



Narrative Document Template

IRA Section 50121: Home Efficiency Rebates

June 2024

VERSION 2

Published on June 27, 2024

Modification Note: This version updates text in accordance with the Version 2 modifications of the [Program Requirements & Application Instructions](#). This version makes clerical fixes, including reference corrections. Changes are highlighted in the text in yellow.

Contents

Introduction	3
Home Efficiency Rebates State Programs (50121)	4
Use of Funds and Rebate Eligibility	4
Section 3.1.1: Use of Funds	4
Section 3.1.2: Rebate Conditions and Levels	11
Section 3.1.3: Low-Income Homes	25
Section 3.1.4: Community Benefits Plan	35
Section 3.1.5: Processing and Delivering Rebate Funds to Eligible Rebate Recipients	37
Section 3.1.6: Data Collection and Evaluation	38
Consumer Experience	40
Section 3.2.1: Education and Outreach Strategy	40
Section 3.2.2: Home Assessments	41
Section 3.2.3: Access to Residential Utility Data	42
Section 3.2.4: Project-Specific Energy Savings Calculations	42
Section 3.2.4.1: Calculating Modeled Energy Savings	42
Section 3.2.4.2: Calculating Measured Energy Savings	44
Section 3.2.5: Consumer Protection through Quality Assurance	46
Section 3.2.6: Post-Installation Certificate	46



Maximizing Rebate Impact.....47

Section 3.3.1: Supporting the Clean Energy Economy Through Market Transformation47

Section 3.3.2: Integrating with Other Programs 47

Section 3.3.3: Quick Starts 51



Introduction

This is an optional document that is not required by the ALRD. A state may use this to submit their ALRD 2 State Application.

This Narrative Document should demonstrate the state's ability and intent to implement the program in accordance with the requirements of the ALRD and the Program Requirements document. The Narrative Document must provide a comprehensive framework and description of all aspects of the proposed rebate program(s). States may use existing programs/infrastructure to implement this work. States may not provide these funds to existing programs to implement non-rebate work.

The Narrative Document must be succinct, self-explanatory, and well-organized so that DOE reviewers can understand program design and delivery. A state must address the following in its application package and corresponding Standard Form 424 Application for Federal Assistance, Standard Form 424A Budget Information, and Budget Justification Workbook. A state may defer some responses to its State Implementation Blueprint, to be provided to DOE after award but prior to program launch. The questions are marked as such, and applicants should check the appropriate box if deferring their response. All other requirements are mandatory within the state application package. If there is no box offering the "Defer response to state Implementation Blueprint" option, then it is required as part of the application package.

Identify whether the application is for a Quick Start program.

- ☐ Yes, this is for a Quick Start Program.
- ☒ No, this is not for a Quick Start Program.

Home Efficiency Rebates State Programs (50121)

Use of Funds and Rebate Eligibility

Section 3.1.1: Use of Funds

1. Provide which types of allowable costs the state proposes within each category of administrative funds and rebate funds and within those categories:

Note: These responses should correspond with the Standard Form 424, Standard Form 424A, and Budget Justification Workbook.

Introduction

The California Energy Commission (CEC) proposes to administer Federal Home Efficiency Rebate (HOMES) funds through two separate programs. The first is the Equitable Building Decarbonization (EBD) Direct Install Program and the second is a Pay for Performance (P4P) program.

Within this narrative document responses for each question will be separated by program for clarity.

Equitable Building Decarbonization Direct Install Program:

The EBD Direct Install Program was established by California Assembly Bill 209 (Committee on Budget, Chapter 251, Statutes of 2022) to accelerate the decarbonization of California's low-income residential buildings, reduce greenhouse gas (GHG) emissions, and advance energy equity. The EBD Direct Install Program will provide building decarbonization upgrades at no cost to low-income households located in under-resourced communities, including single-family, multifamily, and manufactured homes.

Following an extensive public process, the CEC adopted Guidelines for the EBD Direct Install Program in October 2023 (energy.ca.gov/publications/2023/equitable-building-decarbonization-direct-install-program-guidelines). In April 2024, the CEC released a competitive solicitation to select three Regional Administrators (energy.ca.gov/solicitations/2024-04/gfo-23-404-equitable-building-decarbonization-program-direct-install). The Notice of Proposed Awards, issued in August 2024, identifies the Regional Administrators as the Association for Energy Affordability for Northern California, the Center for Sustainable Energy for Central California, and the County of Los Angeles for Southern California. CEC plans to bring proposed final agreements with the Regional Administrators to the commissioners for consideration in December 2024. Regional Administrators are required to partner with community-based organizations (CBOs) for culturally appropriate outreach, education, and

support for participating households and communities. For EBD, a CBO is defined to include nonprofit organizations, tribal entities, or governmental entities with demonstrated effectiveness representing under-resourced or tribal communities and providing support and services to individuals in the community.

The goals and objectives of the EBD Direct Install Program and the HOMES program are closely aligned. Both programs emphasize whole-home upgrades and include a focus on providing clean energy funding and benefits to low-income households and disadvantaged communities (DAC). Therefore, the CEC believes that leveraging state and federal funds within this program will maximize the reach and effectiveness of EBD and HOMES. Most importantly, this approach will allow a greater number of low-income households to receive the benefits of energy-efficiency and decarbonization upgrades, such as energy and bill savings, improved indoor air quality, and improved resilience to extreme heat.

Pay for Performance Program:

CEC designed a P4P Program after gathering feedback through an initial Request for Information that drew comments from close to 50 organizations, followed by 25 stakeholder meetings, a full-day public workshop attended by over 350 individuals, and an additional public comment period that drew responses from 10 stakeholders. The HOMES P4P program will further California's energy efficiency, GHG reduction, grid resiliency, peak load reduction, and residential heating/cooling market transformation goals. The P4P program will contribute to these goals by incentivizing projects through a measured savings approach. In alignment with federal statutory requirements, P4P rebates will be structured to reward energy savings during peak demand times and possibly in grid-constrained locations. The program will fund efficiency measures including, but not limited to, envelope and electric appliance upgrades for homes with high potential for energy savings and will help lower the upfront cost of heat pumps, making them a competitive choice in the residential HVAC and water heating market. HOMES P4P will be administered by a Statewide (SW) Implementer, and savings will be calculated by a statewide Measurement and Verification (M&V) provider, either an employee of CEC, contractor, or as part of the Implementer's scope of work.

Total HOMES Budget Allocation: \$291,366,906

Administrative Funds (20 percent): \$58,273,381

- Staff: The state plans to hire 15 full-time staff members to support the HOMES program. \$16,530,233

- TOTAL
 - Personnel (compensation): \$9,963,195
 - Fringe, Equipment and Supplies: \$4,518,613
 - Indirect (14 percent per new NICRA May 2024): \$2,048,425

- Other OE&E
 - Travel: \$149,800

- Contractual and/or Subrecipient: Separate from and in addition to the budget for state program staff, subrecipients and/or contractors will incur administrative costs as described below. \$41,593,348
 - EBD Regional Administrators: \$11,909,822
 The CEC has selected three Regional Administrators to implement the EBD Direct Install Program as subrecipients. The agreements are being finalized and will be completed in November 2024 and the estimated program duration is 5 years. The Regional Administrators' scope of work will include, but not be limited to, administrative tasks such as project tracking, data collection, and reporting; helping to complete required implementation blueprint plans; overseeing subcontractors; and managing day-to-day operations of the direct install program.

 - P4P Statewide Implementer: \$12,154,676
 The CEC will select a SW Implementer to implement the P4P program. The SW Implementer's scope of work will include, but not be limited to: overseeing sub-contractors; managing day-to-day operations, overseeing aggregator and contractor participation, eligibility verifications, rebate reservations, consumer protections and QA/QC; coordinating with the M&V Provider (if a separate entity) for the collection of the project data and on incentive payments; and coordination with local Program Administrators.

 - Measurement & Verification Provider (\$4,300,000)
 The CEC is deciding between making M&V of energy savings the responsibility of the SW Implementer (directly or through a subcontract) or entering a separate contract directly with an M&V Provider. Regardless, M&V Provider responsibilities will include, but not be limited to helping aggregators identify high impact projects, data integration and sharing with the SW Implementer and aggregators for the P4P program, confirming estimates of energy savings and incentive values prior to installation for the

P4P program, performing post-installation M&V to verify savings and calculate incentives for the P4P program and internal evaluation functions for both P4P and EBD. In addition to utilizing an open-source DOE approved advanced M&V software, M&V capability will potentially need to include utilizing a population Normalized Metered Energy Consumption (NMEC) compliant approach, utilizing both 15-minute interval meter data as well as monthly billing data, and utilizing industry-standard and compliant methodologies for handling customers with non-routine events such as customers who obtain solar panels or electric vehicles during the 12 month measurement period (not funded through HOMES).

- Data Management (\$4,500,000)
(Phase 1: \$498,000. Phase 2: \$4,002,000)
The CEC will contract for the development of a database for CEC to track project details and visualize program performance for all HOMES activity, receiving inputs from the three EBD Regional Administrators and the P4P SW Implementer and M&V Provider.

The database will also be used for reporting to DOE. CEC's estimate for data management reflects the concern to make sure that during a time of state budget austerity, we have earmarked sufficient dollars for all of HOMES future data-related needs, such as data cleaning, uploading and validation; tracking budgets and invoices; integration with other systems such as Pacific Northwest National Laboratories (PNNL); and developing dashboards for reporting while adhering to security and ADA requirements.

Ongoing costs will include software licensing for staff, administrators, and implementers; maintenance; and upgrades. CEC also continues to research whether additional state-provided data infrastructure will be needed to support the P4P SW Implementer with data collection and savings estimation for contractors in real-time as they are engaging customers and to what extent aggregators already provide these services. CEC is also researching what data infrastructure will be needed to support a single contractor application when integrating with other programs (See Question 73).

- Compliance, Monitoring and Reporting Support Contractor (\$8,728,850)
CEC plans to engage a Compliance, Monitoring, and Reporting Support Contractor for Federal Funding that flows through the

CEC. The Compliance Contractor's responsibilities may include, but will not be limited, to compliance guidance and training for CEC staff, subrecipients and subcontractors; guidance and support for financial management of federal funds; federal reporting; and monitoring and auditing of subrecipients.

Rebate Funds (80 percent): \$ 233,093,521

The state plans to use rebate funds to cover the following activities:

- Rebate reimbursement costs (see Appendix 1 for breakdown by income group and single-family versus multifamily):
 - No cost, direct install whole-home efficiency retrofit projects through the EBD Direct Install Program (\$130,254,547)
 - Rebates for whole-home efficiency retrofit projects through the Pay for Performance Program (\$90,750,346)
- Project-related (rebate delivery) costs: The proposed set of activities listed in the response to question #2. (\$12,088,628)

- Provide the total amount of estimated administrative funds to be expended annually:

The program is anticipated to run for 7 years with annual spending \$8,324,769 on average, however, there will be higher administrative spending upfront. The first-year estimate is \$15,000,000.

