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## **Bay Area High Road Training Partnership HOMES RFI Comments**

*Additional submitted attachment is included below.*



**RISING SUN**  
CENTER FOR OPPORTUNITY



**CTWI**



January 26, 2024

California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 23-DECARB-01  
1516 Ninth Street  
Sacramento, CA 95814-5512

Via Electronic Commenting System

**Re: Docket No. 23-DECARB-01; Comments of the Bay Area High Road<sup>SM</sup> to Building Decarbonization Partnership on the California Energy Commission Home Efficiency Rebate (HOMES) Program Request for Information**

The Bay Area Residential Decarbonization High Road<sup>SM</sup> to Building Decarbonization Partnership (the Partnership) respectfully submits our comments in response to the California Energy Commission (CEC) Home Energy Rebate (HOMES) request for information. The Partnership is joined by the Construction Trades Workforce Initiative, The Greenlining Institute, the Building Electrification Institute, Nomada Coaching & Consulting, KelAire Heating & Cooling, Bear Mechanical, Enso Building Solutions, and West Coast Green Builders, in these comments.

**Background and Introduction**

High Road<sup>SM</sup> Training Partnerships ([HRTPs](#)) are regional, industry-based, worker-focused partnerships supported by the CA Workforce Development Board that address critical issues of equity, job quality, worker voice, and environmental sustainability and build skills for California's high road employers. Our Partnership, co-led by regional labor representatives, convenes Bay Area cities and government agencies,

unions, employers, workers, and equity advisors. The vision of the Partnership is to develop a residential building decarbonization retrofit industry that supports equitable access to quality jobs, attracts a qualified workforce, and provides stable career pathways for disadvantaged workers while simultaneously reducing greenhouse gas emissions and building more resilient communities.

Previous climate investments in the U.S. have often failed to create jobs that offer livable and dignified wages, employer-provided benefits, and opportunities for advancement. Given the challenging nature of the residential construction sector, this is likely to happen again without strategic policy intervention. The Partnership submits the following recommendations to guide such action in the formation of this climate investment. As a partnership, the focus and intent of our comments is to inform intentional program design to help generate equitable access to quality jobs. Many of our responses share the knowledge of our Partnership's Contractor Representatives, who together have extensive experience performing residential energy efficiency and electrification measures both independently and as implementers of various publicly funded programs.

### **General Recommendations:**

- **Intentionally build the required Contractor List with a High Road focus.** Per this requirement in the DOE HOMES guidelines, which necessitates the CEC to “Describe which qualification(s) that contractors will be held to, potentially including but not limited to home performance industry credentials, training requirements, business insurance and licensure, skills standards, and labor standards,”<sup>1</sup> the CEC has an invaluable opportunity to put in place High Road labor standards to help cultivate an intentional pool of qualified contractors.<sup>2</sup> This is one of the core levers to design HOMES in a way that generates quality jobs. We recommend that the contractor list include:
  - Relevant licenses, industry-specific credentials and certifications, and training completed
  - A signifier to mark whether a contractor is signatory, and to which union(s)
  - A signifier to mark whether a contractor is a Minority Business Enterprise, Women-Owned Business Enterprise, or Disadvantaged Business Enterprise<sup>3</sup>
  - Labor Standards that at a minimum include wage and benefits baseline requirements to be listed (see our [first letter](#) on the Equitable Building Decarbonization [EBD] program for examples).
- **Require a prevailing wage** in alignment with the EBD program guidelines. This will help generate demand for High Road contractors to engage in this work, thus helping spur family-sustaining career pathways. Requiring prevailing wage will also create alignment of incentive requirements should funding be combined downstream by contractors.

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<sup>1</sup> <https://www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions> p. 39, p. 78

<sup>2</sup> The partnership is in the process of developing a set of residential decarbonization industry specific labor standards. We invite the CEC to discuss these standards as a means to help shape the development of the contractor list criteria.

<sup>3</sup>

[https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc\\_public\\_website/content/about\\_us/supplier\\_diversity/available-certifications-4-22-19.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/about_us/supplier_diversity/available-certifications-4-22-19.pdf)

- **Increase opportunities for Minority, Women, and Disadvantaged Business Enterprises (MWDBEs)** to participate by providing technical assistance services, coordinating necessary training, preparing accessible program materials in a variety of languages, and creating intentional outreach to ensure MWDBEs are aware of opportunities to engage with the program.
- **Create and track clear metrics that capture workforce diversity and equity goals.** To advance accountability, equity, and transparency in the metrics and evaluation process, the CEC should require tracking of Minority, Women-Owned, and Disadvantaged Business Enterprise (“MWDBE”) status, as well as diversity metrics of their workers where possible. The CEC should conduct outreach to MWDBE networks and support contractors in gaining their certifications to broaden the pool of eligible MWDBE contractors, particularly those located in target regions for the EBD program.
- **Build partnerships with key labor partners** to coordinate training and workforce pathways and leverage existing pre-apprenticeship and apprenticeship training infrastructure. We recommend reaching out specifically to the Building Trades Councils.
- **Build partnerships to leverage existing workforce knowledge.** The HOMES team should collaborate with the IRA TREC work to best align the training and workforce investments being spurred by that funding with the workforce needs of HOMES. We additionally recommend building an official collaborative partnership with the California Workforce Development Board (CWDB) for advising on workforce considerations.

#### Question #1

- We support the intent to braid HOMES funding with the existing EBD program. Braiding will lead to longer-term, sustained funding which will help attract and maintain a consistent contractor base and workflow. This encourages employers to invest in new, full-time workers.

