



National Association of State Energy Officials

August 25, 2023

Dr. Henry McKoy
Director, Office of State and Community Energy Programs
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Dear Director McKoy:

The National Association of State Energy Officials (NASEO) commends the U.S. Department of Energy's (DOE) Office of State and Community Energy Programs (SCEP) for the exceptional work in publishing the Administrative and Legal Requirements Document for the Inflation Reduction Act of 2022 Home Energy Rebate Programs (ALRD). Your leadership and consideration of the range of state perspectives is greatly appreciated. NASEO looks forward to continued collaboration on the implementation of the Home Energy Performance-Based, Whole-House Rebates Program (HOMES) and High-Efficiency Electric Home Rebate Program (HEEHR) to ensure homeowners' and residents' utility bills are reduced, energy efficiency is increased, and taxpayers receive good value for these investments.

We also appreciate DOE's attention to the many HOMES and HEEHR recommendations provided by NASEO, including our January 26, 2023, letter to Secretary Granholm, March 3 formal RFI submission to SCEP, and over 100 NASEO calls and meetings with state, federal (e.g., DOE, EPA, USDA, HUD), and private-sector stakeholders. The 56 State and Territory Energy Offices meet regularly through the NASEO Residential Energy Efficiency and Beneficial Electrification Task Force and NASEO-supported, monthly State Residential Regional Rebate meetings. With significant input from the states, NASEO requests the following initial clarifications to the ALRD to assist states in developing applications for these programs.

NASEO Clarification Requests For Both HOMES and HEEHR

- 1. Communicate Broadly the Status of HOMES and HEEHR Funding. We appreciate that DOE is attempting to rapidly move the initial HOMES and HEEHR program administrative funds. However, to date no state has received access to funding. Because the application for the initial HOMES and HEEHR administrative funds was published in March 2023, many external stakeholders assume the states have these funds and are not acting. Given the challenges of important procurement actions required by both DOE and states, we urge DOE to communicate publicly that many states have applied for the HOMES and HEEHR administrative funds, the applications are being processed by DOE, and the funds remain with DOE at this time. As

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administrative funds are awarded to states, clearly communicating the status of specific awards to the public as well as the time required for states to properly plan these programs and negotiate with DOE would help in more accurately setting expectations. The same approach would be helpful as states respond to the recent overall program ALRD.

2. **Clarify DOE's Program Goals.** The ALRD provides four overarching goals for the rebate programs: *well-established exemplary and innovative efficiency and electrification programs, lower energy burden for low-income households and disadvantaged communities, proven value streams and roles for sustained investments to continue market transformation, and reduced pollution from buildings and support for the clean energy economy.* However, after the ALRD was released, the formal DOE ALRD slide presentation shared with all State Energy Offices indicates the goals of the two programs are to: *reduce and protect energy bills for recipient households, deliver efficiency first, focus on disadvantaged and low-income households, and support state flexibility.* NASEO strongly supports the goals communicated to the states in the DOE slide deck and believe they more closely match congressional intent. We urge DOE to do the following:
 - a. Revise the ALRD goals to match the goals provided to the states in the DOE slide deck;
 - b. Use the goals in the slide deck to communicate with stakeholders and the public; and
 - c. Use the goals in the slide deck to guide outcomes and measures of program success.
3. **Confirm Categorical Eligibility and Offer Additional Support for Income Verification.** The document *Federal Programs Approved for Categorical Eligibility for DOE Home Energy Rebates* does not make it obvious that participants in the programs listed are automatically eligible for rebate programs without independently confirming income. NASEO requests the DOE make clear that clear for the State Energy Offices. NASEO also requests the following from DOE to support State Energy Offices in their efforts to conduct consumer-friendly and reasonable income verification:
 - a. Offer both an easy-to-use interface and a full dataset to look-up income bands (<80 percent area median income (AMI), 80 – 150 percent AMI, >150 percent AMI) in every jurisdiction for which U.S. Department of Housing and Urban Development produces an AMI; and
 - b. Provide a tool for State Energy Offices to compare income eligibility limits for the rebate programs (every income band for every jurisdiction) against income eligibility requirements for other low-income programs. NASEO can facilitate the collection of state-level requirements for income-eligible programs, if helpful.
4. **Extend the Deadline for State Energy Offices to Confirm Income Eligibility.** State Energy Offices are only allotted two days to confirm the income of HOMES and HEEHR program participants. NASEO requests that DOE allow State Energy Offices to propose a response timeline in their application. Two days may not be adequate for communication among state agencies on categorical eligibility and income confirmation, for example, especially when State Energy Offices receive thousands of applications at one time.
5. **Acknowledge Efforts to Secure Utility Billing Information.** Both programs require State Energy Offices to secure the release of utility billing data. However, utility data access and use are complex and dynamic. This area requires considerable clarification to accommodate state data privacy laws, utility structures and operations which differ from state to state, and variation within jurisdictions and across utilities within each state. A number of states have in excess of

100 electric utilities operating within their state, many of which are unregulated. At best, in most states, the participation of utilities to provide accurate utility data is not guaranteed. For example, law in one state would require the contractor to prepare an authorization letter, signed by the homeowner, transmitted to the transmission and distribution service provider for access to the information. This approach would be time-consuming, and these requests will often not be a high priority in the context of other responsibilities. Data access is dismissed by some stakeholders as being easy to resolve with information technology approaches. While that is correct in the context of some states and some utilities, it is generally not easy and not uniform across utilities. NASEO urges DOE to acknowledge “good-faith efforts to acquire this data” as sufficient to meet this requirement or risk substantial rebate program design delays and/or the inability of some utility customers to participate in the program.

