



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606
312.587.8390 Main Line
312.587.8391 Fax
www.mwalliance.org

**U.S. Department of Energy
Office of State, Community Energy Planning
MEEA comments on HOMES and HEEHRA
March 3, 2023**

The Midwest Energy Efficiency Alliance (MEEA) is a collaborative network, promoting energy efficiency to optimize energy generation, reduce consumption, create jobs and decrease carbon emissions in all Midwest communities. As a membership-based regional energy efficiency organization, MEEA works in 14 states (IA, IL, IN, KS, KY, MI, MN, MO, NE, ND, OH, SD, WI and WV) working with all stakeholders working in energy efficiency, including utilities (investor-owned, municipal and cooperative), state and local governments (state energy offices, public utility commissions, state and municipal governments), implementers, manufacturers, retailers, evaluators, academic and research organizations and community, consumer and environmental advocates.

We are happy to be a conduit of information, host listening sessions, provide technical assistance or provide other resources to support the goals of IRA and IIJA. There is a diverse landscape of efficiency programs, trained workforce, suppliers and climate zones across the Midwest, as the DOE provides guidance and states develop the programs, we encourage flexibility for the states to address specific needs for their population to ensure maximum investment and impact of the HEEHRA and HOMES funds.

Accessible and Equitable Program Design

What best practices can program administrators and other relevant stakeholders (e.g., retailers, contractors, or community-based organizations) use to ensure that disadvantaged communities and low-income households are aware of and have easy access to the Home Energy Rebate programs? Program administrators and stakeholders promoting the rebate programs to consumers should have access to information available in multiple languages and through various media channels. Programs that offer multilingual materials in different languages have seen an increase in participation from disadvantaged communities.

It will also be important that program administrators create wide-scale public awareness campaigns through marketing and information available in different formats (billboards, info on trains and buses, centralized webpage, radio ads,



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606

312.587.8390 Main Line

312.587.8391 Fax

www.mwalliance.org

etc.). Providing information through multiple channels can reach a wide audience while also allowing for more specific outreach in targeted geographic areas to reach disadvantaged communities and help overcome generational barriers.

DOE should consider allowing states to use administrative costs to hire local community-based organizations or nonprofits to promote the programs in targeted communities and establish concierge services to answer questions and aid in finding contractors to ensure proper installation. It will be important for any contracted organizations to have experience with underserved, rural and environmental justice communities.

If states cannot contract with community-based organizations/non-profits to promote the programs and provide assistance, states should, at a minimum, ensure organizations understand the program and how to connect community members with additional resources.

DOE should provide guidance on the level of funds that may be used for marketing campaigns, promotional materials, resource building and community outreach.

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? Given the higher-percentage rebates for electrification, DOE might consider encouraging the use of HEEHRA exclusively for LMI households, with specific outreach and attention to LMI households in disadvantaged communities, as identified by the federal government's Climate and Economic Justice Screening Tool. Such guidance might also recommend sources of matching funds (i.e., the 20% of project costs not covered by rebates) for the HOMES and HEEHRA rebates that can come from existing state or utility programs. If braiding is allowed, DOE should provide guidance on simple methods to assign attribution of savings and impact and encourage public utility commissions to adjust targets during this period where federal funds are being used to reduce barriers for both the federally funded programs and existing utility programs.

States should work with investor-owned, municipal and rural cooperative utilities to educate on both HOMES and HEEHRA funding opportunities, identify collaborative opportunities and provide resources to ensure proper installation.



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606

312.587.8390 [Main Line](tel:3125878390)
312.587.8391 [Fax](tel:3125878391)

www.mwalliance.org

Many states may be able to build upon existing infrastructure in place from utility-sponsored programs and explore the potential to braid funds to increase the total investment per home for disadvantaged communities. DOE could also provide guidance if any federal funds can be used to support health and safety improvements to the homes that are not allowed in ratepayer utility programs. DOE should provide guidance to states where existing federal funding already supports engagement in disadvantaged communities (such as the Communities Local Energy Action Partnership, Greenhouse Gas Reduction Fund or the EPA Environmental Justice Thriving Communities Technical Assistance Centers) to identify collaboration opportunities to prioritize reaching these communities with rebate programs.

