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Harvest Thermal Comments on California HOMES program design

Additional submitted attachment is included below.



April 24, 2025

Harvest Thermal, Inc.

To: California Energy Commission
Docket No. 23-DECARB-01

Dear CEC Staff:

Harvest appreciates the opportunity to submit comments on the Home Efficiency Rebates program implementation in California.

Harvest Thermal manufactures a smart thermal battery system for heat pump heating and hot water. The system uses the thermal battery and smart controls to shift heat pump operation from times of high energy costs to times when grid electricity is cleanest, cheapest and the heat pump operates most efficiently. This time shifting increases system energy efficiency and reduces user energy costs.

We are participating as an aggregator in several measured energy savings programs in California and would like to share the following observations:

- We've had the most success in participating in the 3C-REN FlexMarket program due to its generous incentive levels for fuel switching measures, 50% upfront payment, and ease of application.
- Programs that are constrained by the Total Resource Cost (TRC) test provide insufficient incentive amounts to drive strong customer adoption and to offset the administrative burden to aggregators.
- Programs that require the customer to have an existing air conditioner to be eligible for a heat pump incentive eliminate the majority of customers in coastal regions with low A/C penetration. This is unfortunate because many people are currently installing A/C for the first time. The lack of access to heat pump incentives will lead many to continue to use a gas furnace instead of upgrading to a heat pump.
- We've faced significant eligibility challenges for homes with solar, even when their solar system had been installed for well over one year, limiting access to incentives for solar customers.

Based on this experience, we recommend the following:

- Avoid using the TRC test for decarbonization programs: to achieve California's decarbonization goals, we need programs that drive market transformation and the TRC test is not appropriate for that purpose.
- Value savings based on time and location of energy use: electricity consumption in



the middle of the day when renewable electricity is abundant and even gets curtailed, has a much lower impact than peak electricity use when marginal demand is supplied by the dirtiest power plants, and unmanaged demand growth is driving costly grid distribution upgrades. The adoption of demand flexible solutions like Harvest that reduce peak demand and grid system costs needs to be encouraged through substantially higher incentive amounts.

- Provide at least 50% of the incentive upfront to drive strong customer participation while reducing the financing burden on the aggregator
- Implement the Home Efficiency rebates through local program administrators whose program designs meet certain requirements that ensure their effectiveness, such as the above recommendations.

Thank you for the opportunity to comment.

Sincerely,

Pierre Delforge
Chief Product and Policy Officer
Harvest Thermal