- Provide the total amount of estimated project-related costs as a portion of the rebate funds to be expended annually:

The state proposes to spend 4.15 percent of total funds (5.19 percent of rebate funds), totaling \$1,726,947 annually on project-related costs.

2. If requesting additional funds for project-related activities, describe and justify each activity and associated budget in the budget justification worksheet.

The state plans to expend \$12,088,628 on project-related activities, as described below.

EBD: As a direct install program that will exclusively serve low-income households located in under-resourced communities, the EBD Direct Install Program will require a “high-touch” approach to effectively reach and serve participants. Therefore, the CEC proposes to use rebate funds to cover the project-related activities listed below. Up to a maximum of \$12,088,628 in rebate funds may be used by EBD Regional Administrators for these project-related activities. Estimated spending levels per category will be available after the CEC receives proposed budgets from Regional Administrators.

- DAC delivery, including focused marketing and outreach (\$3,271,705)
 - The EBD Direct Install Program will be implemented at the community level in selected under-resourced communities (“community focus areas”). All program activities, including outreach and home retrofits, will occur in under-resourced communities, defined under state law to include DACs (see Question 35) and low-income communities. Low-income communities are defined as census tracts with a median household income at or below 80 percent of the statewide median income, or census tracts with a median household income at or below the threshold designated as low-income by the California Department of Housing and Community Development. A map of DACs and low-income communities is available from the California Air Resources Board at <https://webmaps.arb.ca.gov/PriorityPopulations/>. At least 74 percent of rebate and project-related funds will be allocated to DACs, and at least 5 percent will be allocated to households outside but within one half-mile of a DAC. The remaining 21 percent may be allocated to DACs, to households outside but within one half-mile of a DAC, or to low-income communities.
 - Regional Administrators will use interval meter data to screen and identify specific homes within the community focus areas that are most likely to benefit from the program.
 - Regional Administrators are required to partner with CBOs for culturally appropriate outreach, engagement, and support of participating households and communities. CBO roles are likely to include developing outreach materials for each community focus area in appropriate languages; conducting door-to-door outreach and education to households that have been pre-screened as good candidates for the program; and serving as a point of contact for the household throughout all phases of the project (enrollment, income verification, home assessment, program participation agreement, retrofit, quality assurance (QA) and quality control (QC) , follow-up surveys).
- Equipment, tools, models, and procedures used to assess a home and estimate energy savings (\$632,298)

- EBD Regional Administrators will propose specific processes for conducting home assessments and modeling energy savings, for approval by the CEC. Processes will be required to meet the applicable 50121 program requirements as well as additional requirements described in the solicitation for Regional Administrators.
- Equipment, tools, models, and procedures used to verify installations and perform QC including inspections and reporting (\$992,200)
 - EBD Regional Administrators will propose specific QA/QC procedures for approval by the CEC. QA/QC procedures will be required to meet the applicable 50121 program requirements as well as additional requirements described in the solicitation for Regional Administrators.
- Customer service support (\$926,205)
 - As described above and from regional administrator proposals, CBOs will serve as a point of contact for participating households throughout all phases of the project.
 - Information about the project, including tenant protection provisions (if applicable), will be provided to the property owner and tenant in any of the predominant languages spoken in the community.
 - The QA/QC procedures mentioned above will include a hotline for program participants to report problems and questions regarding equipment operation, tenant protections, or other concerns.
- Consumer protection functions including consumer feedback, project verification and inspections (\$1,644,759)
 - These functions will be included in the QA/QC procedures mentioned above.
 - The Regional Administrators will be responsible for ensuring the quality of installation work for a minimum of 12 months, and promptly addressing any deficiencies.
 - In addition, Regional Administrators will conduct follow-up surveys of all participants.
- Income eligibility (\$1,245,991)
 - The EBD Direct Install Program will serve only low-income households. The CEC will work with the three Regional Administrators to develop income verification procedures. Procedures will be required to meet the applicable 50121 program requirements as well as additional requirements described in the EBD Guidelines.
- DAC incentives (\$1,474,866)

- Contractors will be provided a \$200 incentive for each dwelling unit located in a DAC upon completion and verification of the installation.
- Integration with existing programs, home energy assessments, and project scoping (\$1,900,604)
 - Federal funds will leverage state funding for the EBD Direct Install Program. In addition, upon CEC approval, Regional Administrators will leverage additional complementary programs as described in Question 72.
 - Regional Administrators will be responsible for providing, or contracting for, Home Assessments conducted in accordance with DOE guidelines.

3. Describe how the state will manage and ensure that rebate minimums and administrative maximums are adhered to over the duration of the program.

EBD: Regional Administrators will propose detailed budgets for approval by the CEC, which will include a breakdown of all costs by category (rebate, project-related, and administrative) in compliance with rebate minimums and administrative and project-related maximums described above. As the EBD program serves exclusively low-income residents, and CEC is allocating \$130,254,547 of rebate funds to EBD, the allocation assures that CEC will meet the requirement to deploy \$94,774,032 of rebates to low-income households. Additionally, the solicitation for the EBD Regional Administrators requires that at least 19 percent of EBD rebate funds (\$24,748,365) be deployed to low-income multifamily buildings, assuring that the \$23,309,352 low-income multifamily requirement will be met.

Regional Administrators are required to develop and implement cost-control mechanisms such as cost analysis, competitive bidding, and standard pricing. Regional Administrators will submit monthly invoices to the CEC which will break down costs by category, and the CEC will not approve invoices that are inconsistent with the approved budget. The CEC is developing a central program database to collect consistent project data from the three Regional Administrators and to track rebate, project-related, and administrative funds expended by region, by building type (single family, manufactured home, or multifamily), and overall. The CEC will follow Generally Accepted Accounting Principles (GAAP).

P4P: While CEC will require the P4P implementer to track the location, equipment, income, energy impact, and building type of rebate recipients, the HOMES low-income and low-income multifamily building rebate requirements will be met through the EBD program.

The solicitation for the P4P Implementer will require adherence to rebate minimums and administrative maximums. In addition to monthly invoices from the implementer and any other contractors, which will include a breakdown of expenses by category (administrative, or rebate), CEC expects regular reporting on rebate reservations versus actual measured savings and rebate calculations from the implementer to support tracking.

The CEC will also follow GAAP.

4. Confirm that the state will have a process for handling returns of rebated items as applicable in the Consumer Protection Plan.
☒ Yes, the state confirms the above statement

Section 3.1.2: Rebate Conditions and Levels

5. Provide the maximum rebate amounts that will be offered within the allowances of the Home Efficiency Rebates requirements.

Note: States may increase the maximum rebate amounts available for low-income households, but states cannot set lower rebates than specified in Section 3.1.2.

EBD: The EBD Direct Install Program will be limited to low-income households, defined as those with incomes less than or equal to 80 percent area median income (AMI). No rebates will be available for households with incomes above 80 percent AMI. Maximum rebate amounts for the EBD Program are shown in the table below.

EBD Maximum Rebate Amounts		
Single-Family		
Modeled Savings	Income Level	Rebate Amount
20-34%	≤80% AMI	Lesser of \$24,000 or 80% of project cost
	>80% AMI	Not eligible
35% or greater	≤80% AMI	Lesser of \$24,000 or 80% of project cost
	>80% AMI	Not eligible
Multifamily		
Modeled Savings	Income Level	Rebate Amount

20-34%	Building with $\geq 66\%$ of households with incomes $\leq 80\%$ AMI	Lesser of \$24,000 or 80% of project cost
	Building with $> 34\%$ of households with incomes $> 80\%$ AMI	Not eligible
35% or greater	Building with $\geq 66\%$ of households with incomes $\leq 80\%$ AMI	Lesser of \$24,000 or 80% of project cost
	Building with $> 34\%$ of households with incomes $> 80\%$ AMI	Not eligible

P4P: Maximum rebate amount for market rate households will be the lesser of 50 percent of project cost or a payment rate equal to \$2,000 for a 20% reduction of energy use. For low-income households, the maximum rebate amount will be the lesser of 80% of project cost or a payment rate equal to \$4,000 for a 20% reduction of energy use.

In addition to the above statutory caps, the CEC will also impose a state absolute value cap of \$15,000 for market rate households and \$24,000 for low-income households. The state absolute value cap will only be relevant for projects that cost \$30,000 or more and that also produce \$15,000 worth of savings for market rate households, or \$24,000 worth of savings for low-income households. The state absolute value cap helps the CEC avoid paying excessively high rebates for high-cost, high-savings projects and ensures the distribution of rebate dollars across a larger number of households. CEC is expecting project costs to be high. Data from the TECH Clean California Initiative and the California GoGreen Energy Efficiency Financing Program reveal that single-measure heat pump energy projects cost around \$20,000 on average. CEC staff estimates that a heat pump project with air sealing is likely to cost, on average, \$25,000 and a heat pump project with air sealing and insulation is likely to cost, on average \$30,000.

Maximum rebate amounts for the P4P Program are shown in the table below.

P4P Maximum Rebate Amounts			
Single-Family			
Measured Savings	Income Level	Rebate Amount	State Absolute Value Cap

15% or greater	≤80% AMI	KWh, or kWh equivalent, payment rate equal to \$4,000 for a 20% reduction of energy use for the average home in the state or 80% of project cost, with relative weightings to value time.	Lesser of \$24,000 or 80% of project cost
	>80% AMI	KWh, or kWh equivalent, payment rate equal to \$2,000 for a 20% reduction of energy use for the average home in the state or 50% of project cost, with relative weightings to value time.	Lesser of \$15,000 or 50% of project cost
Multifamily			
Measured Savings	Income Level	Rebate Amount	State Absolute Value Cap
15% or greater	Building with ≥50% of households with incomes ≤80% AMI	KWh, or kWh equivalent, payment rate equal to \$4,000 for a 20% reduction of energy use for the average home in the state or 80% of project cost, with relative weightings to value time.	Lesser of \$24,000 or 80% of project cost per dwelling unit
	Building with ≥50% of households with incomes ≥80% AMI	KWh, or kWh equivalent, payment rate equal to \$2,000 for a 20% reduction of energy use for the average home in the state or 50% of project cost, with relative weightings to value time.	Lesser of \$15,000 or 50% of project cost per dwelling unit

CEC expects contractors and aggregators to target older, less efficient homes with higher-than-average potential for energy savings. Additionally, as the CEC's rebate value formula will reflect peak summer load reduction (see response to Question 10), CEC also expects aggregators to target savings at

the most valuable time for grid benefits. Thus, rebate values for most projects are expected to be higher than \$2,000.