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? Program

administrators should be required to host listening sessions with other energy efficiency program administrators, state-based coalitions, community action agencies and advocacy groups to ensure programs are designed to best fill existing gaps in the market and accelerate adoption of energy-efficient products. Program administrators should be encouraged to host additional listening sessions with end-users, including low-income residents, residents of color and rural or tribal residents to ensure outreach and engagement activities align with community needs.

DOE should encourage states to work or directly partner with additional community groups (churches, food pantries, community-based organizations, etc.) to promote the programs locally in targeted communities. State energy offices should be encouraged to set up a concierge or technical assistance office to help educate consumers, answer questions and provide resources to help secure rebates and ensure proper installation of new equipment. Third-party contracts to provide the concierge/technical assistance services on behalf of states should be allowable through administrative funding.

How can the Home Energy Rebate programs help to minimize energy burden and costs, particularly in low- and moderate-income (LMI) and high energy burden households? States should design programs to prioritize homes with the greatest opportunity for meaningful improvement (e.g., propane gas and electric baseboard heated homes), including reduction in carbon and energy bill costs. States that prohibit utility incentives for fuel switching from natural gas



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606
312.587.8390 Main Line
312.587.8391 Fax
www.mwalliance.org

should focus electrification incentives on homes with unregulated fuels, as the lack of an additional incentive to stack with the federal rebate will result in a larger upfront cost barrier for consumers.

DOE should provide a framework for states to coordinate funding with state weatherization offices and utility energy efficiency programs to braid funding to ensure that homes with high energy burden receive additional funding to improve the building envelope. This will be particularly important for the LMI community, as electrifying space heating without envelope improvements will likely increase utility bills in the cold Midwest climate.

Further guidance is needed on the allowable uses of electrification funding under HEEHRA to replace older inefficient electric technologies, such as electric space heating equipment. Replacing older inefficient electric equipment will still yield energy bill savings for consumers and reduce energy usage.

What are best practices for implementing successful ‘point of sale’ rebates, including when considering contractor needs? DOE should provide guidance to ensure that most of the incentive gets passed down to the end user, rather than used by the retailer to offset administrative costs. Some administrative sales program incentive fund (SPIFF) will be necessary, and guidance is needed on the allowable amounts to be paid to retailers/distributors.

It will also be imperative that retailers and distributors be reimbursed for the upfront rebates in a timely manner. Placing the financial burden on the equipment seller to float the costs will result in sellers opting out of program participation, especially smaller businesses with smaller cash flows.

The design of the point-of-sale program should ensure that seller participation covers an equitable geographic area, including small businesses in disadvantaged and rural communities, including targeted outreach and technical assistance.

Point-of-sale rebate programs should include information on the importance of proper installation, selecting a contractor and finding technical assistance from program administrators.

Additional Design Considerations Specific to Indian Tribes Designing Programs for Maximum Impact



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606
312.587.8390 Main Line
312.587.8391 Fax
www.mwalliance.org

How should DOE, states, tribes, and territories measure success? Examples may include high customer satisfaction, measured or estimated 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 toward these recommended metrics of success? DOE should give state energy offices flexibility in choosing goals for success, as state's needs will be different depending on the prevalence of existing energy efficiency and electrification programs. Some states may need to start from scratch, and others will build upon existing infrastructure. Program administrators should discuss metrics in early program design listening sessions with other energy efficiency program administrators, state-based coalitions and advocacy groups to understand existing data collection and impact verification methodologies.

At a minimum, programs should track overall reductions in energy consumption by household, greenhouse gas emissions and, to the extent practicable, impacts on energy burdens and energy bills. States might also use reduction in peak demand as proof of impact.

How should these programs be designed to spur durable market demand for efficient and electrified homes? How can program designs best assure continued funding and financing for home efficiency and electrification improvements even after these funds have been depleted? Barriers to adoption of efficient technologies will vary across the country. To spur durable market demand, each state will first need to understand its constituents' current barriers to adoption – for example, lack of qualified contractors or lack of knowledge on the technology. Program administrators should work with stakeholders in early listening sessions to fully understand barriers before beginning program design strategies.

Market demand will only be spurred if people have positive experiences with these programs. Ensuring correct usage of the technologies, smooth rebate processes and proper installation, etc., will be imperative in creating positive experiences. Poor customer experiences with products, contractors or energy impacts (e.g., from poor installation) will damage the reputation of the technologies in the long term.

Programs should publicly report information on impacts to help show consumers how they can benefit from efficient/electrified homes, increasing interest and demand in the technologies.



