Fraud, Waste, and Abuse Mitigation Plan

State Implementation Plan for Home Efficiency Rebates Program (HOMES)

California Energy Commission

October 2026

SECTION 1: Introduction

The California Energy Commission (CEC) is the managing recipient of the $291,366,906 Federal Home Efficiency Rebate (HOMES) funds awarded to California. The U.S. Department of Energy (DOE) approved the CEC's HOMES application on January 14, 2025. As described in the approved application, the CEC will administer the HOMES funds through two separate programs: the Direct Install Program and the Pay for Performance (P4P) Program.

Direct Install Program

The Direct Install Program was established by California Assembly Bill 209 (Committee on Budget, Chapter 251, Statutes of 2022). The Direct Install Program will provide building upgrades to low-income households located in underresourced communities to make homes more efficient and affordable by reducing residents' energy use. The program will serve single-family, multifamily, and manufactured homes.

Following an extensive public process, the CEC adopted Guidelines for the Direct Install Program in October 2023. In April 2024, the CEC released a competitive solicitation to select regional administrators to implement the program. In November 2024, the CEC approved grant agreements with three regional administrators: 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. Outreach to households and contractors began in late 2025, and retrofits began in early 2026. The program is funded through a combination of state funds and federal HOMES funds. Federal HOMES funds will not be used for projects or project-related activities prior to DOE approval of the blueprint plans.

The Direct Install Program will follow DOE's modeled savings pathway.

Pay for Performance Program

The HOMES P4P Program will follow DOE's measured savings pathway, in which rebate values will be based on actual energy savings measured at the meter. The HOMES P4P Program will advance energy efficiency and grid resiliency goals. 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.

This program will be offered statewide and be made available to residents of all income groups. While owners of both single-family and multifamily buildings will be eligible for

the P4P Program, CEC expects the vast majority of rebates to be for single-family building owners, given the complexities of implementing a measured program with multi-family properties.

CEC designed the HOMES P4P Program after gathering feedback through an initial Request for Information in December of 2023, followed by stakeholder meetings, a full-day public workshop in March of 2024, and an additional public comment period ending on April 5, 2024. CEC held a second public workshop and public comment period in August of 2025, focused on generating feedback to finalize a solicitation for a P4P Statewide Implementer (SWI). CEC expects to release the solicitation in October of 2026.

Aggregators play key roles in P4P program delivery. Their roles may include helping contractors (installers) identify homes with high energy savings potential, acting as the interface between contractors and the Statewide Implementer, helping to estimate project level energy savings and rebate values, assisting contractors with confirming eligibility and collecting all required project data, providing upfront rebate financing to contractors, and assuming project performance risk.

As noted, the HOMES P4P Program will be administered by a SWI that will be selected through an upcoming competitive solicitation. Among other tasks, the SWI will be responsible for developing policies and procedures related to Quality Assurance (QA) and Quality Control (QC), consumer complaint resolutions, and remediation processes. The SWI's procedures will be subject to review and approval by CEC staff. Staff overseeing the SWI are known as Commission Agreement Managers (or CAMs).

Because the SWI has not yet been hired nor developed its specific policies and procedures for consumer protection, information provided in this HOMES Fraud, Waste, and Abuse Mitigation Plan for the P4P program is high level. At times, CEC presents examples of how the SWI may choose to approach meeting plan requirements. Once the SWI's specific procedures and protocols for the elements referenced here are determined, CEC will post more detailed information on the Program website to share with consumers.

Document Overview

This plan describes consumer protections for the Direct Install and P4P Programs. The terms "consumer" and "participant" will be used interchangeably throughout this document. Sections of the plan address Consumer Feedback, Resolution Procedures, Data Review, Inspections, Contractors and Other Partners, Installation, and Continuous Improvement.

SECTION 2:
Consumer Feedback

Direct Install Program

Reporting Channels

The Direct Install Program will provide households with multiple avenues to file complaints, concerns, or issues. Each participating household will have a clear point of contact throughout their involvement in the program, from initial enrollment through the home assessment, final enrollment, and installation.

Each regional administrator will maintain an email address and a telephone hotline for program participants to report problems or questions. The hotline telephone number and email address will be provided to customers in a clear and useful format, such as on stickers affixed to equipment. The regional administrators will report on hotline calls to the CEC in a Hotline Call Log Tracker, ensuring transparency and accountability in customer service.