6. Identify the allowable project costs for determining rebate levels when based on project cost.

☐ Defer response to State Implementation Blueprint.

EBD: Allowable project costs include all retrofit measures costs (including equipment, installation labor, remediation, and permitting), as well as the cost of the home assessment.

Retrofit measures that are eligible for funding are detailed in the program guidelines. Each project, at a minimum, is required to replace existing gas-fired heating equipment with a heat pump for space heating and cooling or replace an existing gas-fired water heater with a heat pump water heater. In addition, at the end of the retrofit, at least two of the following four end uses must be electric: space heating, water heating, cooking, and clothes drying.

In addition to the required measures, the following measures are also eligible under the EBD Direct Install Program:

- Heat pump for space heating and cooling
- Duct testing/sealing, and/or new ducts, returns, and registers
- Occupant-controlled smart thermostat
- Ceiling fan or whole-house fan
- Air sealing
- Insulation
- Solar window film
- Heat pump water heater (unitary or central)
- Low-flow showerheads and faucets
- Induction range or cooktop
- Electric clothes dryer (heat pump or electric resistance)
- Light-emitting diode bulbs and fixtures
- Air filtration
- Electrical wiring and panel upsizing
- Automatic circuit sharing devices
- Remediation and safety improvements

The EBD Guidelines limit expenses for remediation and safety measures, including wiring and electric panel upgrades, on an average, rather than per-home basis. On average, Regional Administrators must ensure that remediation and safety measures do not exceed \$6,000 for single-family and

multifamily buildings (per unit) and do not exceed \$7,200 for manufactured and mobile homes.

P4P: Defer response to State Implementation Blueprint.

7. List the documentation requirements related to project costs from homeowners, contractors, and/or aggregators.

☐ Defer response to State Implementation Blueprint.

EBD: The state will retain copies of invoices for work performed at each eligible address. Invoices will show the specific work performed, the address where the work was performed, the total project cost prior to rebate, and rebate amount in addition to the name and contact information for the contractor(s) and dates of work.

In addition, Regional Administrators will be required to collect, store, and report data during all program phases including participant enrollment, home assessment, retrofit, and post-retrofit. Related to retrofit project costs, the information required to be reported will include the following:

- Disaggregated wholesale costs of equipment, appliances, and all other installed measures, including electrical and remediation measures
- Installation labor costs
- Permitting costs
- Make and model of all installed equipment
- Installer name and contact information
- Installation date(s)
- Federal and state funds applied to the project

P4P: Defer response to State Implementation Blueprint.

8. Describe how homeowners and multifamily building owners will be informed of additional program funding available from non-federal funds and grants.

☐ Defer response to State Implementation Blueprint.

EBD: As described above, the EBD Direct Install Program will combine federal and state funds to cover the full cost of eligible retrofit projects. Participating homeowners and multifamily building owners will not need to obtain other funds to cover the cost of the retrofit.

Regional Administrators are required to explore coordinating with other programs to leverage other applicable funding sources to enhance and expand the impact of the EBD Direct Install Program. This may include

coordinating with other approved programs that fund complementary measures not eligible for the EBD Direct Install Program such as window replacement, rooftop solar, electric vehicle charging, or battery storage.

The following principles will guide the approach to coordination with other programs.

- Minimize complexity for program participants and contractors.
- Comply with the legal and regulatory requirements of each funding source.
- Ensure that the total amount of funding applied to a project does not exceed the actual project cost.

Program participants will be clearly informed as part of the Program Participation Agreement of all programs used to cover the cost of the project, including state EBD funding, federal funding, and funding from any other programs.

P4P: Defer response to State Implementation Blueprint.

9. Provide the date after which upgrade projects must be completed for the purposes of being eligible for a rebate under the state program.

☐ Defer response to State Implementation Blueprint.

EBD: The date of program launch will be established once agreements are in place with the three Regional Administrators (expected by December 2024). Currently, program launch for all regions is expected by July 1, 2025. . Due to the program's design, it will not be possible to provide retroactive rebates for upgrade projects installed prior to the program launch.

P4P: Defer response to State Implementation Blueprint.

10. Identify whether, for low-income multifamily buildings, the state will calculate the "per dwelling unit" rebate amount at the less than 80% AMI amount for all units or based on the ratio of LMI to non-LMI units.

- ☒ At the less than 80% AMI amount for all units
- ☐ Based on the ratio of LMI to non-LMI units

11. Describe how the state plans to value energy savings based on time, location, or greenhouse gas emissions. The application must demonstrate a strategy for either prioritizing, or requiring in program rules:

- a. Retrofits that will have a disproportionate benefit based on the time or location of energy savings; or
- b. A targeted approach to prioritize reduction in greenhouse gas emissions.

Valuing savings as part of this plan does not replace or count towards the requirements to demonstrate a minimum percentage energy savings for the household on a modeled or measured basis.

☐ Defer response to State Implementation Blueprint.

EBD: The EBD Direct Install Program's primary goals are to reduce GHG emissions and to advance energy equity. Additional program goals include supporting grid reliability as well as increasing resiliency to extreme heat, improving air quality, improving energy affordability, and supporting local workforce opportunities. The design of the program prioritizes these outcomes.

The program will be implemented in specific under-resourced communities, called "community focus areas." Within community focus areas, the program will use utility meter data to identify households that are the best candidates for the program based on the potential for avoided GHG emissions, the likelihood that the household will experience utility bill savings from decarbonization, and other factors. The potential for GHG emission reduction will also be considered when identifying recommended retrofit measures for each home based on the home's assessment and utility meter data.

To support load shifting or demand response, the program requires eligible heat pump water heaters to comply with Joint Appendix 13 of the California Energy Code, and the program also considers smart thermostats as eligible measures. The equipment must be programmed to minimize consumption during peak periods and facilitate enrollment in demand response programs. Regional Administrators or their subcontractors must assist households to enroll in the most appropriate rate plan from their utility, as well as any rate discounts and demand response programs for which they are eligible.

The program will measure and report avoided GHG emissions for all projects using a methodology to be developed jointly with the California Air Resources Board, the agency that administers the California Greenhouse Gas Reduction Fund (another funding source for the EBD Direct Install Program).

P4P: Along with energy efficiency, the objectives of the P4P program include electrification, peak load reduction, and grid reliability.

As noted in Question 4's response, the P4P program will be structured to value and reward energy savings based on time of use. The CEC plans to take the per kWh equivalent incentive rate provided by DOE's calculator tool (\$.55/kWh for market rate customers and \$1.10/kWh for low-income customers based on the payment of \$2,000/\$4,000 for a 20 percent reduction in energy use for an average home in California) as the basis to develop an incentive formula weighted toward incentivizing energy savings during peak demand times (such as summer early evening hours) and fuel switching. The CEC is exploring several options for this incentive formula, including the potential of aligning it to the California Public Utilities Commission's Avoided Cost Calculator (ACC) which is used as the basis for incentive calculations for energy-efficiency programs, including measured savings programs, run by the state's Investor-Owned Utilities (IOU). ACC inputs include distribution, transmission, and generation capacity, ultimately assigning value for avoided grid infrastructure costs. Additionally, the CEC is exploring the possibility of weighting incentive calculations to provide higher incentives in grid-constrained locations.

Regardless of the final adopted formula, the CEC will assign the weighted values such that the values assigned to all 8,760 hours in a year average out to the DOE rate of \$.55/\$1.10 per kWh equivalent. Additionally, all incentives will be capped by both a percentage of project cost and a total cap, as noted in Questions 4 and 12. Finally, all projects will be subject to the M&V process described in Question 61 and incentives will only be paid for projects that are part of portfolios that achieve the required 15 percent total energy savings.

12. Describe how the state plans to ensure and verify ENERGY STAR certification at the time of installation for heating, cooling, and water heating products.

EBD:

Regional Administrators will be responsible for ensuring that all heating, cooling, and water heating equipment installed is ENERGY STAR certified, as required by DOE Program Guidance, and meets all other eligibility requirements established in the EBD Direct Install Program Guidelines. Before installation, the Regional Administrator will approve a program participation agreement for each home that identifies the measures to be installed. In addition, contractors will be required to report equipment and cost details (including model numbers) for all installed measures. QA/QC procedures will include data or file reviews of all projects and onsite or

virtual inspections for a portion of projects to verify compliance with all installation standards, including ENERGY STAR requirements. As part of the required data review for all projects, post-installation photos will be required of the contractors and must be submitted to the Regional Administrators, who will retain them.

P4P: The SW Implementer will have substantial knowledge of ENERGY STAR requirements and will lead efforts in education and requirement compliance. At program enrollment, contractors and aggregators will receive training on rebate requirements, including ENERGY STAR requirements and the use of the EPA's Qualified Products List.

The SW Implementer will collaborate closely with contractors and aggregators to collect and review relevant project data. Contractors will be required to submit geo-tagged photographs as proof of installed ENERGY STAR products, in addition to the fields required through the HPXML data files. All heating, cooling, and water heating equipment must be ENERGY STAR certified as required by DOE Program Guidance. As part of the required data review on all projects, the SW Implementer will confirm compliance with ENERGY STAR criteria. Post-Installation, the SW Implementer will perform the required on-site inspections or virtual reviews which will provide an additional check to confirm that heat pumps and heat pump water heaters are ENERGY STAR certified. Post-installation, geo-tagged and time stamped photos of all home components that were upgraded will be required of the contractors and must be submitted to the SW Implementer for retention.

13. A state interested in offering higher rebates amounts than those listed in Tables 2 and 3 for low-income households must describe (in the below box) the state approach for balancing higher rebate amounts (serving fewer households) with the required allocation to serve low-income households and must propose the maximum rebate amount that would be available to low-income households both in terms of percentage of project cost and dollar amount for low-income households. Please provide the amounts below or check N/A if not applicable.

☐ N/A. State will use the maximum rebates listed in Tables 2 and 3.

- i. Receive an energy upgrade that is modeled to save at least 20% of energy.

- % of project cost:

80%

- \$ amount for low-income household:

\$24,000

- ii. Receive an energy upgrade that is modeled to save at least 35% of energy.

- % of project cost:

80%

- \$ amount for low-income household:

\$24,000

EBD: The EBD Direct Install Program will serve only low-income households (up to 80 percent AMI). To identify 80 percent AMI by county and household size, the CEC plans to use the official state income limits published and updated annually by the California Department of Housing and Community Development (HCD) at <https://www.hcd.ca.gov/grants-and-funding/income-limits/state-and-federal-income-rent-and-loan-value-limits>. The low-income limit established by HCD, which varies by county and household size, is based on 80 percent AMI with some state-specific adjustments. References to “80 percent AMI” in this application refer to the low-income limit established by HCD.

