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*Comment Received From: Shane Engel*  
*Submitted On: 3/29/2024*  
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## **Equitable Building Decarbonization Program Feedback**

*Additional submitted attachment is included below.*

March 29, 2024

California Energy Commission  
715 P Street  
Sacramento, California 95814

**Re: CEC Draft Equitable Building Decarbonization Direct Install  
Pre-Solicitation Feedback**  
Docket Number: 22-DECARB-03  
TN#: TN254967-1, TN254967-2, TN254967-3, TN254967-4

### To Whom it May Concern:

Deloitte<sup>1</sup> appreciates the opportunity to submit our response to the California Energy Commission (CEC)'s request for pre-solicitation feedback on its EBD Direct Install program.

With over five decades of experience managing some of the country's largest and most complex rebate programs, Deloitte has helped multiple states establish, manage, and monitor federally funded programs, including energy efficiency programs. This depth of experience and knowledge extends to other grants and rebate programs and our understanding of the CEC's EBD Direct Install Program and the IRA HOMES guidelines, as well as the intersection of federal funding and state programs.

We are extremely interested in assisting the CEC in achieving its program administration goals with a focus on equitable access, sustainability, and efficiency, areas where we have proven capabilities.

Deloitte commends the CEC for the development of thorough draft solicitation documents that meaningfully reflect leading practices in the administration and implementation of its EBD Direct Install program especially in relation to achieving equity outcomes. Deloitte is committed to centering equity in every program it administers – including the ones it administers for the State of California, and in the policies it supports.

Based on our experience as a Program Administrator, Deloitte is focusing its feedback and recommendations to the following categories:

1. Solicitation Limitations
2. Technology Considerations
3. Other Scope Considerations

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## 4. Risks with Project Implementation

### 1. Solicitation Limitations

By issuing the EBD solicitation as a “grant recipient” with profit constraints, CEC is limiting itself to a smaller list of eligible regional administrator candidates, resulting in the following potential challenges:

- **Lack of Innovation or Specialized Skills** – By limiting the pool of vendors, the CEC may restrict innovative or creative solutions provided to improve services provided to communities in an equitable manner at lower costs. Some of these potential solutions are listed in section 2 below, but can include: marketing and outreach strategies (partnering with tech firms for earned media, social media campaigns, etc.), analytics and data to help assess community needs and program performance, and technologies to automate application review and eligibility determination.
- **Managing Risks and Liabilities** – As the solicitation is currently written, the selected Regional Administrator may incur significant risks associated with the success of installation, resulting in holdback in payments due to quality issues or legal action. These risks have financial implications that a smaller pool of recipients may not be able to incur. Additionally, by limiting profitability, the recipients are not able to add contingencies to help manage these risks.
- **Difficulties in Scaling Resources** – The EBD regional administrators will require a large and complex team of hundreds of administrators, community support personnel, and installers to perform outreach activities, support installation planning and execution, and manage overall programmatic efforts. As new funding is added from HOMES or other sources, these teams may need to quickly scale to allocate these funding and manage associated installs. By limiting the pool of potential participants, CEC may have challenges in getting support from organizations that have the capacity to scale to meet existing and evolving needs.

Deloitte recognizes the importance of the impact of this program as well as preserving as much of the program funding for the direct install; however, to effectively reach the program’s hardest to reach communities, it is critical to consider open competition, for the best for-profit and nonprofit organizations to consider a bid.

We recommend the following:

- **Recommendation:** The CEC should either remove the profitability limitations on grants or issue the solicitation as a contract for services. We suggest the EBD Direct Install Solicitation to be issued under the GSPD-401IT-CMAS for eligible vendors as opposed to its current structure as a solicitation for a “grant recipient” due to the inclusion of IT related requirements. By doing so, CEC increases its ability to acquire the best quality vendor, while bringing competitiveness, value, efficiencies, and innovations to this critically important

program. This will also allow the Regional Administrators to build in contingencies to address potential liability risks that may arise.