In addition, the CEC maintains a Customer Support email (equitablebuildingdecarb@energy.ca.gov) for all inquiries concerning the Statewide Direct Install Program. The CEC's website includes Frequently Asked Questions about the program. Once approved, this Fraud, Waste, and Abuse Mitigation Plan will also be posted on the CEC's website.

Participant Survey

A survey will be distributed to all participants following project completion. The survey may be customized for different audiences, including single-family homeowners, multifamily building owners, and tenants in participating single-family or multifamily buildings.

Surveys and other communications with participants will be available in multiple languages to meet the needs of non-English speakers.

Regional administrators may also conduct phone surveys or spot-check calls to selected participants during and after the project to ask about their experiences.

Survey results will be collected, analyzed, and used to assess program performance and identify opportunities for improvement, as described in the Continuous Improvement section below.

Addressing Feedback

Regional administrators will regularly review consumer feedback and survey responses and will immediately address any negative comments with the relevant entities (contractors, home assessors, and/or other program staff). Resolution procedures are described further in the next section.

Deficiencies identified through the data review and inspection processes will also be addressed promptly, as described in the Data Review and Inspections sections.

The CEC will use aggregate results from survey responses and hotline calls, along with other program data, to identify recurring issues and opportunities for program improvement and to work with the regional administrators to implement any necessary course corrections or adjustments. The CEC meets frequently (at least monthly) with each regional administrator to provide close program oversight and will use these meetings to discuss issues and program improvements. See the Continuous Improvement section for additional details.

Multifamily-Specific Processes

Tenants in participating multifamily buildings (as well as tenants in single-family and manufactured homes) will be provided with clear information about the project, including:

- Measures to be installed
- Benefits expected from installed measures
- Expected duration of construction and construction hours
- Whether temporary displacement is required
- Tenant and property owner rights and responsibilities related to participation in the program, including the tenant protections described below
- Expected timing of post-project follow-up surveys

Tenants will be provided with the program email address and hotline telephone number to report any questions, concerns or complaints related to a project funded by the program. Tenants will also receive a tenant-specific version of the participant survey described above.

Owners of rented properties must agree to the following tenant protection provisions to participate in the program.

- Property owners must agree not to increase rent for units served by the program by more than 3 percent per year and rent increases up to 3 percent 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 5+ units and for 5 years after project completion for buildings with 1-4 units.

- For eligible deed-restricted affordable housing or affordable housing with a rent regulatory agreement, the deed restriction or rent regulatory agreement must be in place for at least 10 years post-project or be extended if it would otherwise expire before this time.
- Property owners must agree not to terminate a tenancy and/or evict a tenant from an improved unit before, during, or after the project without just cause as defined in California Civil Code Section 1946.2. Property owner agrees that the building retrofits conducted under this program, or any other activity related to the program, shall not be basis for just cause for eviction.
- Projects will be designed to minimize disruption to tenants, avoid the need for temporary displacement if possible, and reduce the duration of displacement if it is necessary. Property owners must agree that if displacement is needed, tenants shall have the right to return to the same unit once construction is complete and state and local laws governing tenant displacement shall apply.
- Property owners must agree to provide tenants with written information about the project including notice of measures to be installed, construction timelines, hours, and any required displacement.
- Property owners must agree that if a low-income tenant moves out within two years after the project, the unit will be rented to another low-income tenant. For multifamily buildings, at least 66% of units must continue to be occupied by low-income households for at least two years.
- Property owners must agree that if the property is sold within two years of receipt of the rebates, these tenant protection requirements apply to the new owner and must be part of the purchase agreement.

Pay for Performance Program

CEC will ensure that the P4P Program maintains a system with the ability to collect and respond to consumer feedback. As part of that system, consumers will have the ability to provide feedback regarding P4P implementation. The SWI will be tasked with considering lessons learned and data from program implementation, including from customer feedback mechanisms, to evaluate success and propose course corrections to

the CEC. The SWI will make recommendations for improvement and implement them in a timely manner.

Complaints

The SWI will be tasked with maintaining a consumer complaint hotline (email and phone), through which consumer participants and potential consumer participants can file complaints and concerns. The SWI will provide hotline information on their website and in program materials. The SWI will be responsible for reviewing complaints, concerns, and issues and reporting those complaints on a periodic, regular basis to CEC. The SWI will also elevate serious issues immediately. Additionally, the CEC maintains an Inflation Reduction Act (IRA) program customer support inbox (iraresidentialenergyrebates@energy.ca.gov) which will also be monitored for feedback. Once approved, this Fraud, Waste, and Abuse Mitigation Plan will also be posted on the CEC's website.

