

DOCKETED

Docket Number:	23-DECARB-01
Project Title:	Inflation Reduction Act Residential Energy Rebate Programs
TN #:	254157
Document Title:	Joint CCA Comments Re Request for Information Re Inflation Reduction Act Residential Energy Rebate Programs
Description:	N/A
Filer:	System
Organization:	Silicon Valley Clean Energy
Submitter Role:	Public Agency
Submission Date:	1/26/2024 11:43:35 AM
Docketed Date:	1/26/2024

*Comment Received From: Silicon Valley Clean Energy
Submitted On: 1/26/2024
Docket Number: 23-DECARB-01*

Joint CCA Comments Re Request for Information Re Inflation Reduction Act Residential Energy Rebate Programs

Additional submitted attachment is included below.

January 26, 2024

California Energy Commission
Docket Unit, MS-4
Docket No. 23-DECARB-01
715 P Street
Sacramento, California 95814
docket@energy.ca.gov

Re: Ava Community Energy, San Jose Clean Energy, Orange County Power Authority, Redwood Coast Energy Authority, Peninsula Clean Energy, and Silicon Valley Clean Energy on the Request for Information Re: Inflation Reduction Act Residential Energy Rebate Programs (DOCKET No. 23-DECARB-01)

Dear Commissioners and Staff:

We write on behalf of Ava Community Energy, San Jose Clean Energy, Orange County Power Authority, Redwood Coast Energy Authority, Peninsula Clean Energy, and Silicon Valley Clean Energy (the Signatories) to comment on the Request for Information regarding Inflation Reduction Act Residential Energy Rebate Programs (RFI).

Our six CCAs are committed to providing renewable, affordable, and accessible power to our local communities, and accelerating the decarbonization of the grid in California. Our CCAs run programs on building electrification for the target population of the HOMES program, and wanted to share that expertise.

Please find below our detailed comments addressing specific prompts in the RFI. The main points:

- The Signatories support the braiding of the Inflation Reduction Act's (IRA) Home Efficiency Rebates Program (HOMES) and California's Equitable Building Decarbonization Direct Install Program (EBD), with the caveat that the California Energy Commission (CEC) should allow HOMES to be available to all eligible households regardless of their geographic location. Deed-restricted multifamily properties should also have access.
- HOMES' energy-efficiency retrofits should be delivered in coordination with electrification retrofits to avoid additional stress on the grid and to mitigate costs for customers.
- The CEC should meaningfully engage low- and moderate-income customers through existing trusted organizations to quickly establish community trust in the program and to ensure its success

The Signatories are pleased to offer the following specific comments on the RFI:

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.*

The following best practices are based on the Signatories' experience in delivering energy efficiency and electrification programs and RMI's recommendations on stacking federal, state, and local incentives¹:

- **Maximize participant eligibility.** In general, the Signatories support streamlining program implementation to deliver benefits quickly and efficiently to participants with reduced administrative costs. Braiding both the EBD and HOMES programs would reduce participant confusion in navigating multiple programs and would allow the CEC to deliver more benefits through concurrent energy efficiency and electrification upgrades.

However, the Signatories discourage CEC from braiding the programs in a way that excludes the eligibility of potential participants. While HOMES is available to participants that meet certain income requirements, the EBD guidelines additionally require participants to be located within certain census tracts.² If the HOMES and EBD programs are braided, CEC should allow HOMES funding to be available to all eligible participants regardless of census tract location. Many low-income, single-family customers and affordable housing developments in the Signatories' territories that would have otherwise been eligible for HOMES will not qualify based on the EBD's census tract restrictions.

- **Provide meaningful community engagement, education, and support.** The Signatories recognize that EBD administrator teams must include local community-based organizations (CBOs) for culturally-appropriate outreach, education, and support for participating households and communities. A key aspect common to successful low-income programs is building trust between program administrators and participants. Many underserved community members are reluctant to engage in programs for a wide variety of reasons including language barriers, historic injustices, and other concerns. Engagement through existing trusted organizations is essential to quickly establish community trust in the program and to ensure its success.

Partnerships with trusted CBOs can help identify and address needs, concerns, and barriers that low-income households face when accessing state programs. The Signatories encourage CEC's selected administrators to be flexible and responsive to participants' needs throughout program design and implementation. Because community needs can

¹ RMI, *Gaps and Barriers to Stacking Federal, State, and Local Incentives (2023)*, available at: https://rmi.org/wp-content/uploads/dlm_uploads/2023/12/stacking_federal_state_and_local_incentives.pdf

² California Energy Commission, *Equitable Building Decarbonization Direct Install Program Guidelines (2023)*, available at: <https://www.energy.ca.gov/publications/2023/equitable-building-decarbonization-direct-install-program-draft-guidelines> p.8

vary significantly across different geographic regions and populations, CEC’s selected administrators should host several workshops throughout the three statewide regions to gather local community input in a way that builds upon the communities’ lived experiences and interests. Proposals should include specifics of how administrators will engage communities and how the communities’ input will be incorporated into program design and implementation.

