

| DOCKETED | |
|-------------------------|--|
| Docket Number: | 23-DECARB-01 |
| Project Title: | Inflation Reduction Act Residential Energy Rebate Programs |
| TN #: | 254205 |
| Document Title: | a la bonte advisors (Alba) Comments - Response to CEC Request for Information Inflation Reduction Act, Home Efficiency Rebates Program |
| Description: | N/A |
| Filer: | System |
| Organization: | a la bonte advisors (Alba) |
| Submitter Role: | Public |
| Submission Date: | 1/26/2024 4:59:19 PM |
| Docketed Date: | 1/26/2024 |

Comment Received From: a la bonte advisors (Alba)
Submitted On: 1/26/2024
Docket Number: 23-DECARB-01

**Response to CEC Request for Information Inflation Reduction Act,
Home Efficiency Rebates Program**

Additional submitted attachment is included below.



Alba
a la bonte advisors



Berkeley, CA

510-629-1939

info@alabonteadvisors.com

www.alabonteadvisors.com

California Energy Commission
715 P Street
Sacramento, CA 95814

January 26, 2024

Subject: A la bonte advisors response to CEC Request for Information: Inflation Reduction Act, Home Efficiency Rebates Program

Congratulations on being one of the first four states to submit funding applications for the U.S Department of Energy (DOE) Home Electrification and Appliance Rebate program funding. The DOE is still issuing guidance updates to States for the Home Efficiency Rebates (HOMES) program funding, but I'm pleased to see California Energy Commission (CEC) moved ahead with this Request for Information (RFI) to gather information for its application to the Energy Department for HOMES funds.

Summary of responses to the RFI questions (numbering aligns with RFI question number):

1. Strategy for leveraging existing programs
 - 1.a. Best practice for braiding funds - Use funds from the program that is more limited in customer eligibility and measures offered to extend funding for program with more comprehensive benefit to customer. Be clear to program administrators up front (before final contract execution) the customers they will be serving and with what benefits.
 - 2.a.i. Considering realistic timing for launch of CEC's Equitable Building Decarbonization (EBD) Direct Install program, make the administrators for the following programs aggregators for the HOMES program: California Department of Community Services and Development (DCSD)'s Low-Income Weatherization Program – Multifamily Energy Efficiency and Renewables; the four large energy utilities' Energy Savings Assistance Deep Pilots
 - 2.a.ii. Ensure uptake through referrals from California Public Utility Commission's (CPUC) energy programs for income qualified customers, and possibly the energy utilities' enrolled "capitation agencies" or Community Based Organizations (CBOs) that sign income qualified customers up for bill discount programs.
 - 2.a.iv.a Consider and communicate impact to other existing programs once HOMES is braided with a program, such that participation rates in other existing programs don't significantly decline.
 - 2.a.iv.d. Request federal funds available for workforce training
 - 2.b.iv. Consider using templates that contractors and administrators of CPUC's Energy Savings Assistance (ESA) programs use for reporting savings and cost metrics to the CPUC.
 - 2.d.i. Leverage the ESA program approach for income verification

- 2.d.ii. Additionally include CPUC's Solar on Multi-family Affordable Housing (SOMAH) and Self-Generation Incentive Program (SGIP) for Categorical Eligibility.

1. Strategy for leveraging existing programs

Congratulations to the CEC on the design and adoption of guidelines for the CEC's equitable building decarbonization (EBD) direct install program. It makes a lot of sense to co-fund whole home efficiency and electrification through braiding HOMES with EBD direct install program.

That said, there are delays in any program getting up to speed. The three administrators contracts for the EBD program are not yet identified, contracts have yet to be negotiated and signed, and the program launched. Thus, I suggest in addition to braiding HOMES with EBD direct install, that CEC explore with DCSD and CPUC the possibility of leveraging existing programs that are also specifically designed whole home improvement for income qualified customers. This would allow California to spend HOMES rebates on eligible customer projects that will be occurring anyway in the timeframe prior to EBD direct install program launch.

Once the EBD direct install program launches, the majority of HOMES rebates are likely to come through the EBD direct install program, but I'd suggest retaining the other aggregators. If widespread uptake of HOMES funds by income qualified customers and customers in disadvantaged communities is a goal, retaining already approved administrators for delivering whole home efficiency and electrification will help to meet that goal.