Addressing feedback

The SWI will be tasked with developing and implementing consumer complaint resolution procedures that include response timelines, feedback delivery mechanisms to aggregators and contractors, and procedures to communicate resolutions. The SWI will also be tasked with developing and implementing a remediation process to address consumer complaints regarding aggregator or contractor program conduct.

An example of how the SWI may propose to address feedback is as follows:

- Consumer feedback and survey responses will be regularly reviewed within 3 business days for negative comments and addressed with the affected contractors, aggregators, or other program participants during virtual or in-person program meetings within the appropriate timeframe based on the predetermined priority. Each case will be given a priority categorization to determine the level and cadence of response. Translation services will be required upon need by program participants. The CEC will also meet at least monthly with the SWI and the SWI will share aggregated consumer feedback and survey results during those meeting or via email.

Consumer Satisfaction Survey

The SWI will be tasked with developing and conducting post-project consumer feedback surveys. The surveys will provide insights into customer satisfaction and other program metrics.

Multifamily Properties

As noted, CEC does not expect multifamily property owners to pursue the program. If that changes and multifamily buildings do receive rebates, the SWI will be responsible for ensuring MF property tenants have access to program materials as well as the consumer complaint hotline.

The Participation Agreement for multifamily building owners will include additional commitments regarding the rights of tenants. Per DOE requirements, the Participation Agreement will include the following:

- The owner agrees not to evict a tenant to obtain higher rent tenants based upon the improvements.
- The owner agrees not to increase the rent of any tenant of the building as a result of the energy improvements with exception of increases to recover actual increases in property taxes and/or specified operating expenses and maintenance costs.
- The owner agrees that if the property is sold within two years of receipt of the rebates, the aforementioned conditions apply to the new owner and must be part of the purchase agreement.

And, for low-income dwelling units occupied by renters, for at least two years following the receipt of rebates:

- The owner agrees to rent the dwelling unit to a low-income tenant.

SECTION 3:
Resolution Procedures

Direct Install Program

Resolution and Remediation Process

All contractors (equipment installers, electricians, plumbers, construction workers, etc.) conducting work under the Direct Install Program will be hired directly by the regional administrators (or one of their subrecipients). Contractors will not be hired by program participants. If program participants are dissatisfied with the contractor's work, this will be communicated directly to the regional administrator, as described in the previous section.

The regional administrator will promptly investigate and address any negative feedback received from participants, as well as any deficiencies noted during the data review or inspection processes. Administrators will be responsible for the quality of contractors' work for a minimum of 12 months. When deficiencies are identified, the regional administrator (or their partner responsible for QA/QC) will provide the contractor with documentation of findings and a corrective action plan. Depending on the nature of the deficiency, the regional administrator may meet with the contractor to provide corrective training on proper installation procedures. The contractor will be required to address the deficiency.

In all cases, deficiencies will be promptly addressed to minimize inconvenience to the participant and ensure that the participant is left with properly functioning equipment. The participant will be made whole by receiving properly functioning equipment at no cost to themselves.

Repeated deficiencies by a contractor will trigger corrective action, including additional training and/or more frequent on-site inspections. In cases where a contractor has made consistent, repeated, and/or negligent errors in installations, they may be removed from the program, as described in the Contractors and Other Partners section below. Protocols for remedial and punitive actions will be clearly described in the regional administrators' agreements with contractors.

The regional administrators will regularly analyze QA/QC results to identify recurring installation challenges. These findings will be shared with the CEC and be used to inform improvements to contractor training and QA/QC procedures.

Quality Control Records Retention

The regional administrators will be responsible for maintaining records from QC inspections including sampling rates, findings, corrective actions taken, and verification of conformance to requirements. According to the terms and conditions of the CEC's agreements with the regional administrators, records will be retained for a minimum of three years after the final payment has been received or five years after the grant term, whichever is later.

Other Requirements

Contracts associated with the Direct Install Program will not include mandatory arbitration clauses.

The holder-in-due-course rule is not applicable to the Direct Install Program because retrofit costs will be fully covered by the program. There will be no obligation to pay on the part of participants.

Pay for Performance Program

CEC understands that disputes between consumers and participating contractors and/or aggregators or other parties may arise in the process of delivering home energy rebates and improvements. The SWI will be responsible for developing and implementing written consumer complaint/conflict resolution procedures that include defined roles, response and resolution timelines, feedback delivery mechanisms, procedures to communicate resolutions, documentation of corrective actions and results, and tracking and categorizing of issues. The resolution procedures will be subject to CEC approval.