#### Question #2a

i. If the funds cannot be braided, a separate HOMES program can best be utilized to further a High Road equitable decarbonization transition via the following considerations:

- **Ensure that these programs are not mutually exclusive**, i.e. if a customer accesses funding via the EBD program, ensure that this does not make them ineligible to access HOMES funding as well. Even if the funds are not able to be braided upstream, customers and contractors can stack them downstream on their own.
- **Keep program guidelines as consistent as possible with the EBD program**, specifically in carrying over the strong labor standard language in section D of the EBD Guidelines (view our Partnership comments on labor standard recommendations for the EBD program [here](#) and [here](#)). These guidelines offer an exemplary model of a best practice procurement labor standard structure that will help uplift Minority, Women, Disadvantaged Business Enterprises (MWDBEs), frontline workers, skilled workers, and worker voice avenues. Adopting the same labor standard structure will create consistency and ease for contractors when navigating multiple programs and help them provide the highest level of financial assistance for these projects.
- **Set adequate incentive and project cost caps to enable the employment of a High Road workforce.** In combination with labor standards, this will prioritize contractors willing to provide

quality jobs while helping them not offset these additional costs to consumers. We recommend analyzing TECH Clean California data to determine appropriate cost thresholds.

ii. For ease of equitable access for frontline residents, the Partnership recommends the following:

- **Design one straightforward program administrator support contact** that contractors can reach out to. Speaking with the same representative or support staff they have built relationships with and who can help them navigate the bureaucratic hurdles of a program will increase uptake, trust, and ease.
- **Provide contractor support and outreach materials in multiple languages**, enabling a diverse pool of contractors, and thus the communities they represent, to engage with the program. Further, provide translated materials for contractors to give to their customers to assist their business development and household outreach.

iv.d. As shared above, the Partnership recommends carrying over the labor standards of section D in the EBD guidelines. We also support recommendations to employ the same program administrators to implement both EBD and HOMES to create outward-facing consistency for contractors and residents. Lastly, we recommend using the same contractor list for both the EBD program and the HOMES program, which will help to create a consistent project pipeline for the High Road contractors and help streamline the project process.

### **Question #2b**

i. The Partnership recognizes that there are benefits and drawbacks to both fixed price and pay-for-performance structures.

- Historically, in the experience of Rising Sun Center for Opportunity implementing ratepayer-funded direct install programs for energy efficiency, pay-for-performance does not take into account the additional costs required to reach frontline communities, and can unintentionally disincentivize serving those households.<sup>4</sup> It can require customers or contractors to take on more cost and risk up-front. Pay-for-performance models, if structured incorrectly, may only incentivize direct energy savings, and improperly value or ignore non-energy benefits - including quality jobs for workers - that are particularly important for the goals of this program.<sup>5</sup> Lastly, it creates an additional administrative burden for contractors and leads to issues covering costs in the time between installation and the payout of the rebate.
- However, several of the Partnership's contractor representatives state that the Pay-for-Performance structure could allow for more High Road job stimulus, as it would

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<sup>4</sup> The [Bay Area Multifamily Building Enhancements Program \(BAMBE\)](#) is a ratepayer-funded energy efficiency and electrification retrofit program administered by the Bay Area Regional Energy Network (BayREN) and regulated by the California Public Utilities Commission (CPUC). The BAMBE program provides technical assistance (TA) and rebates for energy upgrades in multifamily buildings that reduce or stabilize energy costs, lower greenhouse gas emissions associated with existing buildings' energy systems, and improve resident safety and comfort. Significantly increased incentives are available for buildings in census tracts experiencing disproportionate heat, health, and housing cost burdens.

<sup>5</sup> The Partnership uplifts the equity considerations for pay-for-performance programs highlighted in the Healthy Homes Work Group letter.

incentivize skilled work and could encourage higher-quality installations. Some contractors have inspected poor-quality installation work in low-income residents' homes funded by retrofit programs in the absence of quality of work standards. Pay-for-performance would also allow for tracking of which contractors are performing the highest-quality installations.

ii. The post-installation period is a challenge for the design of the HOMES program in the two above design pathways. While there are not many simple solutions to ensuring the cost is not handed to consumers to bear between the time of installation and when the rebate is finally paid out, contractors share that creating a long-term workflow by structuring a consistent work pipeline can help them sustain the wait between installation and receiving the rebate. While carrying the cost of a single project for 9-12 months is challenging, if contractors have consistent projects lined up they can have a steady stream of cash flowing in from previous projects, helping them float each project cost. This cycle works as long as they have a future view of work ahead. Therefore we recommend that the CEC invest in intentional project pipeline development and help coordinate workflows for contractors. An additional option, as shared in EarthAdvantage's comments, is to provide bridge loans to help contractors navigate this payout period.

iv. The Partnership recommends that the CEC research the main rebate programs that would cover similar measures of work and replicate documentation and reporting standards to be as consistent with these as possible. Creating one cohesive report that can be applied across programs where applicable is a best practice. Contractors appreciate when there is a standard 'cookie-cutter' procedure where they can simply fill in the blanks for each project. Finally, the Partnership recommends looking into building programmatic technical assistance to help contractors navigate reporting. This can help alleviate the need for contractors to build out additional office staff capacity.

The Partnership appreciates the CEC for its commitment to uplifting the decarbonization workforce and for the opportunity to comment and engage in this process. We welcome future conversations, as useful and appropriate, to explore the topic of labor standards more in-depth.

Sincerely,

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