For low-income households, the proposed maximum rebate amount is the lesser of 80 percent of the project cost or \$24,000, as shown in the boxes above.

State funding will supplement federal HOMES funding to cover 100 percent of retrofit costs for participating low-income households. The CEC designed the EBD Direct Install Program to cover all costs for low-income households, based on extensive input from the public, community-based organizations, and other stakeholders. As stated in the program guidelines, “building decarbonization must prioritize low-income, disadvantaged, and tribal communities, who bear the highest energy burden and have suffered the most from historical environmental injustices, economic disparities, and the current climate crisis.” Low-income households lack the capacity to contribute financially to the cost of home retrofits, and CEC prioritizes avoiding placing an additional financial burden on these already overburdened households.

Data from two existing California Programs, the TECH Clean California Initiative and the California GoGreen Energy Efficiency Financing Program, reveal that single-measure HVAC heat pump projects with duct sealing cost around \$20,000 on average, and TECH Clean California data indicates that heat pump water heater projects cost around \$7,000 on average. CEC staff estimates that an HVAC heat pump duct and air sealing is likely to cost around \$25,000 on average, and an HVAC heat pump with duct sealing, air sealing and insulation is likely to cost around \$30,000 on average. According to the EBD program guidelines, all homes served by the EBD Direct Install Program will receive either an HVAC heat pump, or a heat pump water heater, or both. Homes may also receive other measures as listed in Question 6.

An in-depth analysis conducted by CEC staff using the California Building Energy Code Compliance (CBECC) software found that a heat pump water heater on its own will result in <20% energy savings in nearly all California climate zones. Therefore, achieving 20-34% energy savings will require an HVAC heat pump in most cases, at an estimated cost of \$20,000 or more. Achieving 35%+ energy savings will in many cases require both an HVAC heat pump and a heat pump water heater, at an estimated cost of \$27,000 or more.

The proposed maximum HOMES rebate of \$24,000 means projects costing less than \$30,000 will effectively be capped at 80 percent of the project cost, while projects costing \$30,000 or more will be capped at \$24,000. For example, a \$20,000 project would receive \$16,000 in HOMES funding, and the remaining \$4,000 would be covered by state EBD funds.

Additionally, Regional Administrators are encouraged to coordinate with other approved incentive programs to broaden retrofit activities or increase the number of homes that will be retrofit. If other program funding is available, the amount of HOMES and state EBD funds needed to cover the cost of a retrofit may be less than 100 percent of the project cost.

It is important to note that while the CEC is proposing a higher rebate cap for low-income households compared to the amounts listed in the DOE guidance, the entire allocation of HOMES funding for the EBD program will be directed to low-income households.

See Appendices 1 and 2 for additional information about estimated project costs, energy savings, and number of single-family homes and multifamily units to be served.

P4P: The P4P program will be available to all income levels. CEC is not proposing to raise rebate amounts beyond what is provided in Table 3 of DOE's guidance. As noted above in CEC's response to Question 5, the maximum rebate amounts for low-income households will be the lesser of 80% of project cost or a payment rate equal to \$4,000 for a 20% reduction of energy use. In addition to the above statutory caps, the CEC will also impose a state absolute value cap of \$24,000 for low-income households.

The \$24,000 state absolute value cap would only apply to projects that cost more than \$30,000 and result in \$24,000 worth of savings. This cost cap for low-income households is higher than households earning greater than 80 percent AML, yet it still helps the CEC avoid excessive rebate payments for high-cost, high-savings projects and helps ensure the distribution of rebate dollars across a larger number of households. As noted above in the EBD section of this answer, CEC is expecting project costs to be high and estimating that a heat pump project with duct and air sealing is likely to cost, on average, \$25,000 and a heat pump project with air sealing and insulation is likely to cost, on average \$30,000.

CEC expects contractors and aggregators to target older, less efficient homes with high potential for energy savings. As the program's rebate value formula will reflect peak summer load reduction (see response to Question 11), CEC expects aggregators to target savings at the most valuable time for grid benefits. Thus, rebate values for some projects are expected to be much higher than \$4,000.

See Appendix 1 for additional information about the breakdown between single-family homes and multifamily units.

14. Provide details on what portion(s) of the total rebate will be provided to the homeowner/building owner compared with the contractor/aggregator.

☐ Defer response to State Implementation Blueprint.

EBD: Homeowners, building owners, and residents will receive the direct install retrofit at no cost as federal and state funds will cover the full cost of the retrofit project through the program. Rebate funds will be used to reimburse contractors for the cost of completed projects (contractors will invoice Regional Administrators, who will invoice the CEC). 100% of rebates will go to EBD Regional Administrators/contractors. Homeowners, building owners and residents enrolled in the program will receive upgrades at no cost.

P4P: Defer response to State Implementation Blueprint.

- a. Describe what caps the state will place on contractor/aggregators in terms of savings exceeding the amount associated with the rebate provided to the homeowner (e.g., allowable percentage above the rebate provided to homeowner).

☐ Defer response to State Implementation Blueprint.

EBD: N/A. As described above, federal and state funds will cover the full cost of the retrofit project through the program. The EBD Direct Install Program will use the modeled path and rebates will not be based on performance. Rebate funds will be used to reimburse contractors for the cost of completed projects. Homeowners, building owners, and residents will not directly receive any portion of the rebate as they will not be responsible for any portion of the project cost.

P4P: Defer response to State Implementation Blueprint.

15. Describe what systems will be put into place to reserve funds for each measured project, given the need to remit payment to the contractor/aggregator after 9-12 months of usage data post-energy upgrade is available.

☐ Defer response to State Implementation Blueprint.

EBD: N/A. The EBD Direct Install Program will follow the modeled path.

P4P: CEC will allocate separate HOMES budgets to the Regional Administrators of the EBD Program and the Implementer of the P4P program. Additionally, as CEC plans to meet the DOE-required thresholds for low-income and multifamily households through the EBD Program, there will not be the need to manage specific low-income or multifamily allocations within the P4P program. Therefore, the CEC's contracted (or granted) P4P implementer will be able to manage rebate reservations and payments against the total P4P budget for aggregators across the state.

The CEC will establish the incentive formula (see response to Question 10). It's expected that aggregators will provide their own incentive estimation tools for contractors, based on the CEC's incentive formula. For aggregators and/or contractors that do not have access to a tool, the SW Implementer or the M&V Provider will provide a tool or estimates of incentive value for a particular project, based on data inputs from the contractor. After estimating their likely incentive value, the aggregator will then reserve their rebate with the SW Implementer. The SW Implementer or the M&V Provider will confirm the estimate and will reserve a small additional buffer in case actual energy savings exceed estimated savings. (CEC plans to cap incentives paid to

aggregators/contractors over 120 percent of estimated savings and will respond in detail when Question 13 is submitted as part of the Implementation Blueprint). The aggregator will notify the SW Implementer when installation is fully complete.

If installation is not completed within a certain timeframe after the reservation, the reservation will expire. The reservation expires because some customers inevitably obtain estimates for work but do not follow through with the project. Once installation is complete, the SW Implementer will review the QA/QC documentation and, assuming requirements are met, approve the project for a progress payment and for the 12-month post-installation M&V process. As noted in Question 1, CEC will either assign M&V to the SW Implementer or contract for a separate M&V Provider. Aggregators will not perform their own M&V. Please see Question 17 for more information on the planned progress payment.

Post M&V period, the SW Implementer or M&V Provider will calculate the total rebate owed for the project and any true-up needed and will adjust their overall remaining budget for rebate reservations accordingly.

16. For the measured program path, describe how the state will calculate rebate levels based on average home energy usage in the state.¹

☐ Defer response to State Implementation Blueprint.

EBD: N/A. The EBD Direct Install Program will follow the modeled path.

P4P: As noted in Question 10, CEC plans to take the per kWh equivalent incentive rate provided by DOE's calculator tool (\$.55/kWh for market rate customers and \$1.10/kWh for low-income customers based on the payment of \$2,000/\$4,000 for a 20 percent reduction in energy use for an average home in California) as the basis to develop an incentive formula weighted toward incentivizing energy savings during peak demand times and fuel switching from natural gas to electricity. CEC will assign the weighted values such that the values assigned to all 8,760 hours in a year average out to the DOE rate of \$.55/\$1.10 per kWh equivalent.

CEC expects many aggregators will adjust their existing incentive estimation tools to incorporate the HOMES rebate levels. Additionally, the SW Implementer (or the M&V Provider, if selected through a separate contractual process) will either provide a tool for aggregators to help them estimate the

¹ Per statute, the measured energy saving of the home or portfolio of homes must achieve 15% savings, but the calculation of the rebate is based on a 20% reduction of average energy use of a home in the state.

value of the HOMES incentive or calculate estimates for each project based on forecast load shapes for the installed measures.

17. For the measured program path, within what timeframe will the state provide rebates to eligible rebate recipients?

☒ Defer response to State Implementation Blueprint.

Section 3.1.3: Low-Income Homes

18. What portion of the rebate funds will the state reserve for low-income households and multi-family households?

The state will reserve a minimum of 55.6 percent of HOMES rebate funds for low-income households, which will include a minimum of 10.56 percent of HOMES rebate funds reserved for low-income multifamily households. These allocations exceed the required minimum allocations for California listed in the program requirements and application instructions (50.7 percent for low-income households and 10 percent for low-income multifamily households).

These allocations will be achieved through the EBD Direct Install Program, which will reserve 100 percent of allocated HOMES rebate funds for low-income single-family and multifamily households, with 19 percent allocated specifically for low-income multifamily households.

As shown in the table below, the EBD program funding allocations (as specified in agreements with EBD Regional Administrators) will meet the DOE requirements for the entirety of California's HOMES funds for Low-Income, Multi-Family and Disadvantaged Communities.

	Minimum Rebate Funds to be Deployed through EBD	DOE Requirement for California's HOMES funds
Low-Income	\$ 129,572,578	\$94,774,030
Low-Income Multifamily	\$ 24,618,790	\$23,309,352
Disadvantaged Community	\$ 95,883,708	\$93,237,410

The P4P program will be open to all income levels and will encourage low-income household participation through higher incentive values (see Question

12). The P4P and EBD programs will also include a \$200 incentive for projects located in disadvantaged communities. Any P4P projects serving low-income households and/or disadvantaged communities will exceed DOE requirements, which will be met through the EBD program as shown in the table above.

In the EBD Direct Install Program, a low-income household is defined as earning up to 80 percent of AMI. Income will be verified at the household level. A multifamily building is eligible for the program if at least 66 percent of households in the building are low-income. This 66 percent threshold was established in the EBD Direct Install Program Guidelines based on public input. While it exceeds the 50 percent required by DOE, the state believes it is a reasonable threshold given that the program will cover 100 percent of retrofit costs for participating multifamily buildings.