Responsible Party for Disputes

The SWI, with the oversight of the CEC, will be tasked to develop and implement consumer complaint resolution procedures that include defined roles, response timelines, feedback delivery mechanisms, and procedures to communicate resolutions.

Remediation Process

The SWI will be tasked with developing and implementing a remediation/conflict resolution process to address consumer complaints regarding aggregator or contractor program conduct. Issues requiring remediation could include homeowner/building owner complaints; or inability to uphold standards of license, timeliness, communication, or professional status. When the SWI identifies a deficiency, or issue that requires resolution, the SWI will determine who is responsible for resolution, as

well as specific remedies and penalties if fraud or unfair business practices are detected. The SWI will notify CEC.

The remediation process proposed by the SWI may include elements such as:

- Educating all involved parties prior to program participation of their roles and responsibilities.
- Requiring a response or resolution within a specified timeline based on priority of issue.
- Making contact with appropriate parties to review context and discuss next steps within specified timeline based on priority of the issue.
- Additional training for, or program dismissal of contractors and aggregators who repeatedly violate program rules or are the subject of consumer complaints.
- Timely completion of correction/improvement plan agreed upon by the homeowner, contractor, and SWI with timelines dependent upon the size of the project issue.
- Requiring completion of detailed notes and SWI approval within one week of case being closed.
- Referring customers to existing dispute resolution processes such as through the Contractor State License Board.
- Requiring contractors to cover the cost of any required installation corrections noted during the Energy Code Compliance (ECC) inspection process. (See Section 5 below, for more detail).
- Communicating that contractors will not be responsible for remediation of issues that were not due to their installation of measures but were revealed during CAS or other testing.

Deficiency Procedures and Penalties

The SWI will also be tasked with monitoring Aggregator and Contractor adherence to Program rules, installation standards, project rules, and documentation standards and rules. The SWI will develop and implement a process, with approval by the CEC, for disciplinary or removal action for contractors who do not comply with program rules. To ensure that program rules are being met, the SWI will be tasked with establishing quality installation standards for contractors, developing QA/QC procedures, and conducting desktop reviews and virtual inspections. Additionally, the SWI will be required to retain records on QA/QC desktop reviews and inspections.

The following section is an example of standards, potential remedies, and penalties that the SWI may propose.

- Standards:

    - Contractors must keep their licenses, certifications, and necessary insurance(s) up to date.
    - Contractors must respond to and address customer complaints within a reasonable timeframe.
- Remedies and penalties:
    - If any of the above listed items are not addressed in a timely manner, a Performance Improvement Plan (PIP) will be created and implemented.
    - Depending on the issue, the SWI may refer customers to existing dispute resolution processes such as through the Contractor State License Board.
    - Contractors and aggregators found through the SWI investigation to be guilty of negligence, misleading marketing practices, aggressive sales tactics, deceptive invoicing practices, or chronic poor performance will be suspended or expelled from the program. It will also be recommended that they be added to the Do Not Pay list maintained by the U.S. Department of the Treasury. Depending on contractor's or aggregator's actions, they may also be referred to the local district attorney or State of California's Attorney General's Office.

Contract Compliance

The SWI is responsible for developing a Participation Agreement for contractors and aggregators that includes the following DOE requirements:

- Contracts associated with the Home Efficiency Rebates Program (Section 50121) will not contain mandatory arbitration clauses.
- Contracts will include the holder-in-due course rule, so consumer protections are not lost just because the contract is assigned to a third-party creditor.

The SWI will also be responsible for spot checking contract adherence to the above provisions, possibly as part of the desktop review process.

SECTION 4:
Data Review

Direct Install Program

Data Collection and Submittal Process

The CEC has developed a central program database hosted on Salesforce to collect detailed project-level data for each Direct Install project. Data to be collected includes, but is not limited to, the data fields listed in the DOE Data & Tools Requirements Guide Section 2.2. Table 1 summarizes the types of data that will be collected and reported to the CEC's database, as well as the entities responsible for collecting each type of data.