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606
312.587.8390 Main Line
312.587.8391 Fax
www.mwalliance.org

Should program administrators establish set-asides or limits concerning the distribution of the rebates (e.g., bundled packages, disadvantaged communities, income or other definitions, incumbent heating fuel in the home, high-impact measures)? Programs should prioritize serving homes with high-impact measures and targeting homes with existing unregulated fuels for heating, where reductions in greenhouse gas emissions and energy bill costs are easier to achieve in colder climates.

In instances where heat pumps for space heating will be installed, programs should require an energy audit and encourage envelope improvements (this could be in the form of a bonus incentive or braiding with utility or state weatherization programs) and integrated controls for partial heating displacement where the existing heating system is not removed. For LMI customers receiving a heat pump, envelope improvements should be required to ensure energy bills do not increase as a result of historically lower natural gas prices in the colder Midwest.

What practices should states, territories, and Indian Tribes include in program design to maximize uptake such as interim targets, incentives to contractors to install eligible equipment, or partnerships with for-profit, non-profit, or municipal entities)? Contractor SPIFFs for installations could likely be phased out over time once demand for the program increases. In many regions of the country, contractors will not offer the most efficient equipment types unless a homeowner directly asks. An incentive will therefore be needed to help contractors overcome installation hesitation.

Program administrators should cast a wide net with outreach and recruitment for contractors to ensure adequate geographic coverage, particularly for contractors serving disadvantaged and rural communities. Training and support will be needed to equip contractors with the information they need to inform consumers about all available incentives and program requirements.

How can programs ensure effective consumer education and outreach? What types of tools and/or materials should DOE develop to support consumers in understanding how to maximize the benefits of these programs? Program administrators should leverage multiple outreach and marketing channels through various languages and media formats. DOE should provide guidance on allowable uses of funding for marketing, outreach and engagement activities.



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606
312.587.8390 Main Line
312.587.8391 Fax
www.mwalliance.org

DOE should create broad educational materials on the technologies, including, but not limited to:

- Buyer's guide for various technologies.
- Technology descriptions with infographics, pictures, and videos.
- Equipment operation and maintenance guides.
- How to select a contractor guide and questions to ask.
- Heating cost and emissions calculator.
- Information on financing options.
- Efficiency-first messaging and sequencing of upgrade opportunities.
- Case studies across different climate zones and building types (including energy and cost savings realized by the consumer and any non-energy impacts).

While the electrification rebates allow for application in both new construction and existing buildings, are certain uses more likely to deliver greater benefits? For example, should electrification rebates focus primarily on existing buildings where such improvements are less likely to happen without additional funds?

Are there important other applications (e.g., new construction of affordable housing, other?) This one-time electrification rebate funding should be focused on existing buildings. They have higher energy consumption, and these programs will provide occupants with the resources to address and fund those improvements. Existing buildings also provide a greater opportunity to reduce carbon emissions from older inefficient equipment, and where the cost barriers are likely higher (and less likely to happen without funds to subsidize the projects).

Additional federal funds are included in IIJA and IRA to support new construction standards for both commercial and residential buildings. Promoting new building energy codes and higher appliance standards will ensure that future buildings are more efficient, use less energy and produce less pollution. DOE should consider prioritizing a set-aside for the building codes to support the most efficient or fully electrified affordable housing.

Integrating Existing Incentives & Programs

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



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606
312.587.8390 Main Line
312.587.8391 Fax
www.mwalliance.org

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? DOE should provide clarity regarding allowable sources for matching funds and best practices for assembling financing packages that minimize or eliminate out-of-pocket costs for LMI households, households in disadvantaged communities and high-energy-burden households.

DOE should engage with other federal and state agencies to maximize flexibility of other programs and funding in coordinating with HOMES and HEEHRA. To the extent that other federal and state agencies can formally modify guidelines to explicitly support HOMES/HEEHRA, they should. DOE should focus on aligning the rules of various federal programs across agencies to ensure the burden does not fall on state program administrators to ensure compliance with various requirements and regulations. DOE should also encourage the public utility commissions to allow adjustments to state utility programs targets and guidelines to allow more flexibility and maximum utilization of DOE funds.

