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# ADAMS BROADWELL JOSEPH & CARDOZO

A PROFESSIONAL CORPORATION

## ATTORNEYS AT LAW

601 GATEWAY BOULEVARD, SUITE 1000  
SOUTH SAN FRANCISCO, CA 94080-7037

TEL: (650) 589-1660  
FAX: (650) 589-5062

agraf@adamsbroadwell.com

SACRAMENTO OFFICE

520 CAPITOL MALL, SUITE 350  
SACRAMENTO, CA 95814-4721

TEL: (916) 444-6201  
FAX: (916) 444-6209

KEVIN T. CARMICHAEL  
CHRISTINA M. CARO  
THOMAS A. ENSLOW  
KELILAH D. FEDERMAN  
RICHARD M. FRANCO  
ANDREW J. GRAF  
TANYA A. GULESSERIAN  
RACHAEL E. KOSS  
AIDAN P. MARSHALL  
TARA C. RENGIFO

*Of Counsel*

MARC D. JOSEPH  
DANIEL L. CARDOZO

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### **Submission Via Docket No. 23-DECARB-01**

California Energy Commission  
Docket Unit, MS-4  
Docket No. 23-DECARB-01  
715 P Street  
Sacramento, California 95814

Re: **Comments on the HEEHRA Phase I Draft Community Benefits Plan**

Dear Commissioners and Staff:

We write on behalf of the Joint Committee on Energy and Environmental Policy, Western States Council of Sheet Metal, Air, Rail and Transportation Workers, California State Pipe Trades Council, and the International Brotherhood of Electrical Workers-National Electrical Contractors Association Labor Management Cooperation Committee (collectively “the Coalition”) to express our concern with the draft Community Benefits Plan (“CBP”) for the Home Electrification and Appliance Rebates Program, also known as the High-Efficiency Electric Rebate Program (“HEEHRA”).<sup>1</sup> HEEHRA was established pursuant to the Inflation Reduction Act<sup>2</sup> to provide upfront customer discounts to low- and moderate-income (“LMI”) households and majority-LMI multifamily buildings for home electrification, including the purchase and installation of eligible products and services.<sup>3</sup>

For households below 80% of the Area Median Income (“AMI”), HEEHRA covers 100% of electrification project costs up to \$14,000.<sup>4</sup> For households that are

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<sup>1</sup> TN # 257705, Staff Paper: Draft HEEHRA Phase I Community Benefits Plan (July 2024) (hereinafter “Draft CBP”), *available at* <https://efiling.energy.ca.gov/GetDocument.aspx?tn=257705&DocumentContentId=93602>.

<sup>2</sup> Inflation Reduction Act, Pub. L. 117-169 (August 16, 2022), Section 50122.

<sup>3</sup> Department of Energy, Inflation Reduction Act Home Energy Rebates: Program Requirements & Application Instructions (June 17, 2024) p. 50 (hereinafter “HEEHRA Guidelines”), *available at* [https://www.energy.gov/sites/default/files/2024-06/program-requirements-and-application-instructions\\_061324.pdf](https://www.energy.gov/sites/default/files/2024-06/program-requirements-and-application-instructions_061324.pdf).

<sup>4</sup> *Id.*

80% to 150% of AMI, HEEHRA covers 50% of electrification project costs up to \$14,000.<sup>5</sup> For majority-LMI buildings, HEEHRA rebates aggregate per eligible unit.<sup>6</sup> Contractors can claim HEEHRA's up-front discounts as long as they pass the full value of the discounts on to the consumer.<sup>7</sup> In California, the Commission plans to roll out the HEEHRA Program in two phases: Phase I will allocate \$80 million in rebates through the TECH Clean California Program, and Phase II will deploy \$210 million through a yet-to-be-defined separate program.<sup>8</sup>

The Department of Energy ("DOE") set HEEHRA program requirements for states to receive the federal funding.<sup>9</sup> Among other things, states must prepare a State Implementation Blueprint, including a CBP which (1) supports meaningful community and labor engagement, (2) engages and supports a skilled and qualified workforce, (3) advances diversity, equity, inclusion and accessibility, and (4) contributes to the goal of 40% of the overall benefits of federal investments (including jobs) going to disadvantaged communities.<sup>10</sup> The proposed CBP fails to meet these requirements, undermining the program's effectiveness and workforce and equity goals.

The DOE requires the CBP to describe the state's actions to date and plans for engaging with community partners, including labor unions, that support or work with underserved communities.<sup>11</sup> However, to date, the state has not engaged with labor unions regarding the HEEHRA and the draft CBP provides no plans to do so. The state's lack of engagement with labor unions fails to satisfy DOE's requirement and does not support a skilled and qualified workforce or ensure workforce diversity and benefits for workers in underserved communities.

