky Schaaf, VEIC

Date: March 29, 2024

Subject: Response to the Draft Equitable Building Decarbonization Direct Install Solicitation Scope of Work

Dear California Energy Commission,

VEIC is pleased to submit the following comments on the Draft Solicitation Scope of Work (SOW) for the Equitable Building Decarbonization (EBD) Direct Install (DI) program. VEIC is a nonprofit energy services firm with expertise in energy efficiency, building decarbonization, transportation electrification, and demand management for a clean and flexible grid. Across our work decarbonizing buildings and transportation, we center equity and affordability to ensure that all people and communities can participate in the clean energy transition.

We appreciate the careful deliberation that has gone into the draft scope of work solicitation. In summary, VEIC respectfully recommends and requests that the Commission:

1) Clarify energy savings and bill savings threshold requirements, as well as non-energy metric project and reporting requirements;
2) Expand or clarify exempt components from within the 5% administrative cost cap;
3) Clarify the performance requirements for the 5% performance-based grant retention;
4) Clarify the expectations and plan for supporting energy savings modeling and customer targeting tools that support low-income and multifamily participation;
5) Clarify the role of regional administrators in contributing to the statewide reporting platform, prioritizing an independent solicitation for a reporting platform administrator to work across all three regions.

<u>Clarifying Energy Savings and Bill Savings Threshold Requirements, as well as Non-Energy Metric Project and Reporting Requirements</u>

The draft SOW states the following about meeting energy saving, bill saving, and other non-energy metrics:

- The Goals of the Agreement are to "reduce greenhouse gas emissions and increase energy efficiency in existing buildings; advance energy equity; improve resiliency to extreme heat, indoor air quality, energy affordability, and grid reliability; and create local workforce opportunities";

- The recipient will “design packages to achieve greenhouse gas emission reductions, minimum of 20 percent energy savings, and bill savings in participating buildings, while also mitigating impacts from extreme weather events and improving air quality, resiliency, and grid reliability, where possible”; and
- The recipient will “estimate energy savings and bill impacts associated with the recommended measures”, including that “for Projects expected to receive HOMES funding, expected energy savings must be modeled consistent with the HOMES Program Requirements and Application Instructions Section 3.2.4.1. HOMES funded Projects must be predicted to achieve a minimum of 20 percent energy savings to be eligible for funding”.

VEIC requests that the Commission clarify the extent to which projects eligible for funding through the EBD DI program must meet the 20% energy savings metric.

- **Will all projects be required to meet the 20% energy savings metric, or only those that receive funding through HOMES?**
- **Will individual projects each have to meet the 20% energy savings metric, or can this be met on a portfolio basis (for example, across multiple units in a multifamily property context)?**
- **For multifamily properties, is the expectation that the property as a whole will meet a 20% energy savings threshold or is this evaluated at the household level?**

In addition, VEIC requests that the Commission clarify the extent to which the listed non-energy benefits will be weighed alongside the 20% energy savings metric.

- **Will all projects be required to demonstrate their contribution to advancing energy equity, improving resilience to extreme heat, indoor air quality, energy affordability, and grid reliability, and creating local workforce opportunities?**
- **How will contributions to these additional metrics be expected to be tracked or reported?**
- **Is there an expectation that projects will meet a particular benefit threshold for those metrics, individually or in sum?**

VEIC recommends that the Commission not require every project eligible for EBD funding meet the 20% energy savings requirement, in cases where other listed metrics can be advanced at a slightly lower energy savings threshold or where a portfolio of projects can meet that threshold taken as an average. This is particularly important for enabling access to funding for low-income multifamily properties or properties without existing A/C, where energy savings on an individual unit basis might not meet the 20% threshold but where there is a significant opportunity to advance the other listed non-energy metrics, in particular indoor air quality or resilience to extreme heat. VEIC also recommends that there not be a set threshold for each project or property in meeting the additional listed metrics and benefits beyond energy savings, but that these metrics be tracked and prioritized in final program design.

<u>Expanding or Clarifying Administrative Cost Cap Applicability</u>

The draft SOW states that “administrative funds may be used for Administrative Costs which are all other costs necessary for the effective administration of the program. A maximum of 5 percent of available EBD Direct Install funding and a maximum of 5 percent of available HOMES funding may be spent by Recipient on Administrative Costs".

While VEIC acknowledges the importance of an administrative cost cap, we believe that the 5% cap is too low given the current list of administrative tasks required by the Recipient. This is in alignment with multiple other stakeholders' comments to date – including one stakeholder's comment during the March 21'st comment, where they claimed that "if CBO compensation is subject to 5% cap, CEC is putting itself in position to fail on marketing and outreach", and that the CEC should "consider excluding culturally appropriate outreach from 5% cap"; and another stakeholders' comment that the 5% cap on administration was unfeasible given marketing and outreach needs.

