



# Environmental and Energy Study Institute

**RE: Environmental and Energy Study Institute Comments in Response NASEO RFI—Implementation Options for Home Energy Performance-Based Whole-House Rebate Program and High-Efficiency Electric Home Rebate Program**

The Environmental and Energy Study Institute (EESI) authorizes the National Association of State Energy Officials (NASEO) to publish and distribute this response to the NASEO request for information (RFI) on its website and through other means to the states and general public. We have included no confidential or proprietary information in our response. Thank you for your consideration.

A handwritten signature in blue ink, appearing to read "Daniel Bresette", is written over a horizontal line.

Daniel Bresette  
President

May 19, 2023



# Environmental and Energy Study Institute

## Category 2: Program Elements

### Company Characteristics

16. *Name, contact information, company, or organization that you represent.*

Daniel Bresette, President, Environmental and Energy Study Institute (EESI), dbresette@eesi.org, (202) 662-1881.

EESI is a nonprofit organization founded in 1984 on a bipartisan basis by members of Congress to help educate and inform policymakers, their staff, stakeholders, and the American public about the benefits of a low-emissions economy. In 1988, EESI declared that addressing climate change is a moral imperative, and that has since guided our work. Today, our vision is a sustainable, resilient, and equitable world. Our desire to achieve win-win solutions led EESI to provide no-cost technical assistance to advance the adoption of on-bill financing beginning in 2010. We now assist local nonprofits, state and local governments, and rural electric cooperatives and municipal utilities in 18 states, including Alaska, Colorado, South Carolina, and Washington.

17. *An overview of your approach to equity, diversity, inclusion, and accessibility (DEIA).*

EESI holds justice, equity, diversity, and inclusion as core values, in our work towards a sustainable, resilient, and equitable world by advancing science-based solutions for climate change, energy, and environmental challenges. We recognize that longstanding systemic barriers impede the advancement of fair and inclusive environmental policies and limit the full participation of Black, Indigenous, people of color, and legacy and frontline communities. The EESI team, including staff, board members, interns, and fellows, is committed to these principles. They guide our work and help us establish objectives and measure progress as we incorporate environmental and climate justice, equity, diversity, and inclusion into EESI's technical assistance programs, policy work, communications, and operations.

18. *As applicable, a short description and link to programming that your company is contracted or has been contracted to implement for planning, administering, and/or field delivery of federal or state programs. Note which, if any, provides low- and moderate-income and affordable home energy upgrades, especially with and in disadvantaged communities.*

EESI helps rural electric cooperatives (co-ops), public power utilities, and other entities (e.g., green banks) develop innovative programs to help homeowners make cost-effective clean energy investments. Specifically, EESI has more than 10 years of experience working with co-ops to become more sustainable, dating back to our initial work with the Cooperatives of South Carolina and their "Help My House" on-bill financing program for whole-house energy efficiency retrofits.

In total, EESI has provided free technical assistance to more than 35 utilities in more than 20 states and has helped more than a dozen utilities launch inclusive on-bill financing programs. In particular, much of EESI's work has focused on utilities interested in developing and implementing on-bill financing programs to help low- and moderate-income customers afford energy efficiency, renewable energy, and beneficial electrification upgrades.

## Program Elements

19. Describe the program element that is important for State Energy Office consideration. Be as detailed as possible.

Early Program Planning. EESI encourages State Energy Offices to consider developing and supporting programs that make cost-effective energy efficiency and beneficial electrification available to as many customers as possible, including by targeting customer segments that do not typically participate in these programs because they face disproportionately high energy burdens and lack access to affordable capital to offset upfront costs. Our objective in submitting these comments in response to the NASEO RFI is to encourage State Energy Offices to engage with co-ops early and often in the program planning and design phase to maximize the benefits of the Home Energy Rebate Programs (i.e., the Home Energy Performance-Based Whole-House Rebate Program and High-Efficiency Electric Home Rebate Program) in rural communities and for energy-burdened households.

