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Comments on CEC's Home Efficiency Rebates Program

Additional submitted attachment is included below.



Comments of the Greenlining Institute, RMI, and Rewiring America on the CEC's Home Efficiency Rebates Program

Docket Number: [23-DECARB-01](#)

Submitted: April 5, 2024

The signatories respectfully submit the following comments on the California Energy Commission (CEC) Workshop on the Inflation Reduction Act (IRA) Home Efficiency Rebates (HOMES) Program. We appreciate the opportunity to comment on the proposed direction for the HOMES Program, which will provide much-needed support for California's building electrification goals. The following recommendations are based on the information presented during the March 21, 2024 workshop.

1. Direct as much of HOMES funding as possible to low-income households.

The Home Energy Rebates are essential for California's more than 5.3 million low-income households (both homeowners and renters), who face disproportionately high energy burdens and are more likely to suffer from unhealthy indoor air quality, lack reliable cooling and heating, and need other home health and safety upgrades. The Home Energy Rebates are especially important for low-income households who lack tax liability to access the federal Energy Efficient Home Improvement Credit (25C) or Residential Clean Energy Property Credit (25D).

Renters face additional barriers to home energy upgrades. Landlords are unlikely to initiate and access rebates for upgrades due to the split incentive (i.e., landlords are disincentivized to complete energy efficiency improvements that lower costs for renters), and only owner-occupied units are eligible for 25C. Covering gap funding can also be a challenge.

For these reasons, it is essential that as much of the Home Energy Rebates funding as possible be allocated to low-income households. Braiding 60% of California's HOMES allocation into the Equitable Building Decarbonization (EBD) Direct Install Program is a positive step. However, the 40% of HOMES funding allocated to a pay for performance (P4P) program with no income restrictions may be inaccessible to the low-income households and residents of multifamily housing who need it most. If the CEC moves forward with directing a portion of funding to a P4P program, the CEC should allocate part of those funds to low-income households, create pilot programs to ensure that program delivery maximizes benefits and minimizes any burdens to low-income households, and streamline eligibility requirements across programs.

2. Include multifamily and low-income single family pilots in any P4P portion of HOMES.

Historically, P4P programs have effectively served single family market-rate housing, but not low-income households, multifamily housing, renters, or manufactured or mobile homes. During the March 21 workshop, speakers from Recurve, 3C-REN, Sealed, Franklin Energy, and CEC all acknowledged the challenges associated with serving these markets using a P4P model. We appreciate the hard work that 3C-REN and others are leading in creating higher levels of incentives for customers who face barriers to participation. However, so

far the rate of participation from low-income households is low,¹ and more focused research is needed on program designs that will most effectively serve hard-to-reach customers in a P4P framework.

For instance, the availability of pre- and post-installation meter data (AMI data) for measurement and verification (M&V) can pose a barrier to P4P participation for multifamily housing. Multifamily housing may have different meter types (in-unit, master metered, sub-unit) and account types (residential vs commercial) that make it difficult for M&V providers and aggregators to access the right data. Similarly, when using OpenEEMeter to monitor energy use, removing non-routine events can be challenging if meter data are not appropriately classified. Such data challenges can contribute to barriers for M&V providers and aggregators seeking to serve multifamily housing through a P4P model.

If continuing to pursue a P4P program, the CEC should create pilot subprograms for multifamily housing, manufactured and mobile homes, and low-income single family housing with ample protections for customers. For example, many multifamily affordable building owners lack operating reserves or upfront capital to make energy upgrades, so waiting 9-12 months after installation for data verification can deter multifamily building owners from participating in a P4P program. CEC can facilitate access for multifamily buildings by making rebate payments available in three phased payments. Payment 1 could be for the application, payment 2 for the installation of measures, and payment 3 for the post-install monitoring period (9-12 months). If an aggregator provides rebates to building owners upfront, the phased payments should be available to the aggregator. The CEC should learn about successes that aggregators and contractors have experienced in serving multifamily or low-income single family housing in other states and work closely with California-based implementers to understand what can be transferred to the California context.

As another option, the CEC could develop an alternative compliance method and provide clarity about whether a modeled savings approach would be available for customers seeking to access HOMES funding through the P4P pathway or only through the EBD Program.

3. Consider data access and privacy issues, particularly for multifamily housing and in areas not served by investor-owned utilities.

The CEC should ensure that any data access and privacy issues are considered, especially in areas served by public utilities or other entities that may not have the same data reporting structures as investor-owned utilities. Furthermore, contractors and aggregators should consider and mitigate any possible data availability and potential privacy concerns for multifamily housing in implementing a P4P program.