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)? DOE should consider the following steps to create a smoother experience for consumers:

- Minimize additional application steps for consumers – allow participation in other programs to prove eligibility rather than income verification. DOE should provide guidance on which programs' eligibility is allowed and provide a list of each state of all eligible individuals.
- Provide support or technical assistance to program administrators to identify and braid additional sources of funding for any health and safety or structural upgrades necessary to make homes eligible for efficiency and electrification funding.
- Allow rebates to be transferable to program administrators or contractors, subject to documentation requirements and random audits to prevent fraud. Alternatively, work with IRS to permit immediate applications and claims for tax credit (i.e., as advance payments of the tax credit, similar to the structure of the economic impact payments during the COVID-19 pandemic).



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606

312.587.8390 Main Line
312.587.8391 Fax

www.mwalliance.org

- Allow revolving fund programs to float the rebate amounts in exchange for a claim on the refund, with a loan loss reserve for any tax credits that cannot be claimed.
- Pair tax-credit-funded electrification upgrades with free income tax preparation services in the year when rebates will be claimed to ensure the application process goes smoothly.

What concerns and risks should DOE be aware of in introducing these programs into existing programs 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? Program eligibility language should be clear to prevent bad actors from gaming the system and should require affidavits attesting to appropriate use of incentives before receiving a federal incentive. DOE should require a minimum level of quality assurance inspections, both through desk review and in the field after project completion. Additional random audits could be completed by DOE or a third party.

What are potential barriers to effective program energy savings attribution? Are there best practices to address these barriers? Many states prohibit utility energy efficiency funds from being used to promote fuel switching. In such states, program administrators should identify other sources of matching funds to bring electrification projects to 100% funding level for LMI consumers. Program administrators and utility energy efficiency programs should seek clarity on the allowable uses of utility funding in an electrification project, if the utility funds can be used for related efficiency upgrades, but not specific purchase of appliances which represent a fuel switch (e.g., as matching funds in a larger project).

Pre-weatherization funding will need to ramp up to prepare these homes for these upgrades. States that allow utilities to spend money on pre-weatherization have usually not allowed utilities to claim savings from these measures (e.g., in IL and MN), resulting in lower levels of pre-weatherization work being completed in homes.

What safeguards can program administrators put in place to ensure local utility rebates and other local funding that existed before the Home Energy Rebates are not decreased in response to the availability of the Home Energy Rebates? DOE should encourage public utility commissions to allow flexibility in existing utility program goals to allow maximum investment of both federal funds and ratepayer dollars. During the time period, PUCs should adjust the targets, including energy goals, health and safety spending and low-income



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606
312.587.8390 Main Line
312.587.8391 Fax
www.mwalliance.org

investments. DOE should encourage PUCs to waive cost test requirements which could impede maximum investment from HOMES, HEEHRA and utility efficiency programs.

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

What qualities should DOE seek in selecting intermediary organizations (e.g., nonprofit 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. DOE should look for organizations that have an existing footprint that supports or delivers efficiency programs, e.g., operating across a particular state, or across multiple states. This will reduce confusion and streamline processes.

Organizations with existing relationships with financial institutions, utilities, or other potential sources of matching funds can be particularly useful in the program design and launch phase. In the implementation phase, organizations with existing relationships with the federal government, state energy offices, efficiency program administrators, advocates and community-based organizations can assist with outreach and implementation.

Income Verification

What types of documentation should be considered sufficient for rebate applicants to demonstrate that they meet income eligibility requirements (e.g., prior year tax return, 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? Many programs have moved away from requiring documentation to verify income, such as paystubs, retirement disbursements, tax returns, etc. Signing an affidavit confirming income level would help remove barriers for LMI households to participate in programs.

Some programs determine income eligibility by address, such as if 80 percent of more of the census tract has a certain income. What are the benefits and drawbacks of this approach? How can program administrators prevent



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606

312.587.8390 Main Line
312.587.8391 Fax

www.mwalliance.org

duplicative document or verification requirements? DOE should provide guidance on categorical eligibility from other assistance programs, such as LIHEAP, WAP or SNAP to minimize participants needing to provide documentation for federal assistance. DOE should allow state energy offices to determine if other state assistance programs should qualify for categorical eligibility.

Estimating and Measuring Energy Savings

For the Home Efficiency Rebates, how should DOE support program implementers in selecting, developing and implementing the modeled and/or measured energy efficiency path? What factors will drive decisions to implement a modeled program, a measured program or both programs? For states opting to implement a modeled program, program administrators should work with contractors in the program design phase to understand which software solutions they are already using and have implemented as part of their business model. Requirement of a new software tool may discourage contractor participation in the program.