19. Describe how the state will define household income for verification purposes (e.g., using prior year income).

EBD: For single-family homes, income eligibility may be demonstrated through one of the following methods:

- Federal tax returns for all household members over the age of 18.
- Recent pay stubs for all working household members.
- Proof of enrollment in one of the federal or state income-qualified programs listed in Question 19.

For multifamily buildings, income eligibility may be demonstrated through one of the following methods:

- Documentation or evidence of a rent regulatory agreement with federal, state, or local agencies identifying that at least 66 percent of households in the building earn less than or equal to 80 percent of AMI.
- Pay stubs or annual tax returns showing that at least 66 percent of households in the building earn less than or equal to 80 percent of AMI.
- Documentation showing that at least 66 percent of households in the building are enrolled in one of the federal or state income-qualified programs listed in Question 19.
-

The Regional Administrators will develop specific income verification procedures consistent with the methods listed above, for review and approval by CEC. The administrators will be responsible for ensuring that income verification documents are current.

P4P: Income eligibility for low-income households will be verified by the same methods described above for EBD, except that for multifamily buildings, the requirement will be that at least 50 percent of households in the building have incomes less than or equal to 80 percent of AMI or are affordable to such households.

20. For single-family households, describe what combination of methods will be used for claimants to be able to establish their household income for income qualifications.

States may select the following options;

- ☒ Documentation of household income (for example, 1040)
- ☒ Documentation of enrollment in a pre-qualifying program
- ☐ Self-attestation of either income level or enrollment in pre-qualifying program

As described in the response to Question 18, income eligibility for single-family homes may be demonstrated through federal tax returns, pay stubs, or proof of enrollment in another approved income-qualified program (i.e., categorical eligibility). The CEC plans to offer categorical eligibility for the following federal programs recognized by DOE:

- Low Income Home Energy Assistance Program (LIHEAP)
- Medicaid
- Supplemental Nutrition Assistance Program (SNAP)
- Head Start
- Lifeline Support for Affordable Communications (Lifeline)
- Food Distribution Program on Indian Reservations (FDPIR)
- National School Lunch Program - Free (NSLP)
- Housing Improvement Program (HIP)
- Housing Opportunities for Persons with AIDS
- Supplemental Security Income (SSI)
- Weatherization Assistance Program (WAP)
- The Women, Infants, and Children Program (WIC)
- Section 42 Low-Income Housing Tax Credit (LIHTC)

In addition, the CEC proposes to offer categorical eligibility for the following income-limited state programs.

Program	Income Limit
California Alternative Rates for Energy (CARE)	200% of federal poverty level (FPL)*
Family Electric Rate Assistance Program (FERA)	250% FPL*
Low-Income Weatherization Program (LIWP) - Farmworker Housing	80% AMI or 80% of state median income*
Energy Savings Assistance Program (ESA)	250% FPL*
DAC – Single-Family Solar Homes Program (DAC-SASH)	250% FPL*
CalWORKs/Temporary Assistance for Needy Families (TANF)	Monthly income limit listed here: https://ca.db101.org/glossary.htm#_q1372 (lower than 80% AMI in all counties)
Tribal Temporary Assistance for Needy Families (Tribal TANF)	Administered independently by Tribes, who establish their own eligibility criteria.**
Self-Generation Incentive Program for Heat Pump Water Heaters (SGIP HWPWH), Equity Customer Category	80% AMI or 250% FPL*

* Categorical eligibility will only be offered for these programs in counties where the specified income limit is lower than 80 percent AMI. For example, 250 percent FPL is lower than 80 percent AMI in some California counties, but not all. Programs with income limits of 250 percent FPL will only be offered as categorical eligibility in counties in which 250 percent FPL is lower than 80 percent AMI. If a household is not eligible to claim categorical eligibility because the program(s) in which they are enrolled have income limits higher than 80 percent AMI in their county, the household will be required to provide federal tax returns or paystubs to establish income eligibility, as described in question 19. In either case, income will be assessed at the household level, not the county level.

** Before offering categorical eligibility for any specific Tribal TANF program, the CEC will confirm that the income limit for that program does not exceed 80 percent AMI.

The CEC does not plan to allow participants to self-attest that they meet the income requirements or are enrolled in one of the recognized programs.

21. For multifamily buildings, describe what combination of methods will be used to verify that at least 50% of dwelling units consist of households with incomes less than 80% AMI.

☐ Defer response to State Implementation Blueprint.

EBD: As described in the response to Question 18, multifamily buildings will qualify if at least 66 percent of households in the building are low-income. This 66 percent threshold was established in the EBD Direct Install Program Guidelines based on public input. While it exceeds the 50 percent required by DOE, the state believes it is a reasonable threshold given that the program will cover 100 percent of retrofit costs for participating multifamily buildings.

Multifamily income eligibility may be demonstrated through one of the following methods:

- Documentation or evidence of a rent regulatory agreement with federal, state, or local agencies identifying that at least 66 percent of households in the building earn less than or equal to 80 percent of AMI.
- Pay stubs or annual tax returns showing that at least 66 percent of households in the building earn less than or equal to 80 percent of AMI.
- Documentation showing that at least 66 percent of households in the building are enrolled in one of the federal or state income-qualified programs listed in Question 19.
-

P4P: Documentation requirements will be the same as for the EBD Program, but the requirement will be for the building owner to demonstrate that at least 50 percent of households in the building have incomes less than or equal to 80 percent of AMI or are affordable to such households.

22. Please confirm the following:

- Claimant will be required to note the number of individuals who occupy the dwelling unit.
- ☒ Yes, the state confirms the above statement.
- Claimant will be required to sign a statement attesting to the validity of all information provided (e.g., enrollment documents, household income, number of full-time occupants) irrespective of the method of income qualification (e.g., categorical eligibility, self-attestation).
- ☒ Yes, the state confirms the above statement.
- The state's intake system for users to provide income information will display the 80 percent AMI value for that household's zip code and household size to assist the

household in comparing its income with those levels before signing statements regarding their income.

☒ Yes, the state confirms the above statement.

23. Describe how the 80% AMI levels for each location will be kept up to date (use DOE-provided API, other) and linked to DOE systems. Confirm that these levels will correspond to (a) the address of the home at which rebates will be applied and (b) the applicable number of household occupants.

☒ Defer response to State Implementation Blueprint.

24. Confirm that the state will:

- Review information provided to support income eligibility for all applicants applying for higher income-based rebate levels.

☒ Yes, the state confirms the above statement.

- Take steps to verify income eligibility for all applications (100%) that use self-attestation to support income eligibility (e.g., confirm enrollment in at least one program that the applicant asserted enrollment in; confirm household income via IVES or other methods as applicable).

☐ Yes, the state confirms the above statement.

- Within six months and no later than one year after program launch, report to DOE the percentage and number of applicants who received rebates but were subsequently found not to meet eligibility requirements.

☒ Yes, the state confirms the above statement.

- Work with the state's DOE project officer to institute additional safeguards or determine if a reduced level of review for applicants using self-attestation is justified depending on the percentage/number of rebates issued without meeting eligibility requirements.

☐ Yes, the state confirms the above statement.

If applicable, propose the types of information that the state will provide to DOE to warrant reducing this requirement (e.g., allowing implementers to verify income of a subset of claimants through random sampling).

☒ N/A. The state will not reduce this requirement.

EBD: The EBD Regional Administrators' teams will confirm the income of all households participating in the program using the methods described in the response to Questions 18 through 20. The administrators will not accept self-attestations for either income level or categorical eligibility. Consequently,

the second and fourth bullet points do not apply, and the confirmation boxes are not checked.

P4P: The HOMES P4P SW Implementer will be responsible for verifying the income of participants in the program who seek the higher low-income incentive, using the same methods described above for EBD. As with EBD, the SW Implementer will not accept self-attestations for either income level or categorical eligibility.

25. Provide additional information as needed to demonstrate that the proposed approaches for income verification will address all types of households; not create undue burden for claimants; and include safeguards to minimize error and abuse in the process of verifying income.

EBD and P4P: The income verification approaches described in Questions 18 through 20 were designed to address both single-family and multifamily buildings, offering a variety of potential methods for income verification. Providing a variety of income verification methods, including various programs that provide categorical eligibility, will avoid imposing an undue burden on participants while ensuring that the program benefits its intended recipients (low-income households). The program will not allow self-attestation to reduce the risk of error or abuse in the income verification process. Homes will not be retrofitted before the completion of income verification.

The CEC Executive Director may initiate an investigation of any program administrator, subcontractor, aggregator, or program participant that the Executive Director has reason to believe may have misstated, falsified, or misrepresented information, including income information. Based on the results of the investigation, the Executive Director may take any action deemed appropriate, including, but not limited to, termination of the Agreement, recovery of any overpayment, and, with the concurrence of the CEC, recommending the Attorney General initiate an investigation and prosecution under Government Code section 12650, et seq., or other provisions of law.

For the P4P program, the SW Implementer's scope of work will include proposing and implementing methods for accessible document submissions, such as secure online upload, and promptly reviewing received documents before approving the commencement of work. Potential penalties in the case of error or abuse in verifying income include removing

the committing entity from the program if found to be falsifying or inadequately verifying income.

As a safeguard to discourage applicants from falsifying income information, all applicants, when submitting income verification information, will be required to accept participation terms and conditions as well as check a statement acknowledging they are accurately representing their household income details. Participants will be required to confirm that they understand the following:

If the information provided is invalid and warrants you ineligible for this rebate, the rebate reservation, if not yet processed, will be canceled. If the rebate has already been applied to a purchase or service, the applicant will be responsible for repaying the State for the rebated amount. The State reserves the right to engage a bill collection agency should repayment not be made within a stated period.

26. Describe how the state will verify (confirm legitimacy) of income information for all claimants (e.g., verification within 2 days through IRS, cross-check with enrollment databases of approved programs, calls to employers). If applicable, propose the types of information that the state will provide to DOE to warrant reducing this requirement (e.g., allowing implementers to verify income of a subset of claimants through random sampling).

- ☐ N/A. The state will not reduce this requirement.
- ☒ Defer response to State Implementation Blueprint.

27. Describe how the state will resolve instances when rebates are provided to those who have falsified their incomes.

- ☒ Defer response to State Implementation Blueprint.

28. If proposing to allow self-attestation as a means for initial income qualification, provide a detailed description of how and when this approach will be used. Include statements, language, and detailed information regarding follow-up steps that will be used for this process. Additional topics to address include:

- Describe how those applying for rebates will be warned of potential liability associated with falsifying information.

- Explain how signed statements of self-attestation will be securely stored.
- Identify what level of falsified attestations will signal that the system needs to shut down either permanently or be restarted only after sufficient improvements are made.