1.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-

Within California, there are examples of co-funding between programs with similar goals to each other, similar customer eligibility requirements, and similar benefits or measures delivered to customers. The two state agencies, DCSD and CPUC, through the four energy utilities it regulates, currently co-fund the DCSD's Low Income Weatherization Program (LIWP). The first best practice has been to leverage funds from the program that is more limited in customer eligibility and measures offered (ESA) to extend funding for the program with more comprehensive benefit to customer (LIWP). LIWP has been oversubscribed, with more eligible customers enrolling to participate in the program's funding can cover.

Thus, as the EBD Direct Install program appears to be the most comprehensive offering to benefit the customer, and includes more customers with its <80% of Area Median Income (AMI) threshold as opposed to Energy Savings Assistance programs' <200% of Federal Poverty Level (FPL), it is the program with more comprehensive benefits to customers and HOMES funds should extend this

EBD Direct Install program.¹ Please be clear, all programs are incredibly beneficial for California customers and the workers that deliver the programs.

The second best practice is to be clear up front to program administrators (before final contract execution) which customers they will be serving and with what benefits. The EBD Direct Install program is designed for priority populations (income qualified and disadvantaged communities), and the administrators selected for the EBD Direct Install program will be focused on these serving these priority populations. It is currently unclear if CEC is proposing to leverage the EBD Direct Install program to also receive and process rebate applications from homeowners that do not fall into the EBD priority population definition. CEC needs to clarify whether and how these residential customers that don't qualify as a priority population will submit for their home energy efficiency rebate.

2.a.i. Overall program design: 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?

As mentioned in response #1 above, CEC should realistically account for timing of launch of CEC's Equitable Building Decarbonization (EBD) Direct Install program. Specifically, CEC should coordinate with the CPUC and DCSD to explore making the administrators for the following programs aggregators for the HOMES program: California Department of Community Services and Development (DCSD)'s Low-Income Weatherization Program (LIWP) – Multifamily Energy Efficiency and Renewables; the four large energy utilities' ESA Deep Pilots.

To be aggregators would require the existing administrators of LIWP Multifamily and ESA Deep Pilots to meet the Federal HOMES requirements, at least for those projects they intend to make request for rebate from HOMES funds (e.g. income verification processes, ability to report actual savings). Through conversation with CPUC and CSD, CEC may find that these other programs already have the basic structure in place to meet HOMES requirements and likely would have relatively small additional administrative costs they'd seek to recover for additional reporting required by both Federal HOMES program and State Agencies. Note, the ESA Deep Pilots are a result of policy shift in recent years for ESA programs to deliver deeper savings, and the pilots now include some electrification measures. CSD's LIWP MF program does include generation but doesn't have electrification measures offered that EBD Direct install program will offer, still the CSD MF program treatments may still meet the 15% threshold (as reduced energy consumption due to onsite generation cannot be counted in the HOMES savings percent calculation)

¹ The Low Income Oversight Board, formed by statute to provide oversight of CPUC's income qualified programs, has argued for the more inclusive threshold of 80% AMI. ESA customers that fall between the 200% FPL, but still earn less than the 80% AMI threshold would be ideal customers for EBD Direct install administrators to target as they have not received treatment through ESA, they have greater potential for energy savings.

Conceivably, ESA's Multifamily Whole Building (MFWB) program administrators could also serve as aggregators.² The MFWB's savings are measured, not modeled, and the current measure offerings would not add up to meet the minimum 15% savings threshold. However, if coordination with CEC's existing TECH program successfully augments the MFWB offered measures with energy saving HVAC and water heating heat pump units, perhaps 15% savings is achievable through the ESA MFWB program.

2.a.ii. Overall program design: How should the program be structured to support widespread access and uptake in households located in disadvantaged communities or with a low income?

First, the program will have greater participation with a clear logic and process for referrals from and between other programs that are available to the same customer audience. In particular, there are two California Public Utility Commission's (CPUC) energy programs for income qualified customers, whose customers would also meet the HOMES income eligibility: [Solar on Multi-family Affordable Housing \(SOMAH\)](#) and [Self-Generation Incentive Program \(SGIP\)](#).³ Multifamily buildings eligible for SOMAH via income qualification of 66% of households at 80% of Area Median Income (AMI) and single family homes eligible for the SGIP's low income benefit meet federal HOMES requirements for being considered low income. CEC should thus coordinate with CPUC to have SOMAH and SGIP program administrators refer customers to the HOMES program. There is a benefit to CPUC and the customer by coordinating with EBD direct install. If solar PV and battery technologies are sized for the building after the energy savings improvements received through HOMES, the SOMAH and SGIP funds will extend further and the customer will have an appropriate sized system for their energy demands.