## 2. Technology Considerations

Effective implementation of the EBD program will require scalable and coordinated technology coordinate management and execution across the three regions, as well as bring improved community experience and lower costs. We recommend the following considerations:

- **Recommendation 1:** CEC should consider elevating standardized technology to the statewide administrator instead of at the regional level to avoid inconsistencies of program implementation, metrics, and reporting. This will also reduce costs with having multiple versions of software that may require complex integrations or unnecessary efforts to share information. In addition, integrating technology would enable CEC to leverage the GSPD-401IT-CMAS, expanding its access to vendors specializing in large energy efficiency program design and technology implementations.
- **Recommendation 2:** In addition to the project management tool, CEC should consider additional technologies that may support each of the regional administrators in a consistent matter. Examples of these technologies could include:
  - Income and Eligibility Verification – technologies that would automate the review of income and eligibility information against existing California information to streamline approvals.
  - Program Integrity – tools to evaluate risks of fraud, waste, or abuse to ensure the programs are compliance and meet mission requirements
  - Capital Project Oversight – tools to monitor installation progress and risks that need to be managed for successful construction
  - Community Engagement Analysis and Tracking – data and tools to determine communities to engage, determine engagement strategies unique for these programs, and monitor progress and outcomes of outreach strategies (similar to what is done in marketing campaigns).
  - Energy Savings Modeling – tools to assess the benefits of installations based on projected energy savings.

The data from these tools can be integrated into the overall project management reporting to monitor and control overall program performance over time.

- **Recommendation 3:** If existing technology within the CEC will be used (outside the currently provided Recurve Analytics EBD Dashboard) or new licensing solutions are in the midst of being procured, Deloitte recommends including a list of that technology in the final solicitation.

## 3. Other Scope Considerations

The following recommendations may be considered to help clarify the scope of work for the Regional Administrators:

- **Recommendation 1:** CEC should consider adding clarity to how the contractor networks across the regions will be managed, including how the Regional Administrators will be liable for the cross-regional work. CEC should consider elevating the overall program governance and project management to the statewide level to help manage this coordination and assist with standardized reporting for state and federal requirements.
- **Recommendation 2:** The pre-solicitation is unclear in the intention of limiting program outreach to the Initial Community Focus Areas. CEC should consider adding additional clarification language to help respondents understand the CEC's intent of developing Community Focus Areas. Scoping the communities of intent is critical to the success of the program and options could include:
  - **Narrow Community Scope:** Scope language will clarify that community engagement and associated marketing and outreach efforts will be performed in the Community Focus Areas. Applications and associated installations will only be allowed in the Community Focus Areas.
  - **Expand Community Scope:** Scope language will clarify that community engagement and associated marketing and outreach efforts will be performed in the Community Focus Areas. Applications and associated installations will only be allowed for any eligible applicant, whether or not they exist in the Community Focus Area.

## 4. Risk with Project Implementation

The pre-solicitation currently does not address risks Regional Administrators will potentially face because of the limitations in the program design. These risks include:

- **Capital Project Restraints:** As capital projects continue to expand in the state, issues around inflation, supply, demand, and ability to scale will present challenges to the program implementation. The demand for this program may result in a restricted and restrained direct install contract workforce unable to meet the requirements, metrics, timeline, or budget of the program.
  - **Recommendation 1:** Limit the performance risk for the regional administrator by including language in contract terms limiting the regional administrator's liability due to workforce availability.
  - **Recommendation 2:** Integrate construction project performance workstream and associated tools to track resources, determine delay impacts to target communities and address inequitable program implementation, and support an agile workforce and financial model to meet program demand. Programs of this size require a portfolio-view and cannot be managed project by project and region by region.
- **General Liability:** Regional Administrators are expected to accept the risk for craftsman work of direct installers without the proper mechanisms to avoid financial implications.

- **Recommendation 1:** Allow Region Administrators the ability to add contingencies into pricing to offset financial implications caused by third-party direct install contractors.
- **Recommendation 2:** Amend terms to limit the liability to the regional administrators for work performed under the contract.

Deloitte appreciates the opportunity to provide written feedback for the CEC's EBD Direct Install Program Regional Administrator Pre-Solicitation and support materials. We welcome the opportunity to discuss any of our feedback further with the CEC and look forward to collaborating in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'SE', with a stylized flourish extending to the right.

Shane Engel, Managing Director  
Deloitte and Touche LLP