4. Offer a workshop or request for information (RFI) about the Community Benefits Plans and Consumer Protection Plan.

The CEC should seek public input through a workshop or RFI to help design the Community Benefits Plan and the monitoring and evaluation process for HOMES. The CEC should prioritize procedural equity so that community-based organizations with on-the-ground expertise can help shape the Community Benefits Plan and metrics. Metrics should include non-energy benefits, such as health and safety improvements, utility bill impacts, and workforce benefits. The CEC is required to provide a SMART goal with quarterly milestones to track progress on the Community Benefits Plan. Working directly and proactively with a range of organizations including environmental justice, tenants rights, consumer protection, equity, environmental, and workforce groups to shape the goals before the application is submitted can be helpful. For transparency, the CEC should also conduct periodic meetings or provide accessible and in-language updates on progress towards these goals. As stated on Page 18 of the Department of Energy (DOE) Home Energy Rebates guidance, state energy offices

¹ The [3C-REN presentation](#) on March 21, 2024 stated that 20 out of 496 installations served “hard-to-reach customers.”

are required to hold at least one public session.² Ideally, stakeholder input will be incorporated throughout developing, implementing, and evaluating the goals to ensure tangible benefits are experienced at the community level.

For the percentage of HOMES funding integrated into the EBD Program, the CEC should integrate the SMART goals and milestones process for the HOMES Community Benefits Plan with the overall monitoring and evaluation for the EBD Program. The CEC should clarify whether there would be any different goals or metrics associated with community benefits in a P4P program. Aligning these monitoring and evaluation processes will reduce administrative burden, streamline contractor reporting requirements, and facilitate participant education.

In addition to SMART goals, the CEC should include qualitative metrics and input from both community members receiving the rebates and contractors in the program to ensure that benefits are actually being experienced on the ground. This information can be used to adjust the goals and milestones and increase transparency and accountability.

5. Support contractor diversity and flexibility in business models.

The CEC should ensure contractor diversity and flexibility in business models to maximize benefits to low-income and disadvantaged communities by:

- a. **Prioritizing contractors with experience serving homes with the greatest potential for pollution reduction and economic benefits** - As part of the Community Benefits Plan workforce goals, the CEC should prioritize including on the qualified contractors list contractors that have existing relationships and trust in disadvantaged communities and a history of using multilingual and culturally respectful outreach and communication materials.³ Given that low-income households and people of color bear higher energy burdens (four times higher for low-income Californians vs the statewide average), live in less energy efficient homes, and are exposed to more indoor air pollution,⁴ working successfully in disadvantaged communities is key to maximizing pollution reduction and economic benefits.
- b. **Clearly defining what benefits are anticipated and the metrics that will be used to assess success using input from community-based groups, labor unions, contractor organizations, and environmental justice and equity-focused advocacy groups** - Establishing clear definitions and prioritization of benefits can help guide the implementation and evaluation of the success of the program. As a starting point, Page 11 of the DOE's Justice40 Guidance has several example metrics of assessing benefits associated with job creation, contracting with Minority Women Disadvantaged Business Enterprises (MWDBEs), etc.⁵ This process should be directly informed by labor, workforce development, and community groups.
- c. **Including community-based, labor, and workforce development organization perspectives on drafting and iterating upon the Community Benefits Plan** - In addition to the one required formal

² See "Home Energy Rebate Programs Requirements and Application Instructions"

www.energy.gov/sites/default/files/2023-10/home-energy-rebate-programs-requirements-and-application-instructions_10-13-2023.pdf

³ See "Recommendations to SEOs for Immigrant Inclusion in Home Energy REBates Program,"

justsolutionscollective.org/recommendations-to-seos-for-immigrant-inclusion-in-home-energy-rebates-program/

⁴ Memmott *et al.*, 2021, "Sociodemographic disparities in energy insecurity among low-income households before and during the COVID-19 pandemic," *Nat Energy* 6, 186–193, www.nature.com/articles/s41560-020-00763-9; US Department of Energy, 2024, "Low-Income Energy Affordability Data Tool," www.energy.gov/scep/slsc/lead-tool; Goldstein *et al.*, 2022, "Racial inequity in household energy efficiency and carbon emissions in the United States: An emissions paradox," *Energy Research & Social Science* 84, doi.org/10.1016/j.erss.2021.102365; Tessum *et al.*, 2021, "PM2.5 pollutants disproportionately and systemically affect people of color in the United States," *Sci. Adv.* 7, www.science.org/doi/10.1126/sciadv.abf4491.

⁵ See "Final DOE Justice40 General Guidance,"

www.energy.gov/sites/default/files/2022-07/Final%20DOE%20Justice40%20General%20Guidance%20072522.pdf

public input session, the CEC should set up monthly or bi-monthly meetings with interested parties to informally discuss progress on the program implementation and solicit feedback. This can ensure that community, workforce development, and labor groups are included throughout the process of the development and implementation of the program and allows the CEC to collect valuable feedback to iterate continuously. This ongoing input mechanism can be coordinated with but should be in addition to meetings with advocates about related programs such as the Equitable Building Decarbonization program, especially as HOMES funding is braided.

