

**DOCKETED**

<b>Docket Number:</b>	23-DECARB-01
<b>Project Title:</b>	Inflation Reduction Act Residential Energy Rebate Programs
<b>TN #:</b>	254051
<b>Document Title:</b>	HORNE LLP Comments - HORNE LLP response to Docket Number 23-DECARB-01 - RFI Inflation Reduction Act Residential Energy Rebate Programs
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	HORNE LLP
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	1/22/2024 7:56:53 AM
<b>Docketed Date:</b>	1/22/2024

*Comment Received From: HORNE LLP*  
*Submitted On: 1/22/2024*  
*Docket Number: 23-DECARB-01*

**HORNE LLP response to Docket Number 23-DECARB- 01 - RFI  
Inflation Reduction Act Residential Energy Rebate Programs**

*Additional submitted attachment is included below.*

# CALIFORNIA

ENERGY COMMISSION



**REQUEST FOR INFORMATION**

**INFLATION REDUCTION ACT**  
**Home Efficiency Rebate Program**



## 1 Braiding HOMES with Equitable Building Decarbonization Direct Install Program.

### A. SHARE ANY BEST PRACTICES FOR BRAIDING FEDERAL AND STATE FUNDS FOR HIGHLY EFFECTIVE REBATE, INCENTIVE, AND/OR DIRECT INSTALL PROGRAMS AIMED AT HOUSEHOLDS IN DISADVANTAGED COMMUNITIES OR MEETING LOW-INCOME GUIDELINES.

Braiding of state and federal funds maximizes benefit to applicants, while minimizing administrative costs and burden. California has examples throughout the state of successful braiding of state and federal funds, namely the California Emergency Rental Assistance Program (ERAP) administered by the Department of Housing and Community Development (HCD).

A key factor to the success of braiding the state and federal funds for ERAP centered on the use of a comprehensive technology solution. Utilizing an end-to-end solution provides for a seamless applicant experience, which is critical in programs serving disadvantaged communities. CEC should also ensure the technology solution can be integrated with APIs (e.g., Department of Energy API, state agency APIs, etc.), and meets security requirements (e.g., SOC II Type 2). In addition to the customer experience, reporting and financial tracking are simplified. Fraud, Waste, and Abuse, including Duplication of Benefits is decreased when utilizing a comprehensive technology solution.

An effective outreach campaign is also key to successfully braiding and stacking state and federal programs. The application and messaging should be simplified for applicants to understand requirements. CEC should consider designing the application to encompass the requirements of both programs and simplify the process for applicants.

## 2 In the situation where CEC does not incorporate/braid HOMES program funding into the EBD Direct Install Program, respond to the following questions to inform CEC's HOMES program design and application to DOE.

### A. OVERALL PROGRAM DESIGN:

- i. How can HOMES funds that are awarded to deliver residential whole building energy efficiency retrofits, be best utilized to support the state's decarbonization and electrification goals?

CEC should consider coordination and collaboration with the California Department of Community Services and Development to maximize the potential of combining HOMES funding with the Weatherization Assistance Program (WAP).

- ii. Aside from ensuring that program participation is a simple process from the resident's point of view and the need to avoid cash outlays, how should the program be structured to support widespread access and uptake in households located in disadvantaged communities or with a low income? How could CEC structure HOMES's pay-for-performance option to reach low-income communities more effectively?

HOME's pay-for-performance (measured) option is likely not the best delivery model for this structure. Coordination with the WAP program would assist in widespread access and uptake in those households located in disadvantaged communities or with a low income.

iii. If funds are provided directly to existing residential efficiency programs, which programs will make the highest impact in terms of market transformation for efficiency and decarbonization technology?

CEC should include within the formal RFP for respondents to outline plans and approach.

iv. Leveraging and stacking:

a. *CEC has gathered feedback on how electrification incentives could best be leveraged and stacked with existing programs. Are there additional considerations for best leveraging and stacking residential whole house efficiency rebates, like HOMES with existing programs?*

CEC should include within the formal RFP for respondents to outline plans and approach.

b. *Are there considerations for stacking pay-for-performance rebates (see below) with existing programs?*

Our approach includes simplifying the model for both the applicant and contractors to increase program participation and success. Stacking a pay-for-performance rebate with existing programs would yield a more complicated experience.

c. *What are the best strategies for effective and efficient integration into existing programs' administration, websites, and materials?*

CEC should include within the formal RFP for respondents to outline plans and approach.

d. *Which existing program quality assurance, quality control, workforce, or other implementation standards or best practices should be taken into consideration or used as a model?*

Quality assurance, quality control, workforce, and overall program standards will be key to an effective and trusted program. Applicants need a positive experience, and that experience is largely tied to the quality of work and accountability of contractors. CEC should include within the formal RFP for respondents to outline their approach for quality management.

## **B. REBATE DETERMINATION APPROACH AND REBATE VALUES.**

i. **What are the advantages and drawbacks of program design using the fixed costs versus pay-for-performance method? Can the pay-for-performance method effectively serve low-income households?**

CEC should consider which model to use as it relates to social equity and include within the formal RFP for respondents.

ii. **What are the options to manage and allocate performance risk and financing costs during the 9 to 12-month post-installation period prior to issuing the rebate? Options should consider at a minimum that: low-income households are not required to utilize personal funds to pay for rebated work, the inability for many contractors, installers, or small businesses to “float” rebate costs, and the cost of capital for aggregators (or some designated entity) to float those costs.**

CEC should include within the formal RFP for respondents to outline plans and approach.

- iii. **For the fixed cost method, how should the CEC approach setting allowable project cost caps? What are similar programs CEC should use as examples?**

CEC should include within the formal RFP for respondents to outline plans and approach.

- iv. **What is the best way for the CEC to obtain consistent and sufficient documentation for contractors, such as itemized cost breakdowns, while remaining consistent with contractor business practices?**

As mentioned previously, using a comprehensive technology solution will provide consistency in the documentation required and received from contractors. This approach also allows CEC, and future auditors, to view the information for the entire program in one place.

### **C. ELIGIBLE RECIPIENTS.**

- i. **Should CEC reserve additional HOMES funds for low-income households, beyond the DOE-requirement of 50 percent of total rebate funds? If so, why, and what percent?**

Reservation of additional funds for low-income households should be considered. Depending on the agency's specific goals, CEC should exercise flexibility if reserving additional funds based on the program's response rate. Additionally, CEC needs to choose the model that provides the best benefit to such households.

### **D. INCOME VERIFICATION.**

- i. **What approaches should CEC consider to verify individual household income that are efficient and accurate, safeguard information, and create a minimal burden for residents? Please provide examples of other programs and why you consider them effective models?**

The California ERAP program mentioned previously is a great example of an effective model. The ERAP program reached over 370,000 households across the state and served over 1 million Californians. A combination of both categorical eligibility and self-attestation were used to qualify income. CEC should at minimum use categorical eligibility and remain open to the use of self-attestation as prescribed by DOE.

- ii. **The EBD Direct Install Guidelines established a list of federal and state assistance programs that can be accepted to qualify a resident as low-income (i.e., "Categorical Eligibility"). Should the CEC utilize the same list of programs for Categorical Eligibility for a program(s) developed with HOMES funding? In addition to the programs found in Section E.3. of the Guidelines, are there additional programs CEC should consider?**

Yes, both list should be included for categorical eligibility.