

DOCKETED

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Johnson Controls Comments on Inflation Reduction Act Residential Energy Rebate Programs

Please see attached

Additional submitted attachment is included below.

January 26, 2024

California Energy Commission
715 P Street
Sacramento, California 95814



Electronic submittal: Docket [23-DECARB-01](#)

Subject: Johnson Controls Comments on Inflation Reduction Act Residential Energy Rebate Programs Request for Information

California Energy Commission Staff:

Johnson Controls, Inc. (Johnson Controls) or (JCI) is pleased to comment on the California Energy Commission (CEC)'s Inflation Reduction Act Residential Energy Rebate Programs Request for Information (RFI). Johnson Controls appreciates CEC's leadership in environmental stewardship and heat pump promotion across the state of California.

Johnson Controls is a leading global provider of heating, ventilating and air conditioning equipment, building controls, security and fire/life safety solutions which includes brands such as York, Metasys, Simplex, Grinnell, Zettler and Tyco. The company has nearly 100,000 employees and over 1,000 locations globally and has long been a leader in sustainable and energy efficient technology. Since 2020, we have been transforming our business to focus on building decarbonization and water conservation through the trifecta of low-carbon, energy efficiency, electrification, and digitalization. We committed to spending no less than 75% of R&D on developing and delivering new sustainable products and services and in 2021 and 2022 we invested greater than 90% on new product R&D toward sustainable products and solutions. In 2022, more than half of our revenues were from our sustainable portfolio in both our global products and field service offerings, in alignment with the Corporate Knights Sustainable Revenue taxonomy. These investments are already delivering. The expansion of our comprehensive heat pump portfolio is driving huge carbon cuts for our customers and our digital investments are able to increase carbon reduction enabling our customers' to further reduce carbon and costs.

Johnson Controls believe that increased uptake of heat pump technology is critical to addressing climate change and we are pleased to see CEC's efforts to ensure this uptake in California by applying for federal funding through the Department of Energy (DOE)'s Inflation Reduction Act Residential Energy Rebate Programs.

Johnson Controls is pleased to provide input on questions posed by CEC in its RFI.

Braiding HOMES with Equitable Building Decarbonization Direct Install Program.

Braiding the HOMES rebate program with existing programs offers many opportunities for CEC to realize economies of scale. We encourage CEC to explore this avenue with DOE, but caution that braiding the two programs should not result in limiting the uptake of heat pumps in the state of California. California's goals to install six million heat pumps by 2030 requires very rapid installs of heat pumps over the next five years; any delays in obtaining HOMES funding due to competing compliance requirements between the EBD program and DOE's grant application requirements should be avoided. The Pacific Northwest National Laboratory (PNNL) has already started development on an [API](#) state energy offices (SEO) can use to speed compliance with DOE requirements and

minimize burdens and bureaucratic hurdles that consumers and contractors would face. Nevertheless, coupling the HOMES rebates with the EBD program could remove upfront cost barriers that could negatively affect low- and moderate-income consumers. Even if not all facets of the HOMES funding can successfully be braided with the EBD program, some combination of the two programs will likely increase installation of heat pumps.

Not Braiding Rebate Programs with Equitable Building Decarbonization Direct Install Program.

Overall program design

As mentioned above, Johnson Controls strongly supports the API developed by PNNL. This API is intended to ensure widespread access and uptake in households located in disadvantaged communities or with a low income by clearly establishing funding eligibility before an installation project begins. By setting pre-verification and offering coupons redeemable for project cost rebates immediately upon install, contractors and installers have the certainty needed to carry out mass heat pump installations. The HOMES programs performance requirements add some additional hurdles, however, the PNNL API and modeled energy savings are two turn-key options for installing heat pumps quickly and we encourage CEC to take advantage of these resources. In consultation with our channel partners, we've found additional paperwork discourages contractors and homeowners from participating in rebate programs and a simple rebate verification portal (such as the API from PNNL) which clearly communicates eligibility before an installation occurs, is likely to broaden participation in the rebate program. We also encourage CEC to follow [DOE guidance](#) from July 2023 that proposes additional grant incentives directly for equipment installers (page 73).

CEC should explore all available electrification and decarbonization programs that can help support federal rebate implementation. Marketing and administrative dollars should be used to expand program eligibility to as many consumers as possible and leveraging any existing programs will help with this push.

Rebate determination approach and rebate values

Using the measured savings approach to rebate values unfortunately has the potential to reduce the rate of heat pump installations in California. This is due to the time needed to perform a full audit and bespoke funding amounts for households across the state. While modeling savings is not as accurate as performing a full measurement, modeling is quicker, cheaper, and importantly delivers real greenhouse gas emission and energy bill savings to the homeowner from the immediate installation of a heat pump. If CEC decides to pursue a measured savings approach, clearly communicating a fixed cost rebate can help contractors and homeowners to develop a plan that can fit within budget. We recommend that CEC set simple criteria for qualified contractors such as that established by the Air-conditioning Contractors of America (ACCA) to participate in the rebate program and set cost breakdown reporting requirements that mimic a typical quote from contractors. We are happy to follow up with additional details and resources on this rebate determination approach if helpful.

Eligible Recipients

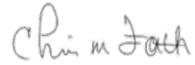
Johnson Controls encourage CEC to reserve grants funds for low-income households that will help to increase the maximum incremental amount of heat pumps in California installed due to these programs. We would encourage CEC to study which proportion of households that would normally not install a heat pump and then model which households would switch to installing a heat pump due to the addition of these funds and base its low-income allocation percentage on that model.

Income Verification

Johnson Controls encourages CEC to follow the PNNL API and DOE guidance for verifying income eligibility based on Housing and Urban Development (HUD)'s [Income Limits](#) tool and verify income through something simple like a tax return reference. Deviating from or adding additional requirements beyond these aforementioned programs could limit California's ability to receiving federal funding in a timely manner.

Johnson Controls appreciates CEC's thoughtful consideration of these comments. Please do not hesitate to contact me at chris.m.forth@jci.com with any questions.

Respectfully,

A handwritten signature in cursive script that reads "Chris Forth".

Chris Forth

Vice President

Codes & Standards Ducted Systems

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