Table 1. Data Collection and Reporting

Program Phase	Types of Data Collected	Data Collected By	Reported to the CEC By
Initial Enrollment	Participant contact information, general information about the home, income eligibility, utility information	Provided directly by participant (may be assisted by a community-based organization)	Regional administrator
Final Enrollment	Home assessment information, recommended measures, modeling outputs	Home assessor, regional administrator	Regional administrator
Installation	Details about installed measures, photos, disaggregated costs, contractors completing installations	Contractor, regional administrator	Regional administrator
Post-Installation	Hotline calls, survey responses	Regional administrator	Regional administrator
Post-Installation	Measured energy savings and bill impacts	CEC (measured savings to be analyzed in-house or through a separate contract)	N/A

The CEC has provided the regional administrators with a data dictionary detailing the required data fields and format types. The regional administrators will submit

standardized data to the CEC's program database through a secure API connection, including photos, PDFs, geographic data, and modeling files for each project.

Validation Controls

Data will be validated during the transmission process and stored in a program database with records associated with each retrofit project. The system includes built-in validation controls to ensure the data meets predefined specifications and will require all data fields and documents to be submitted prior to issuing payment for a given project. Any errors and inconsistencies will be flagged during the data submission process. In cases where errors or inconsistencies are flagged, the CEC will follow up with the regional administrator to ensure all required data is submitted. The CEC will not pay regional administrators' invoices for project costs until all required data fields and documents have been submitted.

Home Assessment Data and Scope of Work

Because the regional administrators are responsible for all phases of Direct Install Program implementation, they will verify that all required home assessment data has been collected prior to scheduling contractors to complete the installation. Home assessments will be conducted by a member of the regional administrators' team according to processes established by the regional administrator that meet all the requirements described in Section 3.2.2 of the Program Requirements and Application Instructions. The scope of work (measures to be installed in the home) will be developed by the regional administrator based on the home assessment and energy modeling. The scope of work will not be developed by the contractor.

Participants will sign a Program Participation Agreement that includes consent to the scope of work, acknowledgment of estimated energy savings and bill impacts, and consent to all other program terms (including tenant protection requirements, in the case of rented properties). See the Installation section for additional details.

Post-Installation Data Review

As part of the QA/QC process, the regional administrators will conduct a data/file review of 100% of completed projects to ensure completion of the specified scope of work and all applicable permitting requirements. This will include comparing the scope of work provided to the contractor with the installation documentation (including photos) to confirm that the correct scope of work was completed. In addition, an on-site inspection will be conducted for a subset of projects, as described in the next section.

The regional administrators will not pay final contractor invoices prior to confirming that the work completed matches the scope of work provided to the contractor, and that all

required project data has been submitted and reviewed for accuracy and completion. This will prevent any incorrect or incomplete claims (contractor invoices) from being processed and paid by the regional administrators. If deficiencies are noted in the data review process, they will be handled as described in the Resolution Procedures section above.

Before paying invoiced project costs, the CEC will review the program database to ensure that all required data has been submitted for the project, including data from the initial enrollment, home assessment, and installation phases. This will prevent any incorrect or incomplete claims (regional administrator invoices) from being paid by the CEC.

Installation Address Verification

Installation address verification will be conducted by leveraging one or more of the following documents:

- Consumer's utility bill, with name and address included.
- Consumer address clearly noted on the initial enrollment form and program participation agreement.
- Building permits and/or ECC test-out reports that include the project address.

Final contractor invoices will not be paid until all required documentation has been submitted and verified by the regional administrator, including installation address and income verification.[1] In the case of failed verification, the regional administrator will work with the contractor to obtain satisfactory documentation. Repeated deficiencies by a contractor will trigger corrective action by the regional administrator, including additional training and/or more frequent on-site inspections. In cases where a contractor has made consistent, repeated, and/or negligent errors, they may be removed from the program, as described in the Contractors and Other Partners section below. The regional administrator will bring in another enrolled contractor to install, complete, or remedy an installation, if needed. If installation address verification fails due to suspected contractor fraud, the regional administrator will contact the CEC promptly for a coordinated response, as described in the Continuous Improvement section below.

[1] As described in the Income Verification section below, income verification will not be conducted by the contractor. The participant's income will be verified by the regional administrator during the initial enrollment stage, prior to the home assessment.

Income Verification

The Direct Install Program is limited to low-income households (up to 80% of the area median income). Multifamily buildings are eligible if at least 66% of households in the building earn less than or equal to 80% of the area median income. Additional details are included in the CEC's approved HOMES program application (Questions 13 and 19-21).

