



National Association of State Energy Officials

March 3, 2023

Submitted by:
National Association of State Energy Officials (NASEO)
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RE: Request for Information on Inflation Reduction Act Home Efficiency and Electrification Rebate Programs (DE-FOA-0002981)

The National Association of State Energy Officials (NASEO) appreciates the opportunity to respond to the Request for Information (RFI) on Inflation Reduction Act Home Efficiency and Electrification Rebate Programs. NASEO is the only national non-profit association representing the governor-designated State Energy Directors and their Offices from each of the 56 States, Territories, and the District of Columbia. The State Energy Offices will administer the Home Efficiency and Electrification Rebates established in the Inflation Reduction Act. NASEO encourages the U.S. Department of Energy’s (DOE) to provide State Energy Offices maximum flexibility to design programs that meet the unique needs and goals of their states, communities, and energy service providers, and we offer the following responses to select RFI questions, as well as our recommendations to the U.S. Secretary of Energy (attached), which were first transmitted on January 26, 2023.

B. Accessible and Equitable Program Design

3. How can DOE encourage program administrators to design their rebate programs to align with the Justice40 Initiative, which commits to delivering forty percent of the overall benefits (home improvements, jobs, etc.) from certain federal investments to disadvantaged communities that are marginalized, underserved, and overburdened by pollution?

NASEO recommends DOE work with State Energy Offices to understand their unique equity-related goals and provide flexibility for State Energy Offices to design rebate programs that meet local needs while complying with Justice40 requirements via the NASEO Residential Energy Efficiency and Beneficial Electrification Task Force and the NASEO Energy Equity Committee. Meetings with the NASEO Energy Equity Committee have highlighted that states’ knowledge of distressed communities is not necessarily reflected in federal tools. To date, DOE has been responsive to State Energy Office questions

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regarding these programs and NASEO looks forward to future productive discussions. In addition, NASEO recommends having discussions with states through the NASEO Residential Energy Efficiency and Beneficial Electrification Task Force as soon as possible so that states' needs are fully reflected in any Justice40 reporting requirements and that those requirements are established with enough time for states to adequately plan to address them.

4. How can DOE and program administrators ensure that community-based organizations, residents of disadvantaged communities, renters, and marginalized groups such as low-income residents, residents of color, rural residents, and Tribal residents are meaningfully engaged for the Home Energy Rebate programs? What other groups should be included?

NASEO recommends that DOE not add requirements for State Energy Offices to ensure meaningful engagement because State Energy Offices are already robustly addressing this priority. As noted above, State Energy Offices have unique equity-related goals and priorities and are addressing them with processes that are relevant locally. Moreover, State Energy Offices have significant expertise in community engagement and have worked to improve attention to equity and share best program design practices around equity through NASEO's Energy Equity Committee and their own states' activities. DOE can engage with State Energy Offices via the NASEO Residential Energy Efficiency and Beneficial Electrification Task Force and the NASEO Energy Equity Committee to learn the specifics of the states' work, how they are planning to engage disadvantaged communities, and to share ideas on how this could be implemented in the context of the rebate programs.

D. Designing Programs for Maximum Impact

18. How should DOE, states, tribes, and territories measure success? Examples may include high customer satisfaction, measured or estimate benefits (e.g., impacts on energy, bills, emissions, health, or peak demand), quality job creation, valuation of home upgrades or overall efficiency, etc. What specific data is needed to evaluate progress towards these recommended metrics of success?

NASEO recommends deferring to State Energy Offices to identify individual state-level measures of success that reflect local needs and priorities.

E. Integrating Existing Incentives & Programs

28. How can DOE encourage program administrators to build on and coordinate these funds with existing networks and programs to maximize impact? Other programs may include state energy efficiency Revolving Loan Funds (RLF), utility energy efficiency programs, U.S. Department of Health & Human Services Low Income Home Energy Assistance Program (LIHEAP), Weatherization Assistance Program (WAP), tax incentives, among other funding sources.

