

**DOCKETED**

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## **RFI Response - Design of HEEHRA Phase II**

*Additional submitted attachment is included below.*



January 10, 2025

California Energy Commission  
715 P Street  
Sacramento, California 95814

**SUBJECT: Docket No. 23-DECARB-01 – Response to California Energy Commission’s 12/06/2024 Request for Information regarding Design of HEEHRA Phase II of the Inflation Reduction Act**

Dear California Energy Commission, Commissioners and Staff:

Franklin Energy respectfully offers comments to the California Energy Commission (CEC) on the above referenced docket and corresponding Request for Information (RFI) issued on December 6, 2024. Thank you for the opportunity to offer input on the CEC’s design process for the Home Equipment and Appliance Rebates (HEEHRA) Phase II Program funded by the federal Inflation Reduction Act (IRA) Section 50122.

The CEC is keenly aware of the complicated landscape of home energy retrofit programs offered across California. The state’s complex web of programs -- administered by the Regional Energy Networks (RENs); Community Choice Aggregators (CCAs); Investor-Owned Utilities; Publicly Owned Utilities; the Department of Community Services and Development (CSD), and the CEC – create challenges. And contractors, suppliers, retailers, and households experience this landscape as a labyrinth that is difficult to navigate for communities.

These conditions make program-design decisions such as this one more critically important. While a single program design will not address the complexity issues and their impacts, Franklin Energy does believe that the CEC has an opportunity to zero in on a distinct market gap with HEEHRA Phase II. Which is, to say: What problem or problems should the CEC seek to remedy with these design decisions?

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HEEHRA Phase I targets heat pump adoption directed to households -- through contractors -- under the TECH Clean California Program (“TECH”). So, one logical direction for Phase II might be to make retail purchases of consumer products – such as induction cooking equipment and heat pump clothes dryers as affordable as conventional alternatives. Is this something successfully being addressed through another IOU, CCA or REN program? Alternatively, the CEC may choose to augment TECH, or the Equitable Building Decarbonization Program, or another electrification effort by focusing on electric service or wiring upgrades, especially because HEEHRA funds are not subject to energy savings or cost effectiveness requirements – unlike many other sources of program funds. These are just a few options to illustrate how the CEC may want think about the direction of Phase II funds.

Below we provide responses to RFI questions. These comments may or may not be appropriate, depending, once again, on the goals of the CEC for HEEHRA Phase II.

### **1) Eligible Equipment and Appliance Rebates**

#### Question 1-b: Reducing rebate amounts

There are scenarios where the potential total rebate amount (when stacked and braided with other available rebates) would be greater than the cost of the measure itself. The DOE guidelines have made it clear that this is not allowable and therefore the HEEHRA rebate would need to be reduced so that it does not go over the cost of the measure. So, the rebate application process should always endeavor to collect the installed project costs, and the amount of other incentives provided, ensuring that the approved HEEHRA rebate never results in abuse by the contractor or customer.

Additionally, if the CEC were to decide to combine HEEHRA Phase II funds with another program (e.g., Equitable Building Decarbonization), it may make sense to calibrate the HEEHRA rebate levels to align with the other programs’ incentives, which would enable the funds to reach more participants.

### **3) Contractor Engagement and Support**

#### Question 3-a: Recruiting contractors

Along with reducing any administrative burden on contractors, technical assistance could be provided to contractors who are not part of the existing network of participating TECH contractors, for example, to help address any barriers they may be experiencing. Additionally, technical assistance and incentives could be provided to bring contractors who are already engaged in TECH and/or Phase I and help and induce them to serve disadvantaged communities. Franklin Energy has had a lot of success recruiting and supporting California contractors and would be happy to discuss more if that is needed.

### **4) Point-of-Sale Methodologies**

#### Question 4-a: Online shopping pathways

Per the DOE guidelines, coupons can only be issued after eligibility is determined. Additionally, coupons are retailer and measure specific, so a customer must know which store they want to shop and which qualified products they intend on buying from before they obtain their coupon. This will not be the most intuitive sequence of events for most consumers, so it would be important, when working with online merchants, for there to be clear linkages to enable shoppers to be directed from a shopping website to the CEC program website -- to be deemed HEEHRA-eligible and receive a coupon -- to be then sent back to the merchant shopping interface. For having clear communication is imperative to keeping households in the queue and not falling off. In other states, Franklin Energy has been working with select online retailers to figure out this pathway but there is no single solution for all shopping sites.

Additionally, DOE guidelines require geotagged photos upon delivery. In our experience implementing the HEEHRA program in New Mexico, this is a difficult requirement for most stores, and delivery companies to comply with -- so online retailers may even have greater challenges. We would be happy to talk with you more if the CEC is interested to

hear more about our specific solution that DOE has approved, and we are implementing in New Mexico.

Question 4-b: Supporting small and local business owner participation

There is no way around it: There are challenges when looking to engage small and local retailers to be part of a program such as HEEHRA. Because coupons are store and item specific, these small and local businesses must have the capabilities and capacity to process batches of coupons. Convincing these small and local businesses that the effort to do this will be worth it is a steep hill to climb. DOE is trying to encourage small and local businesses to participate by creating more generic coupons batches and this would certainly reduce the administrative burden on these businesses.

Additionally, if a small business were to participate, this would mean they are floating rebate funds until reimbursed by the program. This is an expensive proposition for a small business with cash flow limitations, so reducing the payback time is essential to encourage these businesses to participate.

The Franklin Energy team would be happy to discuss our developing approach to this in the State of New Mexico's version of this program.

Question 4-c: Options for retail-pathway participants who do not carry a smartphone

Homeowners without a smartphone will need some way to print out their coupon. To avoid abuse, either printed or online coupons will have one time use QR/Bar codes, so if someone tries to use the coupon twice it will not work.

## **5) Do-it-Yourself (DIY) Considerations**

(Question 5-a) Ensuring DIY install quality and providing proof

The comments related to question 4 also relate to DIY installations. Please refer to those responses above.

(Question 5-a) Other successfully instances of a DIY retail rebate program pathway

The NM HEAR program started with DIY installed insulation and has since expanded to other measures. This would be a helpful program to reference as successful.

On behalf of Franklin Energy, we appreciate this opportunity to provide comments on this important matter. If you have any questions about these recommendations, please do not hesitate to contact me at [lkass@franklinenergy.com](mailto:lkass@franklinenergy.com).

Sincerely,



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