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Comment Received From: Jonathan Hayes
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ThreePointSix Comments - HEEHRA Phase II

Additional submitted attachment is included below.



January 10, 2025

California Energy Commission
Docket Unit, MS-4
Re: Docket No. 23-DECARB-01
715 P Street
Sacramento, CA 95814-5504

Subject: Response to Request for Information HEEHRA Phase II Program Design

ThreePointSix is grateful for the opportunity to provide comprehensive input on the California Energy Commission's HEEHRA Phase II program design. As a technology startup dedicated to simplifying access to climate action incentives, our organization brings a unique perspective rooted in technology and retail expertise. Our fundamental mission centers on accelerating climate change mitigation by creating accessible platforms that connect consumers with eco-friendly solutions and maximize the impact of climate-focused funding.

1. Eligible Equipment and Appliance Rebates

Our recommendations for the rebate structure are designed to create a balanced and effective approach that serves diverse stakeholders. For most participants, we advocate maintaining the maximum Department of Energy rebate levels and offering rebates for all equipment categories. This approach offers several critical advantages, including the ability to conduct multi-state marketing and outreach, reducing consumer confusion in the application process, and supporting consistent messaging across programs.

However, we recognize that moderate and low income families and families of color are overrepresented in large multi-family complexes. For large multifamily properties, we recommend a modified approach that recognizes both business realities and program goals. To ensure that targeted groups receive the actual benefits of the spending on those properties, we propose the CEC consider a two-tiered structure that maintains full rebates for residential unit envelope improvements while adjusting the approach for depreciable equipment like HVAC systems, water heaters, and appliances. For these items, we suggest reducing rebates to cover only an estimated cost differential between standard replacement and electrification. This approach accomplishes multiple objectives: it boosts program availability for smaller property owners and single-family homes, maximizes direct benefits to residents, allows broader household participation, and recognizes the natural replacement cycles in for-profit commercial property management.

3. Contractor Engagement and Support

- a. We recommend the primary focus for boosting contractor participation is to make it easy for contractors to join the program and accept funds at the point of sale. The customer rebate coupon, for example, could include instructions for contractors to become eligible. By making eligibility as simple as verifying licensure and acknowledging the terms and conditions (either online, by phone or by mail), customers themselves can help expand the network of contractors. In addition, this would help prevent restricted contractor networks that can lead to incentive-driven price inflation. The training should be simple if the program requirements are simple. The easiest way to drive compliance is to drive as much complexity out of the program as possible.

4. Point-of-Sale Methodologies

- a. The success of the program hinges on making rebates customer-owned and portable. We recommend a flexible system where rebates are treated more like an account than a coupon: the funds belong to the customer and are not tied to specific retailers or contractors until spent. This approach empowers consumers by allowing them to shop across multiple vendors, check rebate balances through a simple interface, and combine incentives from different programs (where possible). We support use of PNNL tools, which enable real-time verification of rebate status and balance. One other concern specifically about online purchases is that holds on funds might be necessary before funds are fully consumed. This will account for the time it takes to process and ship or for a customer to pick up an online order in a retail store.
- b. While integrating with rebate APIs will make sense for big-box retailers, it might not make sense for smaller retailers and local providers. A web or phone-based solution can allow smaller participants to get an authorization that would allow them to confidently complete a transaction at the point of sale. Strong, clear rules for risk of project completion (particularly if the project is DIY), will help smaller companies confidently participate.
- c. There are several ways individuals without smartphones can be offered POS rebates. Stores can potentially have tablets or other mechanisms to help customers submit their information on the web. In addition, rebate applications could be submitted over the phone. With an account-like approach to the funds, an account number and PIN (just as one example) could be kept by the homeowner after approval and used with a participating merchant.
- d. One challenge in some programs today is that some coupons cannot be used both in-store and online. That is a poor experience for customers and difficult to understand, especially if a customer's plans change due to a retailer's stock level or another issue out of the customer's control. Some programs require specific coupons for specific retailers, the CEC should work to make a coupon universal across all retailers. Some programs don't have great support for mobile phones; mobile support should be a considered primary use case. One way HEEHRA program is unique in that it covers all



installation costs as well as equipment costs even for DIYers. A customer who has a \$1750 rebate approval for a HPWH that is \$1000 after a utility rebate should be able to use the additional \$750 for items related to installation, such as plumbing fittings, electrical wire, etc. We recommend this should be available for the home owner to spend at the original place of purchase or any other participating retailer.

5. DIY Considerations

Our recommendations for do-it-yourself (DIY) installations align with existing state regulations and successful utility precedents. We believe the CEC should allow DIY rebates for any project that can be legally completed by the homeowner in their jurisdiction, rather than using a permit as the sole indicator for requiring a contractor. By using permit inspections as the first step of quality verification and pairing with an increased program inspection frequency for DIY installations, the program can maintain high standards while reducing overall costs.

Drawing from successful programs offered by Golden State Rebates and Puget Sound Energy, we believe this approach can maximize program reach and impact. The strategy maintains quality through existing inspection systems, reduces program costs through lower installation expenses, and follows proven implementation models.

Conclusion

We appreciate the opportunity to share ThreePointSix's thoughts on the implementation of HEEHRA Phase II and would welcome the opportunity to meet with you to discuss in further detail.

If you have questions or need additional information, please feel free to contact me.

Sincerely,

Jonathan Hayes
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