- **What guidance is needed from DOE to make this successful?**
- **How should DOE encourage program implementers to design and implement rebate programs to leverage other resources and/or provide seamless services (e.g., through housing finance agencies (HFAs), state RLFs, WAP, or other complementary programs)?**

- **What concerns and risks should DOE be aware of in introducing these programs into existing program and networks? How can program administrators prevent the layering of federal, state, and local incentives whose combined value is greater than that of the product being purchased?**

State Energy Offices are already interested in layering rebate funds (and tax credits) with other funding to provide comprehensive energy upgrades that go beyond what is possible with rebate funds alone. NASEO recommends that DOE focus on working with other federal agencies to better align the rules of various federal programs so that program layering and coordination is possible and practical for State Energy Offices. DOE should engage with the Weatherization Assistance Program, Low Income Home Energy Assistance Program, U.S. Department of Agriculture programs, U.S. Treasury, and other agencies to determine what braiding will look like in practice and how State Energy Offices can comply with individual program requirements. The onus will be on DOE and other federal partners to streamline and coordinate requirements at a federal level so that consumers can be provided seamless, accessible services. NASEO recommends that DOE dedicate staff to identify these opportunities, work with states to gain input, and resolve federal programmatic differences to the extent practical.

F. Opt-In Tools, Resources, Technical Assistance, and Partnerships

32. DOE may invest in tools and resources that states, territories, and Indian Tribes can elect to use to implement their programs. Program components could include (i) systems to track or process rebates, transactions, and improvements; (ii) systems to verify income eligibility; (iii) software to model and optimize savings; (iv) systems and/or forms for data collection; (v) model program templates program administrators can adopt for their applications; (vi) stakeholder engagement guidance and resources; (vii) standardized datasets and APIs. And (viii) program marketing, education, and branding.

- **Which of these should be prioritized?**
- **Are any of these not needed?**
- **Are other components needed?**

DOE should prioritize the needs of State Energy Offices when making investment decisions as they will be the entities using the tools that DOE develops and/or directing their service providers in the use of these tools. NASEO can facilitate conversations between DOE and State Energy Offices to resolve which potential tools should be prioritized, which are not necessary, and any additional needs. Engagement with other DOE offices and federal agencies, as well as the states' private-sector partners in tool identification and development would be beneficial and would avoid duplication of efforts and needless costs. NASEO's Residential Energy Efficiency and Beneficial Electrification Task Force is an ideal mechanism for this type of collaboration. To date, tools that can perform income verification and can track rebate use have emerged as priorities.

35. What types of support or technical assistance would be most useful for DOE to provide to states, territories, Indian Tribes, and other program administrators to assist in developing program applications as well as in implementation?

DOE should defer all technical assistance decisions to the State Energy Offices. NASEO recommends that DOE solicit needs from the State Energy Offices, present DOE's ideas for technical assistance to the State Energy Offices, and then refine them as needed. NASEO strongly recommends that DOE gain the support of State Energy Offices for any technical assistance directed by DOE before DOE executes funding agreements with external entities for technical assistance.

36. What qualities should DOE seek in selecting intermediary organizations (e.g., non-profit and community-based organizations) to provide technical assistance, including marketing, education, and outreach to program implementors and others? Examples of support could include help on designing effective programs, braiding funding resources, and ensuring marginalized groups benefit from the rebate programs.

NASEO strongly recommends that State Energy Offices be given the opportunity to decide which, if any, organizations would be helpful to them in providing assistance. DOE should not engage with intermediary organizations, where the intent is to use those organizations to assist states, before State Energy Offices have expressed support for the scope of work and the intermediary organization's capabilities and role.

G. Income Verification

37. What types of documentation should be considered sufficient for rebate application to demonstrate that they meet eligibility requirements (e.g., prior year tax returns, verification of other federal benefit program eligibility, or recent paystubs)?

- **What are common barriers to effective income verification for LMI households and what industry practices are less effective or should be avoided?**
- **How long should a household's determination of eligibility last?**
- **Are there examples of programs that have demonstrated high levels of compliance while allowing self-attestation to establish income eligibility?**
- **Some programs determine eligibility by address, such as if 80 percent or more of the census tract has a certain income. What are the benefits and drawbacks of this approach?**
- **How can program administrators prevent duplicative document or verification requirements?**

DOE should provide flexibility to State Energy Offices to determine what documentation is necessary to demonstrate eligibility. A State Energy Office may be interested in using participation in a state-run low-income program for eligibility and/or may be able to check for categorical eligibility without needing paperwork directly from a participant. However, DOE should clearly communicate what they would consider to be minimum standards for documentation so that states can prepare for any retroactive checks on participant eligibility. States can propose ideas for eligibility checks in their application to DOE for rebate funds.

