Response to RFI
Inflation Reduction Act
Home Efficiency and Electrification Rebate Programs

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These comments reflect the perspective of the staff of the Clean Energy States Alliance (CESA), a national nonprofit coalition of public agencies and organizations working together to advance clean energy. CESA members—almost all of which are state agencies— include many of the most innovative, successful, and influential public funders of clean energy initiatives in the country. The comments in this document do not necessarily represent the views of individual CESA member organizations or of CESA funders. However, they were informed by state policymakers' comments at a meeting of CESA's 100% Clean Energy Collaborative.

General Comments on the Programs

We believe strongly that both programs will be very valuable and will provide significant funding to states to help their residents. However, despite the significant funding, the programs will only reach a small share of the households in the country.

The table below shows the small percentage of households that will be served through the Home Efficiency Rebates Program for four sample states (two with large populations and two with small populations) under two scenarios with different average rebate amounts.

State	Number of households	Amount received from IRA	Amount available for rebates*	Households served with an average $5,000 rebate	Percent of households receiving rebates	Households served with an average $5,000 rebate	Percent of households receiving rebates
California	13,103,104	$582 million	$494.7 million	98,940	0.76%	77,600	0.59%
Hawaii	467,932	$68 million	$57.8 million	11,560	2.47%	9,067	1.94%
Illinois	4,484,063	$264 million	$224,4 million	44,880	1.00%	35,200	0.79%
Rhode Island	414,730	$64 million	$54.4 million	10,880	2.62%	8,533	2.06%

*Assumes state only uses 15% of received funds for program administration

It is essential that the program be administered and promoted in a way that does not create unrealistic expectations and does not lead to large numbers of dissatisfied consumers. As an organization that represents state energy agencies, CESA is concerned that consumer wrath could be directed at the state agencies administering the program.

Unless rebates are severely rationed on an annual basis, they are highly unlikely to last until 2031. Because it can take a long time for consumers to plan an energy efficiency project, they need to be able to have a realistic understanding of their chances of receiving a rebate.

A related concern is that better educated, wealthier consumers will be best positioned to act quickly. If rebates are distributed on a first-come, first-served basis, few may be available by the time less affluent consumers are ready to move forward with a project. Even though low and moderate-income residents can qualify for higher rebates, that will not do them any good if rebates are no longer available.

These issues should be considered and addressed before states roll out rebate programs. We urge DOE to start discussing these issues directly with the state agencies that will administer the programs in order to identify suitable program implementation and public education strategies. Additionally, we'd like to note that while some of our responses below may repeat parts of our comments above for the sake of context, we've formatted our responses to align as best as possible with the structure of the RFI questions.

Section B: Accessible and Equitable Program Design

For several years, helping underserved communities reap the benefits of clean energy has been a major focus for CESA and its members. We applaud DOE's intent to ensure that the home energy rebates maximize public benefits by reaching underserved communities, which have the greatest need for assistance in reducing their energy bills. As noted above, the funding in these two rebate programs will inevitably only reach a small subset of consumers, simply based on the dollar amounts available to each state and the number of homes in each state. This creates the likelihood better-informed and supported communities will have the capacity to become aware of and apply for this funding before underserved communities. In other words, wealthier folks will have an easier time jumping on this program to take advantage of rebates. With these concerns in mind, the home rebate programs can use several practices to achieve Justice40 goals and ensure these rebate programs reach disadvantaged communities.

Question 2: Fostering awareness & accessibility

- To ensure members of disadvantaged communities are aware of these rebate programs at their outset, DOE can create a campaign targeted to WAP or LIHEAP recipients and collaborate with implementation agencies of these two programs.
- Outreach must be consumer-friendly and comprehensible. DOE should consider various diverse distribution strategies outside of traditional advertisements in order to reach more LMI community members. These diverse strategies should recognize the ways each community consumes and learns about opportunities and

news specific to the local community. It will be essential to collaborate with local environmental justice (EJ) leaders to reach this goal.

Question 3: Equitable program design to meet Justice40 initiatives

- Program administrators should be encouraged to help states create contractor- and consumer-friendly, one-stop-shop retrofit programs. Consumers should be directed to one source where they can understand the incentives available to them. Reporting for the various state, utility, and local incentive programs should also be simplified and consolidated to assist contractors working under these rebate programs. These practices will decrease administrative burden and make program participation in disadvantaged communities more likely.