The DOE also requires a state receiving HEEHRA funds to engage and support a skilled and qualified workforce.<sup>12</sup> The DOE provides that "[a] well-qualified, skilled, trained, and stable workforce is necessary to meet home electrification rebate program goals."<sup>13</sup> Accordingly, DOE requires the CBP to outline the state's strategy for collaborating with responsible contractors who prioritize ongoing workforce education and training, and who ensure jobs in the home energy upgrade industry are of sufficient quality to attract and retain skilled

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<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> DRAFT CBP at p. 2.

<sup>9</sup> HEEHRA Guidelines.

<sup>10</sup> *Id.*, p. 54.

<sup>11</sup> *Id.*, p. 55.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

workers.<sup>14</sup> The CBP must also detail the state's plan to actively support worker organizing and collective bargaining.<sup>15</sup> Specifically, it must address whether the state will evaluate eligible contractors based on their commitment to remain neutral during any union organizing campaigns, their investment in workforce and education through joint labor-management training programs, and their support for developing a resilient, skilled, and stable workforce.<sup>16</sup> This includes utilizing registered apprentices on projects and paying at or above the local prevailing wage rates.<sup>17</sup>

The draft CBP fails to adequately address these critical elements. Rather, it merely encourages Energy Solutions to expand apprenticeship and pre-apprenticeship opportunities and simply requires TECH-enrolled contractors to comply with state and federal laws governing contractor licensing, insurance, labor relations, and prevailing wage.<sup>18</sup> These minimal standards do not promote the job quality or workforce diversity envisioned by DOE or needed to support a skilled, qualified, stable workforce and opportunities for workers from underserved communities. To satisfy federal requirements and achieve DOE's workforce and equity goals, the CBP must comprehensively address these elements and provide a clear plan for supporting responsible contractors and workforce development.

The most effective way to satisfy federal requirements and achieve DOE's workforce and equity goals is by including in the CBP robust workforce standards and requirements. This begins with requiring participating contractors to participate in state-certified apprenticeship programs. State-certified apprenticeship programs are the most effective way to provide middle-class career paths to disadvantaged workers. Further, apprenticeship training is the gold standard for ensuring a trained, qualified and stable workforce. Apprenticeships, which typically last two to five years, include both classroom and hands-on training, along with oversight on the job by experienced journeypersons. These programs cover specific training on safety and efficiency measures and are independently reviewed and approved by the California Division of Apprenticeship Standards.

Apprenticeship programs are a proven pathway for providing disadvantaged workers good-paying construction career opportunities. Each apprentice is a full-time worker receiving on-the-job training as an employee of a contractor on a jobsite. Because apprentices are paid, apprenticeship programs offer career growth

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<sup>14</sup> *Id.*, p. 56.

<sup>15</sup> *Id.*, p. 56.

<sup>16</sup> *Id.*.

<sup>17</sup> *Id.*.

<sup>18</sup> Draft CBP at p. 14.

opportunities to individuals with families that cannot afford to take time off to attend college.

Moreover, state-approved apprenticeship programs are required by law to adopt an equal opportunity program with an affirmative action plan to recruit women and minority applicants.<sup>19</sup> Union apprenticeship programs meet this requirement by partnering with Multi-Craft Core Curriculum (“MC3”) pre-apprenticeship programs throughout the state. The MC3 is a standardized, comprehensive, 120-hour construction curriculum approved by the National Building Trades and designed to help young people and transitioning adults choose and succeed in an apprenticeship program that is appropriate for them. In 2012, the US Department of Labor recognized the MC3 with its Registered Apprenticeship Innovator and Trailblazer Award.

These programs have been highly effective. The latest Department of Apprenticeship Standards numbers show that over 63% of statewide plumbing, electrical and sheet metal apprentices are Black, Indigenous, and People of Color (“BIPOC”).<sup>20</sup> In the County of Los Angeles, over 80% of apprentices for those three crafts are BIPOC.<sup>21</sup> Apprenticeship programs help reduce the wage and benefit inequities that women, workers of color and immigrants often face in the construction industry by providing standardized training, wages and workplace rules that level the playing field for all employees.<sup>22</sup>

However, the number of apprenticeship slots available each year is limited by the number of contractors willing to utilize apprentices and the total hours available for apprentices to work. Adopting requirements to use apprentices and apprenticeship graduates is thus necessary to increase local job opportunities for disadvantaged workers by increasing the demand for apprentices.

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<sup>19</sup> 8 Cal. Code Regs. § 215 (requiring apprenticeship programs to include an equal opportunity program with an affirmative action plan to recruit women and minority applicants); see Labor Code § 1777.5(f) (“The apprenticeship program supplying apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.”).

