

Sealed

Measured Savings Programs Without Utility Data Partnerships

Response to NASEO's Request for Information ("RFI") May 2023

Company Characteristics: Andy Frank, andy.frank@sealed.com; Sealed Inc.

DEIA Approach: [Sealed](#) is an Equal Employment Opportunity employer—not just by law, but also by choice. All employees and applicants are treated fairly, and we are committed to bringing together people who have a broad range of attributes, experiences, and points of view. Our differences make us stronger and help us produce better, more innovative work. Our internal employee resource group, founded in June 2022, focuses on fostering growth, community, and ethnic diversity in the workplace. The ultimate goal is to diversify the employee lifecycle through recruiting, retaining, and evolving leadership roles at Sealed.

Contracted Programming: Not applicable, as Sealed is a [trade ally that provides direct-to-consumer services](#), and therefore does not contract directly with states, utilities, or program administrators.

What is a Measured Savings Program?

A [Measured Savings Program](#) ("Program") provides performance-based incentives to aggregators of home energy retrofits ("projects") that reduce total energy usage, peak energy demand, and/or greenhouse gas reductions (weatherization, heat pumps, etc.). [Aggregators](#) develop a portfolio of projects and absorb the risk for the [measured performance of the installed projects](#). Performance is measured at the whole-house level, post-retrofit, using open source advanced measurement and verification software and methods with customer-authorized [energy consumption data](#).

What are the Key Advantages of a Measured Savings Program?

Measured Savings Programs have the potential to drive significant market transformation, bending the curve on the uptake of whole home retrofits by creating strong incentives for quality installations tied to energy savings performance. In addition, Measured Savings Programs provide [three key advantages](#) over traditional programs:

- [Taxpayer Accountability and Consumer Protection](#): Public funds are spent effectively on real energy reductions as well as consumer protection around the energy savings performance of projects. This approach provides accountability to homeowners by incentivizing aggregators to give accurate energy savings estimates.
- [Equity Impact in Frontline Communities](#): These programs can offer [larger incentives](#) to low- and moderate-income households, with the potential for \$14,000 or more in incentives, versus an \$8,000 cap under the modeled savings pathway.
- [Homeowner and Contractor Simplicity](#): The programs [simplify the process for homeowners and contractors](#). Aggregators [reduce soft costs by taking on many program application functions](#) (and cash flow risk) normally shouldered by contractors. Aggregators provide payment up front to contractors and homeowners, taking on the risk and responsibility of project performance over time.

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Can a Measured Savings Program be Implemented Without Utility Data Partnerships?

Yes! [Measured Savings Programs can be implemented without any utility data partnerships.](#) There are many ways for homeowners to share energy usage history that [do not rely on utility data partnerships or tools](#), enabling any state to offer a Measured Savings Program to homeowners.

Specifically, a Measured Savings Program enables aggregators to [provide upfront incentives to contractors and homeowners](#) in return for taking on the risk and responsibility of project performance over time. Therefore, [aggregators are responsible for collecting the customer-authorized energy usage data](#), not the SEO and/or program implementer. A direct partnership with utilities is always welcome, but not necessary.

Sealed has [10-plus years of experience](#) delivering a measured savings product without any utility data partnerships. Sealed [puts up the capital to install whole-home weatherization and electrification projects](#), and [we are only paid back based on actual, measured energy reductions](#). Our [entire business](#) depends on obtaining historical (12 - 24 months) and ongoing post-project (up to 20 years) energy usage data for every home we serve—and we collect this data reliably, securely, and with no need to work directly with utilities.

Aggregators like Sealed can [obtain customer-authorized energy usage data](#) via [several non-mutually exclusive methods](#), including but not limited to:

- Independent third-party software that provides utility meter data to aggregators or any other authorized party (Arcadia, UtilityAPI, etc.)
- Energy bills provided by homeowners or delivered fuels providers
- Connected solutions such as sensors, smart electric panels, and other sensing/metering technology

If aggregators and/or the SEO/implementer [does have](#) utility data partnerships, then those can and should be utilized where available, but only if they are easier or more efficient means of obtaining the data.