VEIC recommends either increasing that cap or exempting certain listed activities from being considered administrative for budgeting purposes. VEIC anticipates that the administrative needs for the program would more likely merit the level of administrative and non-incentive budget that has been approved for other IRA funding administration, a 20% non-incentive program implementation budget.[1]

<u>Clarifying Grant Performance Retention Requirements</u>

The SOW states that the Commission will retain an additional 5% performance retention until actual energy savings are verified (in addition to standard 10% retention). **VEIC requests that the Commission clarify:**

- **For the additional 5% performance-based grant retention, how will the energy savings be reported, evaluated, and verified? Will this be on a project-by-project basis, or on a portfolio basis?**

As stated earlier, VEIC recommends that the Commission not require every project eligible for EBD funding meet the 20% energy savings requirement, as opposed to a portfolio of projects.

<u>Clarifying and Expanding Modeling and Customer Targeting Tools to Support Low-Income Customers and the Multifamily Sector</u>

The SOW states that the Recipient will develop a Household Identification and Screening Plan for Community Focus Areas that will not be covered by the EBD screening dashboard. The Commission states that it has "an existing contract with Recurve Analytics, Inc. (Agreement 800-23-004) to create a screening tool for this purpose that leverages utility meter, temperature, and other data and utilizes open-source computational approaches pioneered in California over the last decade." As a participant in the TECH Clean California tool, VEIC is aware that the Recurve or other customer targeting efforts tend not to prioritize customers with low existing energy consumption – including customers who may be curtailing their consumption for affordability reasons.

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[1] IRA Section 50121 states that a "State energy office that receives a grant pursuant to this section may use not more than 20 percent of the grant amount for planning, administration, or technical assistance" related to the Home Efficiency Rebates. See 42 U.S.C. 18795(c)(4).

VEIC requests that the Commission clarify:

- **How does the Commission anticipate that the relevant targeting tools – both the Recurve screening tool and the additional Screen Planning – will be designed to account for behavioral choices, such as curtailed consumption for affordability reasons, to support participation by eligible low-income customers?**

Additionally, the analytics made available from the Recurve tool via the TECH program for household identification and screening have so far focused on single family homes only, and not multifamily properties. This is partially because of challenges in gathering meter-based data for multifamily properties and individual units.

VEIC requests that the Commission clarify:

- **How will the program evaluate plans to develop energy savings and bill impact analysis tools within the Household Identification and Screening Plan that support the prioritization of multifamily properties and units in the EBD program?**
- **How does the existing contract with Recurve Analytics address challenges to gathering data from and therefore evaluating and screening multifamily properties?**

The HOMES program also has specified energy savings modeling requirements – stating that "expected energy savings must be modeled consistent with the HOMES Program Requirements and Application Instructions Section 3.2.4.1". For multifamily buildings, the DOE also states on their website that they "encourage[s] States to work with their utilities so that they provide building owners aggregated, whole-building energy data in an easily accessible and standardized format", to inform building energy savings estimates and energy and bill impact assessments. As submitted in previous comments by VEIC (June 30, 2023 response to the Equitable Building Decarbonization Program Direct Install Program Draft Guidelines), for properties demonstrating that rents are affordable to households at a certain income threshold, information on the typical cost of utilities likely will not be readily available.

VEIC requests that the Commission clarify:

- **What will the energy savings modeling requirements be, and how will utility data gaps be addressed, for multifamily properties eligible for HOMES funding? How will the Commission ensure that low-income multifamily properties fit within existing DOE guidance for energy savings modeling?**

The HOMES Program Requirements and Application Instructions Section 3.1.2.1 calls for modeled energy savings to be calibrated using home energy models consistent with the BPI-2400 standard. However, the BPI-2400 standard currently does not apply to multifamily buildings. We understand that BPI is developing a standard that would include multifamily housing. VEIC requests that the Commission clarify its expectations for modeling energy savings in multifamily housing.

<u>Clarify the role of regional administrators in contributing to the statewide reporting and project management tool and platform</u>

The SOW states that each Recipient must "coordinate with the other regional administrators to subcontract to select or develop a single project management tool for data collection and management across all regions of the program.... and that the "cost of the project management tool shall be considered administrative for budgeting purposes".

Per earlier comments, VEIC recommends that the Commission revisit the total administrative cost cap given the breadth of listed activities that fall into an administrative bucket – including the single project management tool. **VEIC recommends that, as other stakeholders have highlighted, one seamless solution would be for the Commission to conduct a separate solicitation for this single project management tool, paid for outside of the administrative budget of each regional administrator.**

Thank you for the opportunity to comment.

Sincerely,

Becky Schaaf

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