- d. **Fairly compensating community-based groups, labor unions, contractor organizations, and environmental justice and equity focused advocacy groups for their input on the goals included in the Community Benefits Plan** - The DOE guidance for the Home Energy Rebates specifies that administrative costs can include compensation for stakeholders and enabling more accessible outreach events (that include food, childcare, etc.). Up to 20% of the funding is available to states for administrative costs, but states can request more than 20% of their allocations for project-related costs. The CEC should build a substantial and sufficient budget for including groups in developing and implementing the Community Benefits Plan (and other aspects around ensuring equitable access to the program), and should be prepared to request additional funding if needed for this purpose.
- e. **Ensuring quality assurance in addition to quantity with the bonuses for installing in Disadvantaged Communities** - We appreciate that states are required to provide a contractor or aggregator a \$200 bonus for each installation completed in a disadvantaged community upon completion and verification of the installation. However, quality assurance is essential to ensure that there is not a perverse incentive to perform a greater quantity of poor quality projects in disadvantaged communities to maximize incentive amounts. Including high quality contractors in the qualified contractor list and ensuring that the program prioritizes quality assurance can help mitigate this risk. Quality assurance is important regardless of whether the program is administered through a P4P or a direct install pathway.
- f. **Making sure small businesses and/or MWDBEs are resourced adequately to attend required training and meet criteria set in the Community Benefits Plan** - The CEC should support small businesses, aggregators, and/or MWDBEs to manage administrative burdens and achieve high road job specifications. This could include technical assistance, access to peer learning networks, and training to ensure that smaller businesses and MWDBEs are not excluded from projects because they might not have prior experience or as much administrative capacity to manage increased reporting standards associated with some of the high road jobs criteria stipulated in the Community Benefits Plan. The terms of participating in the program and training sessions should be as accessible as possible. For example, the Solar on Multifamily Affordable Housing program has regular online training sessions to make it easy for prospective contractors to learn about the requirements of participating in the program.⁶
- g. **Including MWDBEs in the qualified contractor list** - In the State's Consumer Protection Plan, the CEC is required to describe a process for creating a qualified contractor list. As part of this process, the CEC should explicitly commit to including at least 40% MWDBE contractors and providing the training and support needed for groups to learn about the program. The CEC should prioritize contractors with established trust and experience working in disadvantaged communities, especially those who have multilingual outreach capabilities. To the extent possible, these contractors should also be trained and included in programs like the EBD Program to improve efficiency of coordinating and stacking available funding.
- h. **Ensuring that workforce goals in the Community Benefits Plan are included in the data collection and evaluation process** - Currently the Data and Tools Requirements Guide does not include any

⁶ See "Events and Webinars: Solar on Multifamily Affordable Housing," calsomah.org/event-detail/629

metrics about contractors or workforce beyond basic contact information and whether contractors are collecting the \$200 bonus for installing in a Disadvantaged Community.⁷ The CEC should consider collecting information about whether the businesses qualify as MWDBEs and if they meet other criteria in the Community Benefits Plan such as paying prevailing wages, partnerships with organizations that serve underrepresented communities, hiring from apprenticeship programs, and supporting unionization. The CEC could also collect demographic information from program participants and contractors to identify and address any disparities in which groups are receiving the environmental and economic benefits. Contractors should be trained on the data collection and evaluation processes across a direct install and a P4P program to guide program participants as needed.

6. Develop a local implementation model.

The CEC requested input on whether a statewide or local administration model is more appropriate for the P4P portion of HOMES funding. A local implementation model allows for easier integration with existing regional programs and resources. In addition, a local model presents the opportunity to leverage the experiences and relationships of regional energy networks, community choice aggregators, and other regional service providers. A local model also provides an opportunity to leverage outreach networks through community-based groups, local governments, promotoras, or other community based outreach programs.

7. Incorporate strong tenant protections, clarify enforcement tactics, and facilitate stacking across all HOMES funding.

Robust tenant protections are essential for ensuring that renters can participate in HOMES without facing displacement and rent increases. While the EBD Program guidelines include tenant protections that exceed the minimums established by DOE guidance, the guidelines must be strengthened to include enforcement mechanisms. Further, the HOMES funding integrated into the EBD Program should be subject to these same tenant protections. The CEC should coordinate with other agencies like the Department of Housing and Community Development that have authority to enforce housing laws and renter protections.⁸ To ensure that there is a similar standard of protection across all HOMES funding, the CEC should clarify how tenants participating in the P4P program will be protected, ideally by adopting tenant protections that mirror those in the EBD Program guidelines.

In addition to tenant protections, it is essential that HOMES requirements be set up to stack as easily as possible with other state and federal funding sources, including and beyond the EBD Program. The CEC should consider barriers to stacking and evaluate ways to align equipment performance standards, reporting requirements, applications, and other criteria that might be challenges to leveraging multiple funding sources.

Thank you for your consideration of these recommendations. Our organizations look forward to continued engagement with the CEC on the development of an equitable and successful HOMES Program.

⁷ See “IRA Home Energy Rebates: Data and Tools Requirements Guide,” www.energy.gov/scep/articles/ira-home-energy-rebates-data-and-tools-requirements-guide

⁸ See “Accountability and Enforcement: California Department of Housing and Community Development,” www.hcd.ca.gov/planning-and-community-development/accountability-and-enforcement

Sincerely,

Sneha Ayyagari

Senior Program Manager for Clean Energy Initiatives

The Greenlining Institute

Laila Atalla

Senior Associate

RMI

Serena Campas

Policy Analyst

Rewiring America