☐ Defer response to State Implementation Blueprint.

☒ N/A. The state has chosen not to allow self-attestation.

29. Describe how the state program will verify applicant information provided to substantiate income eligibility, including systems that will be used to verify, where applicable, that at least one member of a household has been enrolled in a program included within the [Federal Programs Approved for Categorical Eligibility](#) document or other state-proposed approved by DOE within the prior 12 months.

☒ Defer response to State Implementation Blueprint.

30. If applicable, identify the federal or other programs by which the state plans to allow categorical eligibility.

☐ N/A. The state will not propose additional federal or other programs to be considered for categorical eligibility.

Please see the response to Question 20.

31. If applicable, propose any additional federal or other programs to be considered for categorical eligibility. For any programs not already approved, describe how the program's eligibility aligns with the Section 50121 income requirements.

☐ N/A. The state will not propose additional federal or other programs to be considered for categorical eligibility.

☐ Defer response to State Implementation Blueprint.

Please see the response to Question 20.

32. Identify whether the state requests authorization to allow use of categorical eligibility determinations based on program participation outside of a one-year period (e.g., proof of enrollment within the past 12 months).

☐ Yes, the state requests authorization to allow use of categorical eligibility determinations based on program participation outside of a one-year period.

☐ N/A. The state does not request authorization to allow use of categorical eligibility determinations based on program participation outside of a one-year period.

If yes, explain the state's proposal and describe the rationale.

☐ Defer response to State Implementation Blueprint.

EBD: Defer response to State Implementation Blueprint.

P4P: The program will not allow categorical eligibility for enrollment outside of a one-year period.

33. Identify whether the state requests authorization to allow categorical eligibility for a program in a way that is not consistent with the “level of categorical eligibility” listed in the document [Federal Programs Approved for Categorical Eligibility](#). For each deviation requested, propose and provide documentation to justify the requested change. Documentation must demonstrate that the state imposes income requirements equivalent to or less than 80% AMI.

☐ Defer response to State Implementation Blueprint.

☒ N/A. The state will not allow categorical eligibility for a program in a way that is not consistent with the “level of categorical eligibility” listed in the document [Federal Programs Approved for Categorical Eligibility](#).

34. Provide a brief description of the procedures and penalties the state will provide to ensure that renters are not subject to unjustified rent increases.

EBD: Participating owners of tenant-occupied properties will be required to sign a program participation agreement that includes the following commitments:

- The owner may not increase rent for units improved by the program by more than 3 percent per year. Rent increases up to 3 percent per year must be due to a documented increase in property taxes, operations and maintenance costs, or amortization of improvements unrelated to a project funded by this program. This rent increase limitation will apply for 10 years after project completion for buildings with five or more units, and for five years after project completion for buildings with one to four units.
- The owner may not terminate a tenancy and/or evict a tenant from an improved unit before, during, or after the project without just cause as defined in state law. Building retrofits conducted through this program shall not be the basis for just cause for eviction.

Program participation agreements may take the form of a lease addendum, deed recording, or other documents.

For eligible deed-restricted affordable housing, the deed recording for must be in place for at least 10 years following the project, or be extended if it would otherwise expire before this time.

Tenants will be notified of their rights under the program, and Regional Administrators will maintain a hotline where participants can report possible violations of tenant protection provisions. Property owners who violate tenant protections may be required to pay back 100 percent of retrofit costs. In addition, property owners who violate tenant protection requirements will be flagged in the central program database and will be ineligible for future rebates from the CEC.

P4P: Participating owners of tenant-occupied properties will be required to sign a program participation agreement that includes HOMES guidance on tenant protections and limitations with regard to future tenants and rent increases.

Existing California tenant protection laws state that landlords must not increase rent in any 12-month period by more 10 percent or 5 percent plus the local inflation rate, whichever is lower. The local inflation rate is determined by the California consumer price index published by the California Department of Industrial Relations. For the P4P program, property owners will be required to commit to complying with this legal requirement, in addition to the HOMES guidance stipulation that rent increases must be limited to recovering increases in property taxes and/or specified operating expenses and maintenance costs.

Program participation agreements may take the form of a lease addendum, deed recording, or other documents.

Tenants will be notified of their rights under the program, and the SW Implementer will maintain a hotline where participants can report possible violations of tenant protection provisions. Property owners who violate tenant protections may be required to pay back 100 percent of retrofit costs.

In addition, property owners who violate tenant protection requirements will be flagged in the central program database and will be ineligible for future rebates from the CEC.

35. Explain how the state will identify eligible contractors or aggregators and what tools will be used to pay the \$200 disadvantaged community incentive.

- ☐ Defer response to State Implementation Blueprint.

EBD: The Regional Administrators will develop a workforce plan to detail their approach to enrolling eligible contractors in the program. Contractors must meet specified training and experience requirements to ensure high-quality installations. Regional Administrators must perform outreach to a diverse set of contractors, with a focus on local contractors in participating under-resourced communities, and provide a preference for contractors that meet at least three of the following criteria:

- Comply with “skilled and trained workforce” standards as defined in California Public Contracts Code Section 2600, et seq.
- Be based in the community or county where the work will occur.
- Be a small businesses or women, minority, disabled veteran, or LGBT business enterprises.
- Participate in relevant state-approved apprenticeship programs.
- Be party to a multi-craft community workforce and training agreement covering work on the project.
- Implement targeted hiring strategies to create jobs for residents of under-resourced, tribal, or low-income communities, and individuals with barriers to employment.

All projects in the EBD Direct Install Program will be completed within an under-resourced community, which includes DACs and low-income communities. Contractors will receive the \$200 incentive for each completed project located within a DAC. See Question 36 for information about how the CEC proposes to define DACs.

The Regional Administrators will be responsible for enrolling contractors in the program; scheduling contractors to conduct installations at homes for which home assessments have been completed and program participation agreements have been signed; and paying contractors for completed work. This payment will include a \$200 incentive for each completed and verified project located in a DAC. Regional Administrators will invoice the CEC for completed projects after contractors have been paid.

Each Regional Administrator will develop their own system for tracking all projects from initial outreach to the homeowner/occupant through initial enrollment, home assessment, installation, QA/QC, and follow-up surveys. The system will include project location, including whether the project is located in a DAC, to ensure that the \$200 DAC incentive is paid to contractors for qualifying projects.

In addition, the CEC is developing a central program database to track all projects across the three regions of the state. Regional Administrators will be required to report project data to the central database throughout all stages of the project, from initial outreach through project completion and follow-up surveys. The CEC will use the central database to verify that projects meet all program requirements (including payment of the \$200 DAC incentive to qualifying contractors) prior to paying invoices submitted by the Regional Administrators.

P4P: Defer response to State Implementation Blueprint.

Section 3.1.4: Community Benefits Plan

36. Describe how the state program will define a disadvantaged community.

If not using the default disadvantaged community definition (low-income households located in a disadvantaged community identified by the CEJST), a state must explain how the proposed definition will meet the following three criteria as described in DOE J40 implementation guidance:²

- The communities of concern identified by the state tool or definition must conform to the definition of communities established in U.S. Office of Management and Budget (OMB) guidance:
 - a group of individuals living in geographic proximity to one another that experiences common conditions.
 - a geographically dispersed set of individuals (such as migrant workers or Native Americans) that experiences common conditions.
- The state tool or definition must consider two or more of the following indicators when identifying communities that should be classified as disadvantaged for the purposes of directing federal investments under Justice40:
 - Low income, high and/or persistent poverty
 - High unemployment and underemployment
 - Racial and ethnic residential segregation, particularly where the segregation stems from discrimination by government entities
 - Linguistic isolation

² See pages 8-9 of <https://www.energy.gov/sites/default/files/2022-07/Final%20DOE%20Justice40%20General%20Guidance%20072522.pdf> for more details.

- High housing cost burden and substandard housing
- Distressed neighborhoods
- High transportation cost burden and/or low transportation access
- Disproportionate environmental stressor burden and high cumulative impacts
- Limited water and sanitation access and affordability
- Disproportionate impacts from climate change
- High energy cost burden and low energy access
- Jobs lost through the energy transition
- Access to healthcare
- The communities of concern identified by the state tool or definition must be currently mapped in software or must be easily overlaid in GIS so that communities can be easily identified by stakeholders.

EBD and P4P: California proposes to use the definition of DAC established by the California Environmental Protection Agency (CalEPA) under the authority of California Senate Bill 535 (De Leon, Chapter 830, Statutes of 2012). CalEPA defines DAC with reference to CalEnviroScreen, a mapping tool that uses environmental, health, and socioeconomic information to produce scores for every census tract in the state. CalEnviroScreen scores are calculated by multiplying a pollution burden score by a population characteristics score. The pollution burden indicator represents the potential exposures to pollutants and the adverse environmental conditions caused by pollution. The population characteristics indicators represent biological traits, health status, or community characteristics that can result in increased vulnerability to pollution. DACs are defined as follows:

1. Census tracts receiving the highest 25 percent of overall scores in CalEnviroScreen 4.0 (1,984 tracts).
2. Census tracts lacking overall scores in CalEnviroScreen 4.0 due to data gaps but receiving the highest 5 percent of CalEnviroScreen 4.0 cumulative pollution burden scores (19 tracts).
3. Census tracts identified in the 2017 DAC designation as disadvantaged, regardless of their scores in CalEnviroScreen 4.0 (307 tracts).
4. Lands under the control of federally recognized Tribes.

A [map of disadvantaged communities](https://oehha.ca.gov/calenviroscreen/sb535) is available at <https://oehha.ca.gov/calenviroscreen/sb535>. This definition of a DAC is widely used in California, including for decarbonization and energy

programs funded by the Greenhouse Gas Reduction Fund administered by the California Air Resources Board.

California will meet the Justice40 requirement for the HOMES program through the EBD Direct Install Program. A minimum of 74 percent of EBD HOMES rebate funds will be allocated to households in DAC according to the definition described above. This results in a total of 41.1 percent of HOMES rebate funds required to be deployed in DACs. CEC anticipates P4P projects to be completed in DACs as well, though funds will not be specifically allocated to DACs.

Section 3.1.5: Processing and Delivering Rebate Funds to Eligible Rebate Recipients

37. Describe what types of systems will be put into place to allow effective processing of rebates.

☒ Defer response to State Implementation Blueprint.

38. Describe how the state will ensure processing of rebates within required timeframes (e.g., through a processing company, through program implementers, or other entities or methods). Include information on corrective actions that the state will implement in the event of lengthier processing times.

☒ Defer response to State Implementation Blueprint.

39. Describe how the proposed processing system will be integrated with a system for processing rebates under Section 50122. Note if the state plans to use separate systems.

☒ Defer response to State Implementation Blueprint.

☐ N/A. The state is not planning to run a 50122 program.