Question 4: Adequately equip stakeholders to ensure engagement

- Because many CBOs that serve low- and moderate-income (LMI) consumers have limited capacity, DOE can allocate assistance funding/administrative costs to CBOs and organizations on the ground already doing this work, and can encourage state program administrators to use a portion of their program administration funding for these purposes. For example, groups already working on HUD programs could receive money to provide extra flyers/publicity/educational outreach. Making sure that community groups have all the resources they need and are adequately compensated will help ensure these rebate programs reach LMI and disadvantaged residents.

Section D: Designing Programs for Maximum Impact

Question 22: Set-asides

- DOE should provide state energy agencies with the power and flexibility specifically to set aside funding from these programs for LMI consumers. This way, as more privileged residents take advantage of the programs, funding will still be available for LMI residents.

Question 25: DOE tools for consumer education and outreach

- [We repeat here our comments from Question 2.] To ensure members of disadvantaged communities are aware of these rebate programs at their outset, DOE can create a campaign targeted to WAP or LIHEAP recipients and collaborate with implementation agencies of these two programs.
- Outreach must be consumer-friendly and comprehensible. DOE should consider various diverse distribution strategies outside of traditional advertisements in order to reach more LMI community members. These diverse strategies should

recognize the ways each community consumes and learns about opportunities and news specific to the local community. It will be essential to collaborate with local environmental justice (EJ) leaders to reach this goal.

Section E: Integrating Existing Incentives & Programs

Question 28: Leveraging current programs

- DOE should leverage current state programs, such as ratepayer incentive programs, that have infrastructure in place. By having program components that span multiple programs, states will be able to administer the programs easily and effectively. It will also be easier for a wide range of consumers—including LMI residents—to understand and access the programs.

Section F: Opt-In Tools, Resources, Technical Assistance, and Partnerships

Questions 32 & 35: DOE-led tools and resources

- During CESA's meeting with representatives of approximately 20 states, we heard states express much interest in DOE investing in tools and resources that states can choose to utilize to implement their rebate programs. We believe there would be some states interested in using each of the listed program components in this question, including: systems to track or process rebates, transactions, and improvements; systems to verify income eligibility; software to model and optimize savings, systems, and/or forms for data collection; model program templates program administrators can adopt in their application; stakeholder engagement guidance and resources; standardized datasets and APIs; and program marketing, education, and branding.
- Another resource states would be interested in utilizing if established by DOE is an Energy Navigator program. Such a program could be similar to the healthcare Navigator program that Marketplaces must establish under the Affordable Care Act. DOE could create the general structure and approach for such a program, and then each state could administer its own Navigator program. This resource would be particularly helpful for LMI consumers, helping them understand their options and hone in on options that meet their specific energy needs. Similar to the healthcare Navigator program, Energy Navigators could include community and consumer-focused nonprofit organizations that have expertise in eligibility and application rules and procedures. Navigators could also include these and other entities that understand the needs of underserved and vulnerable populations in their respective states.

Section G: Income Verification

This is an important issue and states have useful experience managing income verification for their energy efficiency and solar programs. Here are three major considerations related to income verification:

- Consumers need to have confidence that their financial information will remain confidential. They rightly have privacy concerns when they are asked to submit tax returns or other sensitive financial information to unfamiliar organizations or websites.
- Verification procedures should be easy and non-burdensome for consumers, state program administrators, and solar companies.
- States that have set up a customized income verification mechanism for an energy incentive program have sometimes found it difficult to develop and administer. They have sometimes fallen back on simpler approaches, such as self-affirmation or eligibility by census blocks, that are easy to administer but may be imprecise measures of eligibility.

With these considerations in mind, we recommend the following:

Question 37: Systems for establishing income eligibility

- Consumers who have previously qualified and are still eligible for a federal, state, or utility LMI program should be automatically eligible for enhanced Home Energy Program rebates. Those previous qualifications can include subsidized housing, the Weatherization Assistance Program, LIHEAP, and utility discount rates for low-income consumers.

Question 38: National income qualification system

- DOE, perhaps in conjunction with the Internal Revenue Service, should establish a national, safe, secure, easy income verification system. This would relieve states of a significant administrative burden. By being under the jurisdiction of the federal government, with the cooperation of the IRS, it would give consumers as much confidence as possible in the confidentiality of the process, even though no income verification system can completely eliminate consumer privacy fears. Ideally, the system would not require consumers to submit any documentation other than an authorization for the IRS to check their most recent tax returns to confirm eligibility.

- States should be encouraged, but not required, to use the national income verification system. If a state has an appropriate, pre-existing income verification system, it should be allowed to continue to use it, after review by DOE.

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CESA very much appreciates the opportunity to submit these comments. We applaud DOE for moving forward with important programs that will benefit many households and help reduce greenhouse gas emissions. We would be happy to amplify any of these comments or discuss them with you.