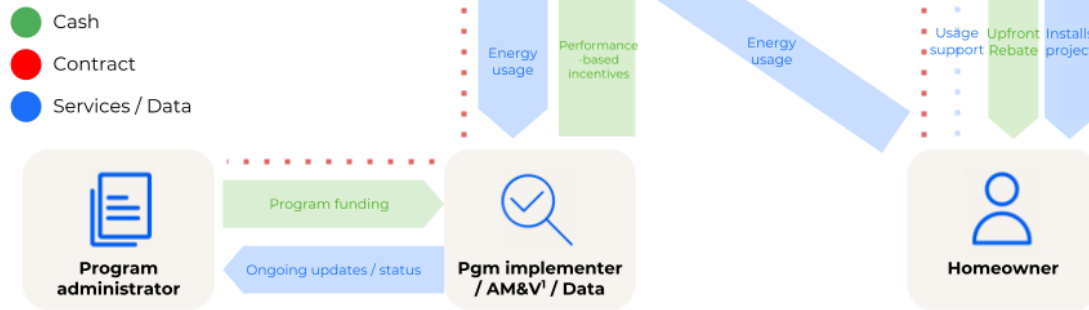
What does a Measured Savings Program Look Like for Aggregators, Contractors, and Homeowners?

The HOMES Measured Savings Program enables State Energy Offices and their implementer partners to administer the incentives with [minimal administrative overhead](#), as the aggregators [take responsibility for interfacing with contractors and homeowners](#). As shown in the diagram below, aggregators are responsible for collecting energy usage data from participating homeowners and ensuring that contractors collect key project documentation. The aggregator reports all of this back to the implementer, enabling them to easily monitor progress, quality assurance, and payment validity.

From a homeowner's perspective, the program will be very straightforward. After learning of the program, homeowners will receive either in person and/or remote energy audits, allowing aggregators to scope projects and estimate costs and energy savings estimates. One key advantage of the Measured Savings Program approach is that it allows aggregators like Sealed to invest in providing modern, convenient customer experiences to distribute incentives as widely as possible within each state. As shown below, Sealed can [provide tools and apps in all the ways that homeowners expect](#) to help them learn about the program, their personal potential for energy savings and improvements, and how to participate. This will broaden outreach and participation with no direct investment from the SEO.

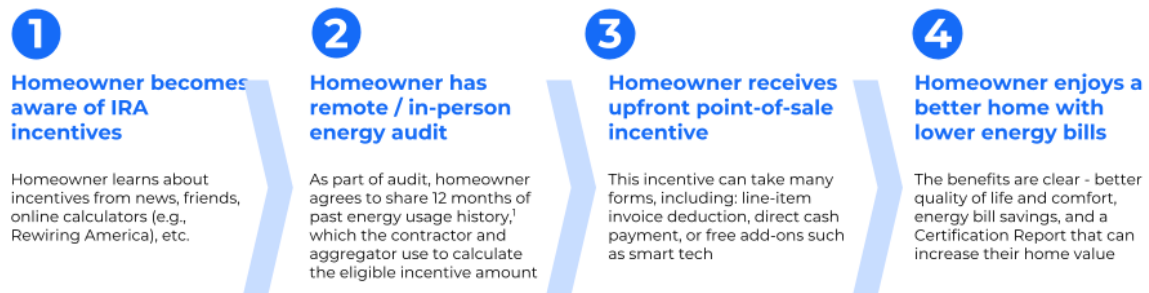
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Stakeholder relationships - HOMES program



(1) AM&V = advanced measurement and verification

Homeowner: what the process looks like for the homeowner



Contractors - entity physically completing the energy efficiency retrofit work within the home

Aggregators - entity that creates a portfolio of home energy retrofits and takes savings performance risk


[1] If the homeowner decides to move forward with the work, they must also agree to share 12+ months of go-forward energy usage during the measurement period.

Once homeowners are ready to enroll and get the work done, Sealed can offer [flexible options to deliver the incentives](#) in ways that work across demographics, markets and homeowner preferences. Even more exciting is that aggregators like Sealed will build powerful [tools to simplify incentive delivery for contractors](#), allowing them to focus on what they do best: high-quality weatherization and electrification.

Homeowner: what the process looks like for the homeowner


1 Homeowner becomes aware of IRA incentives

Homeowner learns about incentives from tools, including Resource Library on Sealed website

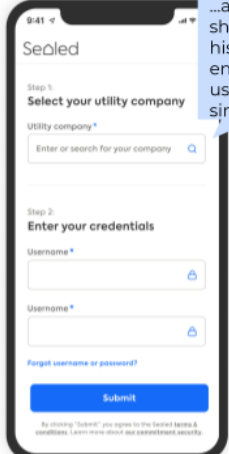


2 Homeowner has remote / in-person energy audit

Homeowners can use tools like the Sealed Home Energy Inspector for an initial remote energy efficiency...