Second, CEC could work through CPUC with the energy utilities' to consider leveraging enrolled "capitation agencies" for generating customer leads for the HOMES/EBD program. Capitation agencies are Community Based Organizations (CBOs) that the Utility pays for signing up income qualified customers up for bill discount programs, the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs. In this arrangement, the program administrator of HOMES/EBD would need to train the capitation agencies to include the offer/option of HOMES program rebate in their conversations with customers seeking assistance.

2.a.iv.a. Leveraging and Stacking: Are there additional considerations for best leveraging and stacking residential whole house efficiency rebates, like HOMES with existing programs?

Coordination need occur early between the administrators of EBD Direct Install program and ESA and LIWP programs that could be impacted when EBD Direct Install program becomes available.

² There are two administrators for the four energy utilities, one each for the Northern and Southern regions of California.

³ See [CPUC Income-Qualified Programs Reference Sheet.pdf](https://pda.energydataweb.com/#!/documents/3878/view) available at <https://pda.energydataweb.com/#!/documents/3878/view>

The program administrators should not be in competition for customers in order to meet the terms of their contracts. Rather, with early communication and expectation from state agencies on a clear logic and process for how and through which programs the customer will be served, a collaborative relationship between program administrators can be set up, and that the customer receives the greatest benefits through a simple and easy process can remain the first priority for program administrators.

Already ESA program contractors rely on having larger number of homes they treat for economies of scale and financial solvency/meeting the terms on their contracts with utilities. The EBD direct install program will likely be more attractive and more beneficial to customers that are eligible for both programs, since more measures, including air filtration and electrification, and with an incentive from the federal HOMES program for minimum of 15% energy savings and a higher cap on other home improvements that enable the installation of the energy savings measures (ESA minor home repair cap is \$2500 per household⁴ whereas the Maximum Average Cost for Electrical and Remediation Measures under EBD direct install program is upwards of \$6000). A thoughtful structure for referrals between programs is absolutely necessary to avoid participation rates in any program from significant decline as the trained and highly skilled workforce that is, and will be employed, by each program is important to leverage and sustain.

2.a.iv.d. Leveraging and Stacking: 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?

In general, for this question, as well as unanswered questions 2.a.iii, 2.a.iv.b, 2.a.iv.c., I strongly encourage the CEC to talk to CPUC and their independent evaluators of the energy utilities' energy efficiency programs third party solicitation process. These independent evaluators have a full grasp of the diversity of energy efficiency program designs selected through the solicitation processes.

Additionally a lesson reported from Utilities in their 2021-2026 ESA and CARE program [Mid Cycle letter](#), is that it took several months to plan for and complete contractor training to transition to the new ESA program design, which added electrification measures and shifted focus from treating all households to achieving deeper energy savings per household.⁵ Thus, I highly encourage CEC to request federal funding available for workforce training <https://www.energy.gov/scep/state-based-home-energy-efficiency-contractor-training-grants>.

⁴ Pgs 34-35 of the Statewide Energy Savings Assistance Policies and Procedures manual available at https://www.sdge.com/sites/default/files/documents/Statewide%20ESA%20Program%20PP%20Manual_Nov%202022%20Final.pdf

⁵ See Section 2.5.4; 2.5.8 of the Mid Cycle Letter available on the 2021-2026 ESA and CARE Budgets and programs application [A1911003](#) CPUC docket

2.b.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?

Use templates, and ones that either CPUC or CSD have already created as the standardized/required reporting format for ESA/LIWP contractors. CEC can find data fields already being collected and submitted by contractors to the utilities, in the utilities spreadsheets filed alongside monthly and annual reports. The ESA and CARE Budgets and programs application 2021-2026 docket: [A1911003](#) contains the most up to date filings, but only the PDF images of spreadsheets. For the xlsx spreadsheet files check <https://liob.cpuc.ca.gov/monthly-annual-reports/>.

2.d.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?

CEC should leverage the ESA program verification practices. CPUC, with the input from stakeholder and Low Income Oversight Board, has worked with Utilities to iterate and improve these over many program cycles spanning over more than 10 years.

2.d.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?

CEC should include all of the programs found in Section E.3. of the EBD guidelines for Categorical Eligibility, if legally permissible. In particular, note that the CARE and FERA program requires customers to self attest to their income eligibility, a post enrollment verification process is conducted for a fraction of the customers.

The CPUC Energy Programs, SGIP and SOMAH, should be added to the Categorical Eligibility list, with the appropriate caveats as discussed in the response to 2.a.ii.

Sincerely,



Alison LaBonte
Founder and Principal
[a la bonte advisors](#)
alison@alabonteadvisors.com