



National Association of State Energy Officials

October 3, 2023

The Honorable Jennifer Granholm
Secretary of Energy
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Dear Secretary Granholm:

The National Association of State Energy Officials (NASEO), on behalf of our 56 State, Territory, and District of Columbia Energy Office members, is deeply concerned about the U.S. Department of Energy's (DOE) actions that would either require or allow for retroactive rebates under the Inflation Reduction Act's Home Energy Performance-Based, Whole-House Rebates (HOMES) and High-Efficiency Electric Home Rebate (HEEHR) programs.

- 1. Retroactivity Undermines Justice 40 Goals – Because of their lack of disposable income, it is unlikely that most low-income Americans have already made purchases that would meet pending DOE and state requirements to qualify for rebates.
1. DOE Implementation Delays – If DOE moves forward with either requiring or allowing retroactive rebates, program implementation by DOE and states will be substantially delayed.
2. Increased Risk of Fraud – Retroactive rebates substantially increase the risk of fraud and abuse by some private-sector actors.

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state program designs that educate and protect lower-income consumers. While the vast majority of private-sector energy providers are an asset to their communities and the nation, those few that prey on consumers will take advantage of a confusing retroactive approach. Decades of state experience in operating energy efficiency incentive programs demonstrates that retroactive approaches are inadvisable.

3. Increased Administrative Costs — Retroactive rebates necessitate higher administrative costs to verify retroactive rebates utilizing considerable, yet-to-be developed requirements from DOE. The approach would reduce funds for rebates that could help eligible consumers. It is also an inefficient use of taxpayer funds to advance an approach that all experienced energy efficiency program managers have rejected as needlessly complex, risky, and without public benefit.

In addition to our concerns about retroactive rebates, we are also concerned about the U.S. Environmental Protection Agency's (EPA) proposed elimination of high-efficiency fossil fuel appliances from its voluntary certification process because of the impact it would have on HOMES program implementation for many states and the diminished purchasing guidance it would offer consumers. DOE, at its discretion, is requiring states to only offer ENERGY STAR appliances under the HOMES program. If EPA moves forward with its proposed change to ENERGY STAR, it will have the effect of eliminating the option of high-efficiency fossil fuel heating and air conditioning systems under HOMES — which, for many families in certain areas of the country, is the only economically viable option. NASEO strongly recommends allowing states to determine if only electric appliances should be incentivized under HOMES, and to retain the option for states to include high-efficiency natural gas, distillate, and propane heating appliances. Depending upon the climate zone, condition of homes, and local cost of fuels, electrification may not be the right option for every consumer. The proposed one-size-fits-all approach by DOE and EPA will cause additional DOE implementation delays as states are required to match evolving program rules with their own laws and consumer needs.

Finally, we wish to again convey our appreciation to you and the many DOE staff that have worked tirelessly with the State Energy Offices and NASEO to develop these and other IRA and *Infrastructure, Investment and Jobs Act* programs. Many of the states' rebate recommendations have been addressed by DOE and will result in more impactful rebate program offerings for the residents of our states. We look forward to working with you to resolve these and other program implementation challenges.

Best regards,



David Terry,
President, NASEO