...and can share their historical energy usage via a simple portal

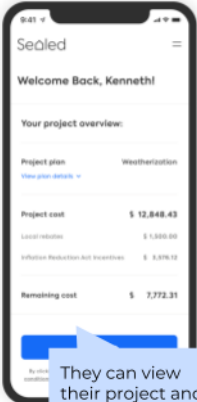


Homeowner: what the process looks like for the homeowner

3 Homeowner receives upfront point-of-sale incentive

This can take many forms based on what homeowner wants, including:

- Lowering project prices:** some homeowners just want the lowest sticker price, regardless of available rebates
- Lowering the cost of financing:** some homeowners are less sensitive to price but are averse to high financing charges
- Additional products and services:** some homeowners are motivated by extras, like smart thermostats



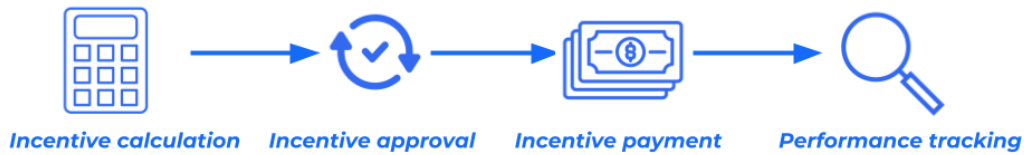
They can view their project and rebate in app

4 Homeowner enjoys a better home with lower energy bills

- Better home comfort and quality of life,** including less drafts and more temperature control
- Peace of mind,** knowing that measurement of actual energy savings rewards high-quality projects
- Financial savings,** including lower utility bills and upfront IRA HOMES incentives
- Increased home value,** resulting from Certification Report that is delivered with IRA HOMES projects

[Measured Savings Programs](#) will drive major innovation in the residential energy efficiency market—a desired goal of the IRA and SEOs. For example, Sealed is planning to expand their digital platform to provide these tools to hundreds and thousands of contractors nationwide. As shown below, contractors can simply download Sealed’s app, populate information about the project, and quickly receive approval for incentive payments. This will [allow contractors to serve more homes more efficiently](#) and greatly expand the reach of each state’s Program. Sealed has [worked closely with contractors](#) in preparation for the rollout of Measured Savings Programs, and contractors have made it clear that they value these tools, services and offerings that come from the aggregator model. See below for examples of the above.

Contractor: What the process looks like for the contractor



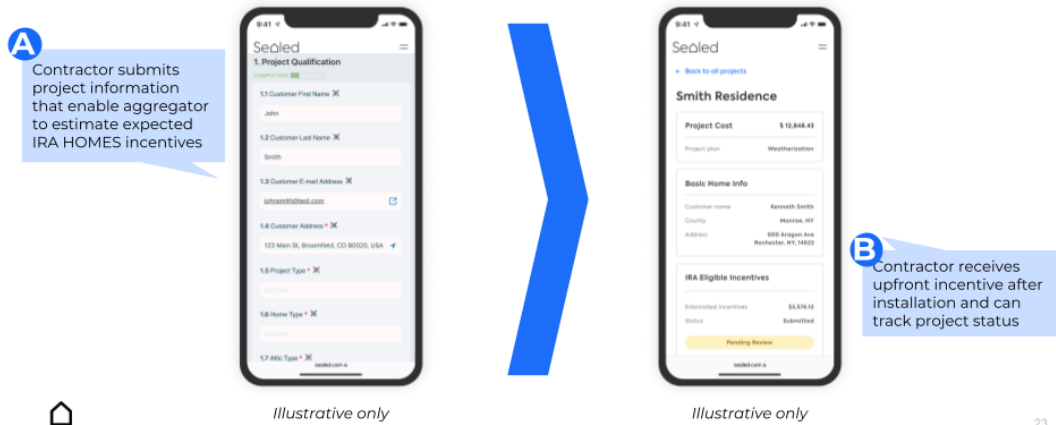
Contractor submits project information and aggregator provides an incentive estimate

Aggregator confirms eligibility and handles processing and submission once installation is completed

If contractor accepts the incentive offer, aggregator provides contractor the incentive upfront after installation is completed

Aggregator handles the tracking of actual savings, takes on performance risk, and waits for payment from the administrator

Contractor: We are building a platform for contractors to submit project details and receive payment from aggregator



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Contractor: There are many benefits to contractors, with the potential for additional features to-come

What it means for contractors...

<p>1</p> <p>Higher incentive levels</p> <p>Per-project incentives are often higher in the measured pathway than modeled one given the way the IRA calculates incentives</p>	<p>2</p> <p>Fast, upfront payments</p> <p>Aggregators pay contractors upon project completion, and then wait for the payment from government over the measurement period</p>	<p>3</p> <p>Minimal administrative work</p> <p>Contractors submit basic project data, and aggregators then handle savings estimates and project submission / tracking</p>
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Potential additional features:

Lead generation - contractors could request lead generation from aggregator to be paired with homeowners interested in energy efficiency work

Financing - contractors could offer homeowners performance-based financing for the remaining out-of-pocket project costs not covered by rebate