6. **Provide Examples of Tools that can Estimate Utility Bill Impacts.** Because State Energy Offices will be required by DOE to communicate the potential impact of rebate-funded projects on consumer utility bills, DOE should provide examples of acceptable tools that can provide this analysis at the house or building level for State Energy Office consideration.
7. **Clarify the Method to Prevent the Combination of HOMES and HEEHR for the Same Measure.** The *Data and Tools Requirements Guide* indicates that DOE’s database will not allow HEEHR rebates for addresses that are in the process of receiving a HOMES rebate (and *vice versa*). NASEO requests DOE clarify how this will allow “braiding” of HOMES and HEEHR rebates into one consumer benefit if State Energy Offices choose that approach.
8. **Adjust Rental Unit Protections to Reflect Weatherization Assistance Program Requirements.** NASEO requests that DOE change the rental protections presented in the program requirements to the rental protections provided by the Weatherization Assistance Program (WAP). State Energy Offices and other market actors are familiar with the WAP rules, and the proposed rules appear unreasonable in many markets and will result in diminished program participation among multifamily property owners.
9. **Allow for Virtual Inspection Protocols.** The guidance indicates that for both HOMES and HEEHR that new contractors doing projects that require home assessments need to have the first five projects inspected and five percent of projects thereafter with an “independent onsite post-install inspection.” NASEO requests that this requirement be clarified to allow for virtual inspection tools. For contractors working in rural or remote areas, and for contractors with a heavy workload, scheduling an onsite inspection will be challenging and dissuade participation.

HOMES Specific Clarification Requests

10. **Provide Examples of Valuing Energy Savings Based on Time, Location, or Greenhouse Gas Emissions.** State Energy Offices are required to prioritize or require HOMES rebates be used for retrofits that disproportionately benefit based on the time or location of energy savings. NASEO asks that DOE provide examples of ways State Energy Offices could conduct this analysis and what it means across different states, utilities, energy providers (e.g., electricity, delivered fuels, natural gas), and considering other factors.
11. **Identify Alternatives to Calculating HOMES Modeled Energy Savings.** DOE outlines a procedure State Energy Offices can use to request alternatives to the default method for calculating

modeled energy savings for HOMES rebates (BPI-2400). NASEO requests DOE identify options that would meet the standard for alternative tools so that State Energy Offices can consider them during program design. Offering this approach will speed implementation and reduce unnecessary negotiations between DOE and State Energy Offices regarding acceptable designs.

HEEHR Specific Clarification Requests

12. **Clarify and Confirm the Use Cases of Heat Pumps with Backup and/or Secondary Heating and Cooling.** An eligible use of HEEHR funds is the first-time purchase of a heat pump for space conditioning that provides primary heating and cooling. The home can continue to use pre-existing heating and cooling as backup or secondary services. NASEO asks that DOE clarify that this is acceptable in all situations and not just for the examples DOE provided (electric furnace, boiler, or electric baseboard). There are circumstances where the approaches provided in the ALRD do not appear to reflect the range of home energy use requirements. For example, DOE should ensure this approach is acceptable in homes that use heating oil or propane in boilers that combine home space conditioning with heating for residential hot water; and in cases where only a portion of a home is being heated with a heat pump based on the resident's limited use of only a few rooms and not the entire home (i.e., the entire home does not need to be heated with the heat pump when only a portion of the home is used by the resident).
13. **Offer Examples of Conditions that Represent an Unacceptable Risk of Raising Utility Bills.** State Energy Offices have no interest in supporting implementation of an energy efficiency retrofit or rebate program that results in higher utility bills or decreased occupant comfort or safety. The ALRD requires states to identify home conditions and/or scopes of work that constitute an unacceptable risk of raising utility bills. NASEO asks that DOE provide examples of these conditions or work scopes, or tools that can identify such risk for states to consider in order to ensure that from a DOE perspective, the state has complied with this requirement.

NASEO's 56 State, Territory, and District of Columbia Members look forward to the next phase of collaboration on these important energy efficiency programs with DOE. We hope the above initial clarification requests can be responded to rapidly so that the states and DOE can continue to develop the applications and implementation plans for these important programs.

Best regards,



David Terry
President, NASEO

CC: State and Territory Energy Offices; NASEO Residential Energy Efficiency and Beneficial Electrification Task Force; Christopher Castro; Karen Zelmar; Joan Glickman; Adam Hasz