H. Estimating and Measuring Energy Savings

42. What recommended methodologies or standards could be used by states/programs to calculate energy savings and associated impacts, such as greenhouse gas emissions

reductions? What software is used to implement that methodology? What are the key inputs and features?

NASEO recommends that DOE accept tools and methods in addition to the ones contained in BPI 2400 to calculate energy savings, such as Home Energy Score and a deemed savings option. Reasonable alternatives will provide flexibility and options to simplify, in some markets, the work scoping process for the contractors or auditors that are in homes selling work and promoting rebates. It will also provide flexibility to states to determine which modeling tools and upgrades fit their priorities.

44. Do you have any recommendations for applying for BPI 2400 per the legal requirements of the Home Efficiency Rebates?

NASEO recommends that DOE be open to alternatives to BPI 2400 for the purposes of determining rebate eligibility for modeled energy savings. As noted above, it will provide flexibility to the states to define what combination of workforce training, energy modeling, and customer interaction makes the most sense for their residential market and policy conditions. It would also give states an opportunity to use the energy modeling software that may already be prevalent in their state.

L. Job Creation & Quality

54. Which contractor and/or laborer credentials and/or certifications should DOE and/or program administrators require for work funded in part by these rebates?

DOE should allow State Energy Offices to set credential and certification requirements that reflect local priorities and local workforce development needs. Best practices can be communicated to State Energy Offices as options to consider but DOE should not develop federal “one size fits all” requirements.

N. Open Response

59. Is there anything else DOE should be aware of as it develops program design guidance and support for these programs?

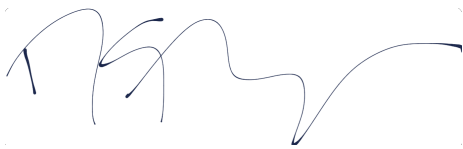
NASEO strongly encourages DOE to prioritize the needs and priorities of State Energy Offices in the development of program requirements and guidance. Additional concerns not reflected in previous question are noted below.

- DOE should make the full amount of administrative funds available to State Energy Offices when State Energy Offices apply for administrative funds. States need the certainty of having funds in-hand in order to issue contracts and fund positions. It will also allow them to address the Year 1 startup costs that will be significantly higher than program implementation years.
- It is critical that program requirements are as complete as possible before they are published with the release of funds. States cannot make planning decisions or issue contracts without knowledge of all legal – as interpreted by DOE – and reporting requirements. Revising and reissuing contracts because of new DOE requirements is extremely costly to the states and should be avoided.

- The statute provides the opportunity for states to apply to the U.S. Secretary of Energy for permission to increase the energy efficiency rebate amount for low- and moderate-income participants. NASEO recommends that this application process be as simple as possible and for DOE to accept all applications, including those that would cover the entire project cost. Most low- and moderate-income households will not be able to afford any remaining balance if a rebate does not cover the full amount.
- DOE should communicate with states the potential need to reserve some program funds for contingencies such as changes in DOE requirements or costs associated with product installations that may require state intervention to ensure homeowner satisfaction. DOE will need to clarify whether these costs can be allocated to administrative or rebate program sources. These allocation issues must be clarified by DOE before the program begins.
- DOE, in conjunction with State Energy Offices and market actors, needs to communicate the critical importance and benefits of combining energy efficiency improvements (e.g., insulation, duct sealing) with beneficial electrification measures to program participants. NASEO and the State Energy Offices are prepared to work with DOE and others to prevent potential misinformation about the impact of some measures on utility bills related to thermal electrification.
- NASEO recommends that DOE allow states flexibility in program design to the greatest extent possible. This includes allowing states to choose between measured energy savings, modeled energy savings, or both. Best practices are appreciated but the ultimate decisions must reside with states.

NASEO appreciates the opportunity to submit comments and we are able to provide follow-up information on any of the above comments. Our comments were informed and guided by the members of the NASEO Residential Energy Efficiency and Beneficial Electrification Task Force, which includes participation by nearly every State Energy Office and dozens of private-market partners. The Task Force meets regularly to discuss the implementation of the home efficiency and beneficial electrification rebates. NASEO will continue to provide comments to DOE as priorities emerge from these conversations. We appreciate the engagement to date from the Office of State and Community Energy Program staff and look forward to ongoing conversations. Thank you for your consideration.

Best regards,

A handwritten signature in blue ink, appearing to read 'David Terry', is written over a light blue grid background.

David Terry
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