- **Consolidate and streamline application and technology requirements.** Contractors and participants can face difficulties understanding and meeting all the requirements needed to qualify and stack incentives across different programs. In a braided EBD-HOMES program, CEC should replicate existing application platforms, data collection procedures, and other administrative activities to easily familiarize contractors and participants. In addition, CEC should standardize technology performance standards across its programs and publish a list of qualified products to help contractors and participants choose products easily across different programs.
- **Prioritize pre-electrification upgrades as well as health and safety repairs.** Funding for pre-electrification upgrades (e.g., wiring, electric panel upgrades, etc.) and health and safety repairs (e.g., lead and asbestos abatement, code violations, etc.) are critical gaps within energy-incentive programs.³ Addressing these critical gaps is especially important when retrofitting low-income housing that is older and undermaintained. The Signatories encourage CEC to allow HOMES funding for these critical gaps in alignment with the EBD’s average per-home cost for remediation and safety measures.
- **Maximize incentive amounts for distinct upgrades.** Because low-income households’ low- or no-tax burdens prevent them from claiming the federal 25C tax credit (i.e., Energy Efficiency Home Improvement Credit), stacking incentives for these participants should be focused on maximizing incentive amounts for distinct upgrades.⁴ CEC’s selected administrators should demonstrate understanding of and ability to stack and braid federal, state, and local programs. Proposals should include specifics of the administrator’s approach to identifying the maximum incentive for a particular home, how the administrator intends to assist participants with stacking/braiding incentives, and examples of rebate stacking/braiding across different household incomes and upgrade measures.

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.*

³ RMI, *Gaps and Barriers to Stacking Federal, State, and Local Incentives (2023)*, available at: https://rmi.org/wp-content/uploads/dlm_uploads/2023/12/stacking_federal_state_and_local_incentives.pdf p.11

⁴ AnnDyl Policy Group, *Maximizing Impacts of HOMES, HEEHR, 25C Tax Credit, WAP, GCRF, and Utility Programs for Existing Single-Family Homes*, available at: <https://anndyl.com/wp-content/uploads/2023/10/AnnDyl-Residential-Capital-Stack-Briefing-Paper2.pdf> p.3

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?*

Electrification retrofits can be delivered in coordination with whole-building energy-efficiency retrofits to achieve California's decarbonization goals. This approach avoids additional load and stress on the grid and can also mitigate increased energy bill costs for residents. In this case, HOMES incentives should be flexible and have minimal restrictions with respect to other complementary programs so participants can receive holistic offerings. The Signatories encourage CEC's selected administrators to coordinate with CCAs to deliver complementary energy-efficiency and electrification-program offerings.

- 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?*

To make it easier for low-income households to optimize their energy consumption, HOMES should fund and encourage installation of programmable or connected devices such as smart thermostats, heat pump water heaters, and HVAC systems. However, the Signatories discourage CEC from requiring installation of such devices to participate in HOMES. This may create implementation barriers for low-income participants that have no- or limited-access to in-home internet connectivity.

- 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.*

At this time, the Signatories have no comment on this question.

iv. *Leveraging and stacking*

Please see answers above in Section 1.

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?*

At this time, the Signatories have no comment.

- 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.

At this time, the Signatories have no comment.

- 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?*

At this time, the Signatories have no comment.

- 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?*

For continuity and familiarity for contractors, the Signatories encourage CEC to replicate existing administrative practices and processes in programs like TECH Clean CA. Contractors should submit a completed application with project information, itemized cost breakdowns, and other project details and documentation so that CEC’s selected administrators can issue incentives. Additionally, CEC should offer training and technical assistance in multiple languages to help contractors understand application and program requirements.

- c. Eligible recipients.*
 - i. Should the 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?*

Manufactured homes represent the largest source of unsubsidized affordable housing in the United States, and roughly half of the residents are low-income.⁵ The Signatories recommend CEC set aside 5% of HOMES funds towards manufactured homes in alignment with EBD guidelines. Manufactured homes have unique complexities and retrofit barriers compared to site-built homes. Setting aside funds will ensure low-income residents living in manufactured homes will have equitable access to HOMES funds.

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

⁵ American Council for an Energy-Efficient Economy. *States and Utilities Can Help Upgrade Manufactured Homes* (2023) available at: <https://www.aceee.org/blog-post/2023/08/states-and-utilities-can-help-upgrade-manufactured-homes>

For consistency across programs, CEC should use EBD's income eligibility guidelines, including EBD's list of assistance programs to qualify a participant as low-income to simplify administrative processing.

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, the CEC should utilize the same list of programs for Categorical Eligibility for a program developed with HOMES funding.

--

Thank you for considering our comments. We look forward to opportunities to collaborate.

Sincerely,

Girish Balachandran
Chief Executive Officer
Silicon Valley Clean Energy

Nick Chaset
Chief Executive Officer
Ava Community Energy

Zachary Struyk
Assistant Director
San Jose Clean Energy

Joe Mosca
Interim CEO
Orange County Power Authority

Eileen Verbeck
Acting Executive Director
Redwood Coast Energy Authority

Shawn Marshall
Chief Executive Officer
Peninsula Clean Energy