The regional administrators will be responsible for verifying income eligibility before the home assessment is conducted. Income eligibility may be demonstrated through federal tax returns, pay stubs, or proof of enrollment in another approved income-qualified program (i.e., categorical eligibility). A list of federal and state programs approved for categorical eligibility is included in the CEC's approved HOMES program application (Question 20). If income cannot be successfully verified, the household will not be eligible to receive a home assessment or retrofit. Multifamily buildings will not be eligible for assessments and retrofits until income is successfully verified for at least 66% of households in the building.

Certificate Receipt

All participants will receive the required post-installation certificate. The certificate may be provided by the regional administrator or another third-party. The CEC will approve the template for the post-installation certificate. Regardless of who provides the certificate, the regional administrator will be responsible for ensuring that it is provided to the participant. This will be verified during post-project data review.

Data Retention

As described above, the regional administrators will collect detailed project-level data for each home and report it to the CEC's program database. Records on QC inspections including sampling rates, findings, corrective actions taken, and verification of conformance to requirements will be stored securely by the regional administrators and shared with the CEC upon request. The regional administrators and the CEC will retain all data for a minimum of three years after the final payment has been received or five years after the grant term, whichever is later. The CEC will report all required project-level data to DOE, and supporting records will be shared with DOE upon request during the retention period.

Additional documentation that will be retained includes, but is not limited to, the following:

- **Post-Installation Photos:** The regional administrators will retain photos of appliances post installation. The photo must clearly show the EnergyGuide label for installed equipment along with model number and serial number.
- **Proof of HVAC Commissioning Testing:** Field verification and diagnostic testing will be conducted each home in which HVAC equipment is installed, as required under the California Energy Code. This will be conducted by an ECC Rater. The ECC reports will be retained by the regional administrator.
- **Proof of Combustion Safety Testing:** Combustion safety testing is required when major atmospherically vented appliances (i.e., HVAC systems or water heaters) remain in place after HVAC, water heaters, air sealing, and/or insulation that has an air sealing effect has been installed. Combustion safety testing will be conducted by a qualified professional. Proof of testing sign off will be retained by the regional administrator.

Training/Credentials

The personnel conducting the data/file review will have obtained one or more of the following training and credentials:

- Building Performance Institute (BPI): Building Science Principles (BSP), Building Analyst Technician (BA-T), Building Analyst Professional (BA-P), Quality Control Inspector (QCI), Energy Auditor (EA), and/or Multifamily Building Analyst (MFBA)
- Home Energy Rating System (HERS)/ECC Rater
- Home Energy Score Assessor & Quality Assurance Provider
- Certified Energy Manager

Pay for Performance Program

California's SWI will be tasked with developing data validation controls for the program's home assessment data, income verification, and quality assurance procedures. Data submitted to the program, from aggregators, contractors or consumers will be subject to comprehensive data or file review.

Data Validation Controls and Home Assessment Data

The SWI will be required to build or maintain the capacity to collect, store, validate, organize, and format DOE- and CEC-required project data including DOE-required xml files and data points listed in Section 3.2.2 of the Program Requirements and

Application Instructions. The SWI will also be responsible for checking that all required data points were submitted as part of their rebate eligibility checks.

The following is a list of potential controls the SWI may propose:

- Auditing and modeling using software that has basic data validation controls on inputs to ensure data quality.
- Using a system that accurately reads applicant's information including address on enrollment cards from various categorically eligible programs.
- Outlining business procedures to address data exceptions and train the appropriate staff for timely resolution and documentation.
- Developing a protocol for randomly selecting a significant number of home assessments quarterly to conduct data audits.

Additionally, the SWI may be responsible for developing and providing a "kitchen table tool" for contractors to utilize while onsite at a potential Participant's home. The tool would enable the contractor to collect and enter DOE- and CEC-required datapoints and prompt them to capture all data. The need for this task is still to be determined.

Scope of Work Requirements

The SWI will be tasked with assisting contractors to prepare customer invoices that meet program documentation rules including providing an invoice template.