40. If the state does NOT intend to use a federally provided web-based tool to determine whether a home is in a disadvantaged community, confirm that the state will provide the ZIP codes with all disadvantaged communities as defined by the state to the DOE system.

☒ Yes, the state confirms the above statement.

☐ N/A. The state will use a DOE-provided web-based tool to determine whether a home is in a disadvantaged community.

41. Confirm that the state system will link to DOE-provided systems via Application Programming Interface (API).

☒ Yes, the state confirms the above statement.

Section 3.1.6: Data Collection and Evaluation

42. Confirm that the state will submit a Privacy and Security Risk Assessment in the State Implementation Blueprint.

☐ Yes, the state confirms the above statement and will include it with this narrative document.

☒ Yes, the state confirms the above statement but defers a response to State Implementation Blueprint.

43. Explain how data will be protected, specifically addressing security measures and privacy measures.

☒ Defer response to State Implementation Blueprint.

44. Provide documentation of the processes to monitor, identify, and address security and privacy threats.

☒ Defer response to State Implementation Blueprint.

45. Confirm that the state will require billing data release and describe how the state will gain access to billing data for program requirements and program evaluation.

☒ Yes, the state confirms the above statement.

☐ Defer response to State Implementation Blueprint.

EBD and P4P: Both programs will utilize actual measured energy data, though for slightly different purposes. For the EBD program, the CEC plans to use customer meter data to evaluate program implementation by measuring actual utility bill impacts, energy savings, and changes in coincident peak load associated with the retrofits funded by the program. This analysis will assess the performance of contractors, Regional Administrators, and the program as a whole. In addition to the internal evaluation metrics that will be performed for EBD, the P4P program must verify that portfolio energy savings reach a minimum of 15 percent to qualify for enrollment, and incentive payments will be calculated utilizing actual consumption data.

For the EBD and P4P programs, customers will be provided with a data release as a condition of participation. The data release will authorize sharing data with necessary parties, which may include the EBD Regional Administrators, the P4P SW Implementer, the M&V Provider (if under a separate contract), and the aggregator and installer connected to the project.

The CEC hosts a database of interval meter data that covers customers of the state's IOUs and the two largest publicly owned utilities (POUs). These utilities are mandated to report customer data to the CEC under the authority of California Code of Regulations Title 20, Section 1353 and generally do so on a quarterly basis. The database includes electricity and gas consumption data, including 15-minute electricity consumption data where available, as well as monthly billing data.

Accessing utility billing data for customers of small POU's presents a challenge because these utilities do not currently report customer data to the CEC, and most do not participate in the Green Button Initiative. For both the EBD and P4P Programs, the CEC will work through the POU's industry associations to encourage data-sharing agreements to execute agreements with as many POU's as possible across the state. If a small POU is not interested in a data sharing agreement, then customers of that utility will need to share pre- and post-installation utility bills directly with the program in order to participate. In these cases, customer sharing of pre-installation billing data will be a condition of participation in the program. In addition, for P4P, the CEC plans to make clear through program rules that the aggregator's receipt of the rebate is contingent upon the customer directly sharing their post-installation utility data. Aggregators will not receive the final rebate payment if the customer does not share this data. The CEC will also explore the possibility of withholding progress payments for projects in utility jurisdictions without data sharing.

46. Confirm that the state will collect the required data and cooperate in program evaluation processes as listed in section 3.1.6.3.

☒ Yes, the state confirms the above statement.

47. Confirm if the state is planning to conduct its own evaluation, and if so, what type(s) of evaluations.

☐ Yes, the state is planning to conduct its own evaluation. (Describe types of evaluations).

If yes, confirm that the state will:

- Cooperate with DOE to meet all the requirements listed in section 3.1.6.3.
☐ Yes, the state confirms the above statement.
- Submit an evaluation plan for DOE review within three months of program launch.
☐ Yes, the state confirms the above statement.
- Provide results to DOE.
☐ Yes, the state confirms the above statement.

☒ N/A. The state does not plan to conduct its own evaluation.

48. If the state plans to conduct evaluations on its programs, describe the evaluation objectives, high level work plan, and timing of the evaluations and whether the state would request to be excluded from DOE-led evaluations.

☐ Defer response to State Implementation Blueprint.

☒ N/A. The state does not plan to conduct its own evaluation.

Consumer Experience

Section 3.2.1: Education and Outreach Strategy

49. Confirm that the state will develop and submit an outreach and education strategy consistent with section 3.2.1

☐ Yes, the state confirms the above statement and will include it with this narrative document.

☒ Yes, the state confirms the above statement but defers a response to State Implementation Blueprint.

Section 3.2.2: Home Assessments

50. Describe the processes and procedures for conducting home assessments that meet program requirements.

☒ Defer response to State Implementation Blueprint.

51. Describe how home assessment data and results will be verified for accuracy.

☒ Defer response to State Implementation Blueprint.

52. Describe what processes will be put in place for home assessments for multifamily buildings, including for energy used by common areas.

- ☒ Defer response to State Implementation Blueprint.

Section 3.2.3: Access to Residential Utility Data

53. Confirm that the state will develop and submit a Utility Data Access Plan consistent with the program requirements in Section 3.2.3.

- ☐ Yes, the state confirms the above statement and will include the plan with this narrative document.
- ☒ Yes, the state confirms the above statement but defers a response to State Implementation Blueprint.

Section 3.2.4: Project-Specific Energy Savings Calculations

54. Confirm if the state will implement the modeled path, measured path, or both.

- ☐ The state will implement the modeled program path.
- ☐ The state will implement the measured program path.
- ☒ The state will implement both the modeled and measured program paths.

Section 3.2.4.1: Calculating Modeled Energy Savings

55. Identify what factors the state will use to calculate kWh equivalent, consistent with section 3.2.4.1.

- ☐ Defer response to State Implementation Blueprint.
- ☐ N/A. The state is not implementing the modeled program path.

EBD: Modeled energy savings will be based on site energy. For homes that use non-electric energy sources the state will apply standard conversion factors as noted in the following chart.

Fuel	Measured Energy Rate	Convert to kWh
Natural gas	therm	kWh = therm * 29.3
Propane	gallon	kWh = gallons * 26.8
Fuel Oil	gallon	kWh = gallons * 43.9

P4P: Program will follow the measured path.

56. Describe the energy savings objectives and overall approach for estimating energy savings for the modeled program path.

☐ N/A. The state is not implementing the modeled program path.

EBD: The EBD Direct Install Program’s primary goals are to reduce GHG emissions and advance energy equity. The secondary goals are to improve energy affordability, enhance grid reliability, build resilience to extreme heat, improve air quality, and create local workforce opportunities.

Regional Administrators must conduct home assessments and use DOE-approved modeling software consistent with the BPI-2400 standard to estimate energy savings prior to conducting retrofits. Modeled energy savings must equal or exceed 20 percent for the project to be eligible for HOMES funding.

The CEC, the M&V Provider, or another third party will measure actual energy savings for participating homes over a 12-month post-installation period. Actual savings will be tracked per region and per contractor and compared to modeled savings. Results will be publicly available to inform improvements to the EBD Direct Install Program and to enhance the state’s understanding of the accuracy of modeled energy savings in residential buildings.

P4P: Program will follow the measured path.

57. Describe which upgrades may be included in the modeled savings estimate, including at least one major upgrade as defined in section 2.1, including a brief description of if the state will or will not require the installation of envelope prior to other upgrades.

☒ Defer response to State Implementation Blueprint.

☐ N/A. The state is not implementing the modeled program path.

58. Identify which modeling tools the state proposes to authorize for its program. Identify whether any proposed tools have not yet received DOE approval.

☒ Defer response to State Implementation Blueprint.

☐ N/A. The state is not implementing the modeled program path.

59. Describe how the state will monitor the energy savings reliability of models and tools for the modeled program path.

☒ Defer response to State Implementation Blueprint.

☐ N/A. The state is not implementing the modeled program path.

60. If the state plans to allow modeling for homes for which BPI-2400 is not applicable or that are not eligible for BPI-2400, request alternative modeled path(s) by:

- Detailing for which exceptions the state plans to apply the alternative approach (e.g., multifamily, lack of delivered fuel bills, etc.).
 - Providing a detailed description of the method(s) that the state will use to estimate energy savings for each exception and how the state will ensure consistency between the alternative method and the results of BPI-2400 such as a realization rate adjustment to be used in reported savings estimates.
 - Commit to carrying out evaluations upon thresholds listed in section 3.2.3.1.
 - Describe how the state will use any evaluation results or new information to update and adjust its alternate savings modeling method.
- ☒ Defer response to State Implementation Blueprint.
- ☐ N/A. The state will not allow modeling for homes for which BPI-2400 is not applicable or that are not eligible for BPI-2400.

61. For multifamily, describe the methods used for modeling energy savings for multifamily buildings, including energy used in common areas.

- ☒ Defer response to State Implementation Blueprint.
- ☐ N/A. The state is not implementing the modeled program path.

Section 3.2.4.2: Calculating Measured Energy Savings

62. Describe the energy savings objectives and overall approach for estimating and measuring energy savings at the home and if applicable, portfolio of homes.

- ☐ N/A. The state is not implementing the measured program path.

EBD: The EBD Direct Install Program will follow the modeled path.

P4P: The P4P program aims to reduce total energy consumption, GHG emissions, and peak load demand generally and, possibly, additionally, in specific grid-constrained areas. The CEC plans to utilize a central M&V Provider, either CEC staff, integrated into the SW Implementer's scope of work, or contracted separately by the state. As described in Question 12 above, CEC's approach to incentive design will send a market signal to contractors and aggregators to prioritize projects that reduce peak load. Incentive formulas will be made public and transparent, enabling

aggregators to estimate savings for contractors evaluating projects. The CEC is also considering providing a tool through the M&V Provider for contractors or aggregators lacking the capability to estimate savings independently. This tool will utilize inputs according to DOE's HPXML files per the Data & Tools Requirements Guide.

The M&V provider will be encouraged to utilize M&V methodology consistent with rules set by the California Public Utilities Commission (CPUC) for Population-Level Normalized Metered Energy Consumption (NMEC). Adherence to NMEC rules is required for when IOUs claim savings from energy efficiency programs. For the HOMES P4P program to integrate easily with the existing Market Access Programs (CPUC authorized performance-based programs in California), the M&V may need to be consistent with NMEC rules.

While population-NMEC enables the claiming of savings at the program or portfolio level, it also allows for the derivation and reporting of individual site-specific savings.

The savings analysis will be performed using an open-source advanced M&V software based on either CalTrack protocols, International Performance Measurement & Verification Protocol (IMPVM) or another industry equivalent. CEC will seek DOE approval of the software chosen. The M&V Provider will use 12 months of pre- and post-upgrade energy usage data to calculate normalized energy savings.