EESI anticipates the U.S. Department of Energy (DOE) to require each State Energy Office to present a detailed application with conditions and assurances that each application meets and sets out parameters for deploying Home Energy Rebate Program funding. In the interim prior to a notice of funding availability, EESI encourages State Energy Offices to consider a number of important issues and design elements in the early phases of developing their respective program plans. At a minimum, EESI recommends:

- Establishing strategic, overarching goals to achieve State-specific objectives, policy initiatives, and a lasting impact to ensure households realize the long-term benefits of energy efficiency and beneficial electrification rather than just processing rebates and delivering short-term savings.
- Pursuing leveraged financing to complement the Home Energy Rebate Program to achieve economies-of-scale for greater market transformation, reach, impact, and customer benefits.
- Clearly defining the roles and responsibilities of key State Energy Office staff and, as necessary, third-party consultants across all phases of program design, including auditing and modeling savings, implementation, engineering, contractor training, data management, and evaluation, measurement, and verification.
- Addressing health and safety concerns (e.g., a provision to repair leaky roofs before adding insulation), and formulating State-specific solutions to address these concerns prior to measure installation.
- Committing and adhering to customer-friendly, quick turn-around times for application review, project approvals, and customer eligibility verifications, including pre-application agreements to pay contractors and appropriate due diligence to minimize potential fraud and ensure quality installations.
- Instituting processes that are customer- and contractor-friendly that meet the needs of service-provider business models.
- Leveraging funding with other programs, including the U.S. Department of Agriculture Rural Utilities Service's Rural Energy Savings Program (RESP), existing utility rebates, State housing agencies, and other State and local resources and initiatives.
- Linking Home Energy Rebate Programs to ENERGY STAR® brand to build greater consumer education and awareness.
- Considering how the Home Energy Rebate Programs might also accelerate beneficial electrification in the transportation sector, and how any personal vehicle-focused elements contribute to the broader beneficial electrification strategy (e.g., upgrading electrical panels to anticipate future electric vehicle supply equipment at the time of heat pumps and electric cooking appliance installations).

- Communicating with neighboring States on program plans, marketing and messaging, and deployment to maximize regional coordination and minimize confusion and mixed signals for households and contractors along state borders.
- Continuously benchmarking Home Energy Rebate Programs against initiatives underway in other States.
- Establishing clear and quantitative overarching, multi-year program goals, supported by interim periodic progress indicators to monitor and measure program impacts, with a specific focus on under-served segments such as renters, low- and moderate-income households, households that face disproportionately high energy burdens, residents in manufactured housing, residents in multifamily properties, and households in Justice40 and frontline communities.

External Stakeholder Input. Engaging with diverse stakeholders during the planning process for Home Energy Rebate Programs strengthens program design and builds new and expands existing partnerships that will ease eventual implementation. EESI encourages State Energy Offices to seek out and work with non-traditional stakeholders to reach customer segments that do not typically participate in energy efficiency and beneficial electrification programs. Examples of these stakeholders include lending institutions, contractor associations, housing agencies, local community groups, and weatherization agencies. Taking stock of State-specific stakeholders and local assets will help ensure maximum leverage and a lasting impact.

Quick Ramp-Up, Scale, and Pace Matters. EESI encourages State Energy Offices to carefully and realistically assess the timeline for the Home Energy Rebate Programs and their level of impact. While it is understandable for DOE and States to want to move quickly to get the funding flowing early, the pace of the program implementation should be critically assessed to avoid over-extending deployment staff and contractor capabilities and prevent disappointing customers and households. This pace-setting should involve providing periodic updates about anticipated and actual program participation to retailers, suppliers, and contractors to help them timely meet demand.

Identifying Potential Barriers to Program Success. EESI encourages State Energy Offices to undertake a broad-based, open-minded landscape survey and analysis to identify Home Energy Rebate Program deployment strategies most likely to successfully meet State needs—for example, demographics, housing stock, climate zone, and leveraging opportunities—and advance State goals—greenhouse gas reductions, resilience, and workforce development, and economic activity. In addition, State Energy Offices should also honestly evaluate barriers, challenges, and issues that could blunt positive impacts or create negative impacts. Indeed, EESI suggests asking the tough questions—“*What will the lawyers worry about?*” “*Who are the opponents to progress?*” “*Do we have the staff necessary to be successful?*” “*Is the contractor workforce adequately trained to install new technologies at scale?*”—and not settling for half-answers. The wide range of stakeholders consulted during the landscape survey will be key partners in overcoming these barriers, which could include information gaps, information technology deficiencies, data access blocks, and old-fashioned bureaucracy.

Overcome the Barrier of High Upfront Costs with Leveraged Financing. Even though the Home Energy Rebate Programs involve significant subsidies, many households will still face an upfront cost barrier to participate. Rural households are particularly vulnerable to high energy burdens, often dedicating more than six percent of their income toward paying energy bills because of inefficient housing stock. As a result, rural households face energy burdens up to 40 percent higher than urban households.