The invoice must include at a minimum:

- Contractor or installer company name
- Project site address
- Project completion date
- Description of equipment and materials installed
- Costs for eligible equipment, materials, and installation labor
- Costs for any other allowable project costs such as permitting fees or required safety inspections. Total project cost before rebates
- Rebate amount applied (based on expected energy savings)
- Net cost to the customer

Desktop Reviews/Data Reviews:

The SWI will be tasked with conducting Desktop Reviews of all projects, with consideration for the consumer experience, to confirm:

- Installation address matches rebate reservation coupon
- Adequate home assessment data gathering (as described above)

- Measures are eligible and meet efficiency standards and contractor scope of work meets program requirements
- Proof of an opened permit and completed ECC testing Compliance with DOE Combustion Appliance Safety (CAS)/Combustion Appliance Zone (CAZ) and other safety testing rules
- Customer contract adhered to DOE rules
- Compliance with all other state and local laws, ordinances, regulations, and standards and program rules

This will include comparing the scope of work provided to the contractor with the installation documentation to confirm that the correct scope of work was completed.

In the case of failed verification, the SWI will work with the contractor to obtain satisfactory documentation or correct work. Rebates will not be paid to aggregators or contractors until Desktop Reviews are complete (or until Inspections are complete, if applicable) and adherence to all project requirements have been met.

Maintaining Records on QA/QC

The SWI will be tasked with retaining records on QA/QC desktop reviews and inspections including sampling rates, findings, corrective actions taken, and verification of compliance. For testing on HVAC equipment, the CEC will leverage California's ECC Program, which requires HVAC Commissioning Testing. Field verification and diagnostic testing will be conducted at each home in which HVAC equipment is installed, as required under the California Energy Code. The ECC reports will be retained by the SWI. All documentation will be retained for the three years following the submission of the final award expenditure report as required by DOE.

Installation Address Verification and Retention of Project Data

The SWI will retain all transaction data required for retention by DOE as described in DOE Program Rules, including proof of combustion safety testing. The CEC will report all required project-level data to DOE, and supporting records will be shared with DOE upon request during the retention period.

Income Category Verification

The HOMES P4P SWI will be responsible for verifying the income of participants in the program who seek the higher low-income incentive. Consumers will prove their income through either categorical eligibility or providing documentation of income eligibility

through federal tax returns or pay stubs. The SWI will not accept self-attestations for either income level or categorical eligibility.

Verification of categorical eligibility will rely on matches with state or federal program databases. For participants qualifying through tax income thresholds, verification will be conducted using tax return data or equivalent documentation.

CEC will allow the SWI to verify a subset of income claims through sampling. The precise verification process including the sample size and verification steps for categorical eligibility will be finalized following discussions with the SWI.

Post Installation Certificate

The SWI will be tasked with providing P4P Program participants with a third-party, post installation Project Certificate in accordance with DOE Program Rules. The SWI will either issue the required certificates directly or will subcontract with qualified providers. Certificates will be issued post-installation to document the work completed and provide the projected energy savings required by DOE guidance. The projected savings will either be provided by the SWI, or, if provided by the contractor or aggregator, will be subject to the SWI's reasonableness check. The SWI will be responsible to track and report that it, or its subcontractors, have provided the Project Certificate.

Training Credentials for Data/File Review

The SWI will be tasked with developing QA and QC Procedures including a description of training credentials required to conduct reviews. Training credentials they propose may mirror those identified in the Direct Install section.

SECTION 5: Inspections

Energy Code Compliance (ECC) / Home Energy Rating Systems (HERS) Program

Under the California Energy Code, beginning in January 2026, all retrofits that include an HVAC system require an onsite inspection, known as field verification and diagnostic testing, which must be conducted by an independent Energy Code Compliance (ECC) Rater. ECC testing is required as part of the local permit process. (Prior to January 2026, the program was known as the Home Energy Rating System or HERS, and testing was performed by HERS Raters.) Any issues uncovered during the ECC test procedure must be remedied by the contractor, given that a successful ECC test is required to close out an HVAC-related permit.

HVAC system testing entails measuring efficiency ratings, refrigerant levels, and thermostat performance as well as testing for ductwork airflow and leakage.

The CEC approves ECC-Providers who will be responsible for training raters and overseeing the quality of their work.

Both the Direct Install and the P4P Programs plan to leverage the ECC Program for components of project inspections and reference the ECC Program in a few places throughout this document.

Direct Install Program

Post-Installation Onsite Inspections

Each regional administrator's team includes a QA/QC partner that will conduct onsite inspections on a subset of retrofitted homes.

The onsite inspections will include:

- A visual inspection of the site and work conditions.
- Verification that the installed measures match the contracted scope of work, and any change orders have been appropriately documented.
- Verification that the diagnostic test results are accurate (may be directly observed if the inspector is present at the time of testing or repeated by the inspector).[2]

[2] For HVAC measures, diagnostic testing will be conducted by an independent ECC rater as described above.