The P4P program will initially be available to customers using gas and electricity, as these energy sources are currently readily measurable through existing advanced M&V frameworks. The CEC along with the M&V Provider, will explore methods for accurately measuring energy savings for homes using alternative fuels, such as propane or fuel oil, with the goal of expanding the program once viable measurement tools are established. Periodically, the SW Implementer will review portfolios to identify the variance between aggregator savings estimations and actuals.

63. Identify what factors the state will use to calculate kWh equivalent, consistent with section 3.2.4.2.

- ☒ Defer response to State Implementation Blueprint.
- ☐ N/A. The state is not implementing the measured program path.

EBD: The EBD Direct Install Program will follow the modeled path.
P4P: Defer response to State Implementation Blueprint.

64. List the open-source advanced M&V software(s) the state requests to use and confirm that each meets program requirements.

- ☒ Defer response to State Implementation Blueprint.
- ☐ N/A. The state is not implementing the measured program path.

EBD: The EBD Direct Install Program will follow the modeled path.
P4P: Defer response to State Implementation Blueprint.

65. Describe how the state will monitor and ensure that aggregator portfolios meet the program requirements and minimum savings thresholds for the measured program path.

- ☒ Defer response to State Implementation Blueprint.
- ☐ N/A. The state is not implementing the measured program path.

EBD: The EBD Direct Install Program will follow the modeled path.
P4P: Defer response to State Implementation Blueprint.

66. If measuring energy savings within a period of less than 12 months, describe how the state will define and enforce the inclusion of peak seasons.

Defer response to State Implementation Blueprint.

N/A. The state will measure energy savings over at least 1 year or the state is not using the measured savings approach.

EBD: The EBD Direct Install Program will follow the modeled path.
P4P: The P4P program will measure savings for a full 12 months.

67. Describe the state's processes for measuring savings for multifamily buildings, including for energy used by common areas.

- ☒ Defer response to State Implementation Blueprint.
- ☐ N/A. The state is not implementing the measured program path.

EBD: The EBD Direct Install Program will follow the modeled path.
P4P: Defer response to State Implementation Blueprint.

Section 3.2.5: Consumer Protection through Quality Assurance

68. Certify that the state will prepare and implement a Consumer Protection Plan in accordance with the requirements (Section 3.2.5) and that the state rebate program will not launch until receiving DOE approval.

☒ Yes, the state confirms the above statement.

Section 3.2.6: Post-Installation Certificate

69. Describe how each of the certification requirements (Section 3.2.6) will be met for single-family homes.

☒ Defer response to State Implementation Blueprint.

70. Describe how each of the certification requirements (Section 3.2.6) will be met for multifamily buildings.

☒ Defer response to State Implementation Blueprint.

71. Identify which third-party certificate(s) the state program will offer to homeowners that receive a rebated home energy upgrade.

☒ Defer response to State Implementation Blueprint.

Maximizing Rebate Impact

Section 3.3.1: Supporting the Clean Energy Economy Through Market Transformation

72. Certify that the state will develop and implement a Market Transformation Plan within the first year after receiving the financial assistance award.

☒ Yes, the state confirms the above statement and will provide the plan with this narrative document.

Section 3.3.2: Integrating with Other Programs

73. Identify whether the state plans to take proactive steps to encourage integration with other programs. If so, identify with which programs the state will actively seek to integrate. The state may include letters of support or other indicators of commitment from existing program partners. Applications should identify whether programs will be integrated in any or the following areas:

- Integration into existing program administration, website, materials.

- Adoption of existing program standards, QA, workforce standards, or other practices.
 - Braiding or co-funding of upgrades within individual households.
 - Other integration elements, as applicable.
- ☐ N/A. The state does not plan to integrate the rebates into any existing programs.

EBD: Central to CEC’s proposed approach to administer the Home Efficiency Rebates is to incorporate federal funds with an estimated \$412.5 million of state EBD Direct Install Program funding. There are several reasons to incorporate HOMES funds into the EBD Direct Install Program. By increasing the total amount of funding, the EBD Direct Install Program can decarbonize more low-income households and under-resourced communities. Combining these two funding sources behind the scenes will simplify the already complex landscape of home energy programs for prospective participants, for whom it will appear as a single program rather than two separate programs. Additionally, the CEC and the Regional Administrators can streamline administrative costs by combining two funding two sources under one program rather than having them administered separately.

Along with integrating into the EBD Direct Install Program, the Regional Administrators are required to coordinate with other CEC-approved programs to leverage other funding sources to expand the reach and maximize the benefits of the EBD Direct Install Program. Regional Administrators will develop a Coordination Plan, for CEC approval, addressing coordination with other programs. Coordination Plans will be submitted in spring 2025 and available for DOE review if desired.

Coordination Plans may include:

- Coordination with programs that provide funding for one or more measures that are also eligible through the EBD Direct Install Program, such as remediation, smart thermostats, electrical panel upgrades, or heat pumps.
- Coordination with programs that provide funding for complementary measures that are not eligible for EBD Direct Install Program funding, including, but not limited to, solar photovoltaic panels, electric vehicle charging, shade trees, windows, and battery storage.

The approach to coordination will be required to minimize any added complexity for program participants and contractors; ensure that the legal and regulatory requirements of each funding source are met; and ensure

that the total amount of funding applied to a project does not exceed the actual project cost.

Regional Administrators are also encouraged to use the EBD program to coordinate or support public interest research and analysis, such as CEC EPIC research, demonstration and deployment efforts or pre and post air quality impacts from retrofits.

P4P: The Pay for Performance program is expected to be driven by contractors and aggregators. CEC is making efforts to ensure that aggregators and contractors can easily stack the HOMES rebates with other utility and state rebates. As an example, the CPUC oversees Market Access Programs (MAPs), a type of measured savings program. Three IOUs, a Regional Energy Network, and two Community Choice Aggregators (CCAs) are currently administering, or by 2025 will be administering, residential MAPs. To date, residential MAPs have been limited to light-touch or behavioral-type measures because of cost-effectiveness constraints. However, the opportunity to combine the HOMES incentives with existing MAP incentives, in many cases, may facilitate larger whole-house retrofits and heat pump installations.

CEC is making several efforts to allow for integration between HOMES and the MAPs: First, CEC is working with CPUC staff to clarify for MAP Administrators how the HOMES incentives will affect their cost-effectiveness calculations so that they can plan to support contractors in stacking incentives. As noted above, CEC will publicize the formula for HOMES incentive calculations and expects that aggregators will adjust their tools for contractors to allow contractors to estimate incentives for projects to include both the local MAP incentive and the HOMES incentive. The M&V Provider will help contractors and aggregators who lack those tools to estimate combined incentives. With regard to integration of administration efforts, the SW Implementer will be required to coordinate with local program Administrators to make best efforts to create a uniform application for contractors to request rebates from the MAPs and HOMES. CEC is also exploring coordinating with local program Administrators to investigate the potential of combining M&V for projects that receive incentives from both MAPs and HOMES to avoid duplication of efforts. Question 62 above describes the consideration of the use of an M&V protocol consistent with the CPUC's NMEC rulebook to support this potential combined M&V.

Assuming that integration with the MAPs as described above is possible, the SW Implementer would work with the Implementers of the MAPs to coordinate contractor recruitment, outreach, education and training. Existing MAP contractors will need to be cross trained on HOMES Program requirements such as the documentation that must be provided to residents. In addition, MAP contractors will need to complete eligibility requirements to join the statewide HOMES list. Given that the MAPs thus far have not been delivered as consumer programs, the QA/QC requirements for HOMES are much more robust. CEC expects that QA/QC would not be integrated and the SW Implementer would perform DOE-required QA/QC checks on all integrated projects.

In addition to the MAPs, CEC expects contractors to stack HOMES rebates with existing non-savings-based rebates, such as local POU rebates for Heat Pumps and TECH Clean California rebates (though not as part of the CEC's HEEHRA Program). CEC will set minimal additional project* and customer requirements, beyond what is required by DOE, to facilitate HOMES integration with these other programs.

*When CEC submits the Implementation Blueprints, CEC will detail plans related to any required or eligible equipment.

74. Describe how the state program will support households, contractors, aggregators, and other stakeholders in understanding how the state program may leverage other program resources.

☒ Defer response to State Implementation Blueprint.

75. Describe the method(s) the state will use to ensure the total combination of all immediate upfront funding sources (federal grants, federal loans, and non-federal funding) provided to a project does not exceed the total project cost.

☒ Defer response to State Implementation Blueprint.

76. Describe how the state program will support contractors and retailers in preparing acceptable invoices that may be kept as program records.

☐ Defer response to State Implementation Blueprint.

EBD: Prior to program launch the CEC will collaborate with the Regional Administrators to develop an approved invoice template. Invoices submitted

by Regional Administrators must separate and distinguish all the EBD costs including those to be covered by HOMES federal funds, EBD state funds, or other funds. Invoices are also required to separate and distinguish project, project-related, and administrative costs. For project costs, Regional Administrators must break out costs by measure and specify labor and disaggregated equipment costs. Regional Administrators will be required to prepare invoices that provide sufficient detail to facilitate reporting under the HOMES program and conform to federal accounting standards in accordance with the HOMES federal award terms and conditions for all expenditures supported by HOMES funding.

In addition, Regional Administrators will provide contractors with a checklist of the minimum requirements their invoices will need to include to receive rebates (i.e., reimbursement for direct install retrofit costs) under the program. Regional Administrators will work with contractors if workarounds to their existing invoicing systems are needed to meet the minimum requirements.

P4P: Defer response to State Implementation Blueprint.

77. Describe how the state implementer(s) will produce invoice documentation in a timely manner upon request in the event of an audit by DOE, the DOE's Inspector General, a state's inspector general, or another entity.

☒ Defer response to State Implementation Blueprint.

78. Describe how the state will ensure rebate recipients will be made aware of the portion of the funding received from the DOE Home Efficiency Rebates.

☐ Defer response to State Implementation Blueprint.

EBD: Regional Administrators are required to produce post-installation project certificates pursuant to Section 3.2.6 and subject to CEC approval. The post-installation project certificate will include the work performed, equipment and materials installed, projected energy savings, and what portion of the project is funded by state or federal HOMES funds.

P4P: Defer response to State Implementation Blueprint.

Section 3.3.3: Quick Starts

79. Identify whether the application is for a Quick Start program. For Quick Start programs, identify the timeline for program launch.

☐ Yes, this is for a Quick Start Program (provide timeline below).

☒ No, this is not for a Quick Start Program.

Please add your name, title, signature, and date.

David Velazquez
Name (printed)

Organization:
California Energy Commission
Title:
Program & Projects Supervisor

Organization and Title

David Velazquez
Signature

01/13/2025
Date