Eligible Technologies for Rebates

The Home Electrification Rebates specifies that qualified electrification projects must include the purchase and installation of certain equipment or materials. Should other related improvements (e.g., smart thermostats, sensors and controls, LEDs) be allowable as part of a qualified electrification project for the purposes of calculating total project costs which can in turn affect the final rebate amount? Yes, DOE should create a list of technologies that programs can add to encourage electrification, collect additional data or remove barriers to participation for LMI households.

Integrated controls should be allowable (and encouraged) as part of a qualified electrification project where a heat pump only displaces part of the heating load, to ensure energy savings are realized while optimizing between two pieces of equipment for heating. Additional sensors or controls on space and water heating equipment can unlock additional data collection and load management flexibility, creating benefits for program administrators and the electric grid.

Additional measures such as thermostats, sensors/controls, and LEDs should be required for LMI, disadvantaged communities and high-energy burden



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606
312.587.8390 Main Line
312.587.8391 Fax
www.mwalliance.org

households. With the new EISA general service lamp requirements that took effect January 1, 2023, many utilities are no longer offering LED incentives, while LMI households have historically not had equitable access to discounted or low-cost LEDs. To maximize participation and energy savings opportunities by LMI, disadvantaged-community, and high-energy-burden households, barriers should be minimized whenever possible. This includes allowing related improvements as eligible costs; otherwise, households who are unable to afford these related measures—even if all major electrification project costs are covered—might be unable or unwilling to participate.

Should rebates be allowed in instances where use of the rebate-eligible equipment or measure is already required by local code? Yes, for existing buildings, rebates should be allowed to make the retrofit.

Yes, for new construction, rebates should be allowed to ensure highest level of equipment. Incentives could be available for measures that go above code. Allowing use of rebates and inclusion in the federal-funded program, hopefully ensuring that the equipment is properly installed to ensure maximum efficiency.

Data Access and Sharing

What should DOE consider when drafting energy usage data sharing guidelines?

Data accessibility will be crucial to the success of this program, especially when considering measured savings incentives. In order to ensure best results across jurisdictions, DOE guidelines should allow implementers and aggregators to gather data from utilities, customer bills, third-party data providers, and in-home technologies.

Compliance and Quality Assurance Job Creation & Quality

What practices are needed to ensure quality installations? Please provide examples of how existing efficiency or electrification programs track quality installations by contractor. Programs should build participating contractor networks, which can require contractors to meet specific participation agreements, licensing and insurance requirements, track negative consumer feedback or complaints, etc.

Program administrators should create resources and tools for contractors to comply with program requirements, including but not limited to:

- Program training videos.



20 N. Wacker Drive, Suite 1301
Chicago, Illinois 60606
312.587.8390 Main Line
312.587.8391 Fax
www.mwalliance.org

- Technical on-demand training (installation best practices, equipment sizing guidelines, manufacturer trainings).
- Incentive calculators.
- Qualified product lists.
- Installation & decommissioning checklists.
- Consumer-facing resources (to help the contractor sell the product).

State program administrators should strongly consider creating contractor and industry partner working groups to understand the needs of their contractor base and ensure they can be successful. These working groups can also help identify skills or educational gaps, around which future trainings can be designed.

Open Response

Is there anything else DOE should be aware of as it develops program design guidance and support for these rebate programs? The Midwest region which has a higher-than-average share of homes heated by fossil fuels, an older-than-average housing stock, and higher energy burdens compared to the nation as a whole. Specifically:

- 76% of Midwestern residences are heated by fossil fuels, compared to 61% nationwide. (source: 2019 American Community Survey)
- 60% of homes in the Midwest were built before 1980, compared with 52% of homes nationwide. (source: 2019 American Community Survey)
- The East North Central region (WI, IL, IN, MI, OH) has the second-highest energy burden in the US (3.6% of income), and third-highest low-income energy burden (9.1%). (source: ACEEE 2020)

Consequently, the HOMES and HEEHRA rebate programs stand to provide even higher benefits to the Midwest than to other parts of the country. Providing this regional or state-specific context in DOE program guidelines and template promotional material may be helpful in achieving greater public awareness of the need for efficiency and electrification efforts and winning support from stakeholders.