<sup>20</sup> See California Apprenticeship, Registration Dashboard, [https://public.tableau.com/app/profile/california.apprenticeship/viz/RegistrationDashboard\\_16301055851260/RegistrationDashboard](https://public.tableau.com/app/profile/california.apprenticeship/viz/RegistrationDashboard_16301055851260/RegistrationDashboard) (last updated May 29, 2024).

<sup>21</sup> *Ibid.*

<sup>22</sup> Jacobs & Thomason, UC Berkeley Center for Labor Research and Education, The Union Effect in California #1: Wages, Benefits, and Use of Public Safety Net Programs (May 2018) p. 2, available at <https://laborcenter.berkeley.edu/pdf/2018/Union-Effect-in-California-1.pdf>.

Climate investments, such as HEEHRA, present a significant opportunity for inclusive economic growth, but without a thoughtful approach, many communities and workers will be left behind.<sup>23</sup> California has developed a framework to maximize positive labor market outcomes from climate investments by advancing equity and mobility while delivering skilled labor and competitiveness.<sup>24</sup> Policy makers must consider three factors:

1. **Labor as an Investment:** Investing in workforce growth, diversification, and upskilling enhances returns on climate mitigation efforts. Well-trained workers are crucial for achieving emissions reductions and climate targets.
2. **Job Quality and Social Equity:** Policymakers should focus on creating high-quality careers that offer supporting wages, benefits, worker voice, and advancement opportunities, ensuring investments in workforce education improve economic mobility.
3. **Deliberate Policy Interventions:** To advance job quality and social equity during the transition to a carbon neutral economy, intentional efforts are needed to reduce pollution, protect health, and safeguard communities.

The California Workforce Development Board's ("CWDB") State Workforce Plan highlights workforce standards as a mechanism for high road interventions.<sup>25</sup> CWDB advocates for prevailing wage, skills standards, and equity levers like community workforce agreements.<sup>26</sup>

A roadmap to complying with the CWDB policy can be found in the Commission's Equitable Building Decarbonization Direct Install Program.<sup>27</sup> This program provides \$690 million for building decarbonization upgrades for low-income households and includes workforce standards to ensure skilled labor and ensure equitable job access. The Commission's contractor preference criteria include:<sup>28</sup>

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<sup>23</sup> California Workforce Development Board, Putting California on the High Road: A Jobs and Climate Action Plan for 2030 (June 2020) p. ii, *available at* <https://laborcenter.berkeley.edu/wp-content/uploads/2020/09/Putting-California-on-the-High-Road.pdf>.

<sup>24</sup> *Ibid.*

<sup>25</sup> California Workforce Development Board, Unified Strategic Workforce Development Plan: Strategic Planning Elements 2024-2027 (2024) pp. 48-50, *available at* [https://cwdb.ca.gov/wp-content/uploads/sites/43/2024/01/DRAFT\\_Strategic-Planning-Section-2024-27-Version\\_ACCESSIBLE.pdf](https://cwdb.ca.gov/wp-content/uploads/sites/43/2024/01/DRAFT_Strategic-Planning-Section-2024-27-Version_ACCESSIBLE.pdf).

<sup>26</sup> *Id.* at pp. 48-49.

<sup>27</sup> California Energy Commission, Program Guidelines: Equitable Building Decarbonization Direct Install Program Guidelines (Oct. 2023), *available at* <https://efiling.energy.ca.gov/GetDocument.aspx?tn=252682&DocumentContentId=87762>.

<sup>28</sup> *Id.* at p. 29.

- Compliance with “skilled and trained workforce” standards;
- Local or community-based businesses;
- Small or minority-owned enterprises;
- Participation in state-approved apprenticeship programs;
- Community workforce agreements; and
- Targeted hiring for disadvantaged communities.

Administrators prioritize funding applications from contractors meeting these criteria, ensuring high-road job creation.<sup>29</sup> For this program, the Commission also requires minimum training and experience requirements for construction workers and contractors, even those who don’t meet the above preferences.<sup>30</sup> This ensures that all work is supervised by workers that meet minimum experience and training standards, while providing opportunities for new workers to also gain experience.

Finally, while projects funded with HEEHRA rebates may qualify as public works requiring the payment of prevailing wage rates, paying prevailing wage does not necessarily ensure high-road jobs. State-certified apprenticeship programs are essential for promoting high-road jobs.

The Commission must revise the draft CBP to comply with DOE requirements and achieve DOE’s workforce and equity goals. The CBP must support (1) meaningful engagement with labor unions, (2) a skilled, qualified, stable and diverse workforce, and (3) high-road jobs.

Thank you for considering these comments.

Sincerely,



Thomas A. Enslow  
Andrew J. Graf

AJG:acp

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<sup>29</sup> *Ibid.*

<sup>30</sup> *Ibid.*