Low- and moderate-income households often lack access to affordable capital due to below-average credit scores and an inability to meet the requirements of traditional loan underwriting. In response to

this reality, many utilities—particularly rural electric co-ops—now offer on-bill financing programs to help customers eliminate the upfront costs of energy efficiency, renewable energy, and beneficial electrification upgrades regardless of credit, income, or renter status. Rural electric co-ops, other rural utilities, and state financing entities (e.g., green banks, credit unions, community development financing institutions, and nonprofits) currently have access to RESP, a unique funding opportunity suited to on-bill financing. Administered by the Rural Utilities Service, RESP provides zero-percent loans to rural utilities to re-lend for behind-the-meter clean energy upgrades. Since its inception in 2016, RESP has awarded loans worth more than \$200 million to eligible borrowers to make energy efficiency, renewable energy, and beneficial electrification more affordable than ever for households (and small businesses).

Measuring Success. EESI recommends establishing and maintaining a well-designed data tracking system to organize critical data (e.g., customer information, eligibility, contact dates, audit results, measures implemented, energy savings, and installation costs) and generate reports to streamline program management, reporting to DOE, and conducting evaluation, measurement, and verification. Working with an independent third-party contractor will enable State Energy Offices to closely track and understand how Home Energy Rebate Program design assumptions compare with real-world performance. Establishing a detailed plan to measure success before program launch is critical to avoid the unnecessary, expensive, and (perhaps) impossible task of capturing or recreating missing data.

Quality Assurance, Quality Control, and Process Improvement. EESI encourages State Energy Offices to establish strong quality assurance and quality control processes with internal compliance checks and independent third-party field verification early in program planning to help identify opportunities for better contractor training and mitigate difficulties. Improper installations will severely undermine any program, and catching and correcting issues early will help prevent systemic problems that would lead to additional—or worse—installation issues. Poor quality work may also damage homes, endanger the health and safety of occupants, and generate bad press. The State Energy Office should take all appropriate steps to ensure all clean energy upgrades facilitated by the Home Energy Rebate Programs are completed in a manner that improves the lives of participants and also meets local, State, and national standards.

Feedback Surveys. EESI encourages State Energy Offices to provide participants with a means to provide immediate reactions and feedback immediately following an upgrade as well as 12 months later (i.e., after a cycle of the four seasons). These surveys can also generate customer testimonials that can be used in program marketing to recruit other participants and communicate benefits to a broader audience.



# Environmental and Energy Study Institute

## Category 3: Indication of Vendor Interest

### Company Characteristics

22. *Name, contact information, company, or organization that you represent.*

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## **Company Summary**

*25. Summarize the services your company or organization could provide to a State Energy Office in the execution of these programs.*

EESI is available to provide States with no-cost consultations as they work through the program development and deployment process, with a particular focus on ways States can best support rural areas. EESI's project team can share first-hand experience and lessons-learned from EESI-sponsored on-bill financing and beneficial electrification programs, provide connections to rural utilities and related stakeholders, share EESI resources and tools, and serve as a resource after a State Energy Office's program launch.

EESI works around the country with rural utilities to deliver inclusive energy-saving programs with an emphasis on those that serve low- and moderate-income families. This work has led to many long-time connections with rural utility personnel at the local level and with national trade associations. We know that some States do not work much with rural electric co-ops or other rural utilities. This can often be because these utilities keep to themselves and can be hard to reach, complicating the already-daunting task ensuring rebate programs serve rural communities. Where we have relationships with rural utilities, we can connect State Energy Office staff to key utility contacts. Where we do not, we can help State Energy Offices reach out to key rural utilities and develop productive dialogues.

EESI assists rural utilities access the U.S. Department of Agriculture Rural Utilities Service's Rural Energy Savings Program (RESP), which provides zero-percent loans to rural utilities to re-lend for behind-the-meter clean energy upgrades, with a focus on efficiency and electrification. EESI can assist State Energy Offices ensure their programs are compatible with existing and in-development RESP-backed programs in their State in order to help rural households maximize their savings opportunity.

EESI personnel available to assist States include:

- Daniel Bresette, President, has 14 years of experience with innovative financing program design and implementation.
- John-Michael Cross, manager of EESI's Access Clean Energy Savings program, has 12 years of experience working with rural utilities to develop and implement energy efficiency and electrification programs.
- Brian Henderson, Consultant, has more than 45 years of experience in energy efficiency for both public and private organizations as a consultant, senior manager, department head, program designer, and project engineer.
- Miguel Yañez-Barnuevo, Senior Associate, has nine years of experience providing technical expertise to rural utilities through EESI's Access Clean Energy Savings program.