- Compliance with E-Sign or prohibit the use of electronic devices and signatures to enter into the contract if not E-Sign compliant.[3]

Any deficiencies noted during the inspection will be addressed promptly, as described in the Resolution Procedures section above.

In addition, local jurisdiction (city or county) inspectors perform their own independent inspections as part of the permitting process, adding an extra layer of accountability. As described above, all retrofits that include an HVAC system require an onsite inspection, known as field verification and diagnostic testing, conducted by an independent ECC Rater.

As part of the data review process, the regional administrator team verifies that all installations have passed required local jurisdiction inspections and that valid permits have been secured.

In addition to the post-construction inspections described above, a subset of projects will be inspected during the installation process to ensure the proper equipment is being installed, and that installation is proceeding according to the equipment specifications and quality installation standards. For multifamily buildings where measures are installed in a large number of apartment units, installations in the first few apartments will be field verified to assess and approve the installation approach for the remainder of the units. Mid-construction visits will be particularly important for installations that will be difficult to access at project completion, or installations of technologies that are new or otherwise unfamiliar to the contractor.

Records associated with the inspections will be retained by the regional administrators for a minimum of three years after the final payment has been received or five years after the grant term, whichever is later.

In addition to onsite inspections conducted by the regional administrators and ECC Raters, CEC staff may also audit or visit a subset of retrofit home sites to verify work completeness and compliance with program requirements.

The CEC and the regional administrators do not plan to conduct virtual inspections as part of the Direct Install Program.

Training/Credentials

[3] The program participation agreement will be E-Sign compliant. CEC is not requiring a post-installation signature from the property owner.

The personnel conducting the onsite inspections will have obtained one or more of the following training and credentials:

- Building Performance Institute (BPI): Building Science Principles (BSP), Building Analyst Technician (BA-T), Building Analyst Professional (BA-P), Quality Control Inspector (QCI), Energy Auditor (EA), and/or Multifamily Building Analyst (MFBA)
- HERS/ECC Rater
- Home Energy Score Assessor & Quality Assurance Provider
- Certified Energy Manager

Pay for Performance Program

California's SWI will be tasked with ensuring desktop reviews and virtual inspections are conducted by trained, independent inspectors, according to developed and approved protocols. These requirements will help ensure quality installations for customers.

QA/QC Inspection Protocol

The SWI will be tasked with developing QA/QC procedures, aligned with DOE rules and requirements. The procedures will include independent, virtual third-party inspections, with consideration for the consumer experience. An independent post-install virtual inspection will be conducted on a minimum of:

- The first five projects of new contractors / contracting organizations; and
- Five percent of projects thereafter for each contractor (provided no issues are found).

If virtual inspections are applicable, rebates will not be paid to aggregators or contractors until they are complete and adherence to all project requirements have been met. While the SWI will not be responsible for conducting onsite inspections on a regular basis, through the Customer Participation Agreements, CEC will retain the right to conduct onsite inspections, if needed.

To encourage quality and continuous improvement amongst the contractor network, the SWI will maintain protocols for discipline and remediation based on data from post-installation inspection results and customer satisfaction surveys.

As qualified contractors complete projects, the SWI will monitor outcomes. Contractors who have a failed inspection rate that exceeds the value the SWI determines will face disciplinary action and remediation activities.

Independent Inspectors

The SWI will be tasked with conducting desktop reviews and virtual inspections including proposing required credentials and/or required training to conduct reviews. The SWI may conduct reviews and inspections with their own personnel, or they may choose to subcontract the duties. Potential standards they may propose include the following:

- Inspectors/Reviewers should possess BPI certification of at least the minimum required by the program.
- Inspectors/Reviewers should have at least two years of field experience in energy efficiency or a relevant field.

Additionally, the CEC will leverage the existing ECC testing infrastructure, and the qualifications and certifications required by ECC testers.

Virtual Inspection Protocol

The SWI will be tasked with developing procedures for virtual inspections, aligned with DOE rules and requirements. Per DOE rules, the following requirements must be met for all virtual inspections:

- Instructions on the process provided to homeowners as well as multifamily building owners, if applicable.
- A description of the methods used (e.g., video recording, interview with the site contact, photos taken during the virtual tour).
- A description of how installed equipment will be assessed.
- A list of the additional information required, such as submitted project documentation (invoices, specification sheets, and calculation models).
- Requirements for qualifying virtual inspectors
- The tools and platforms that will be used for the virtual inspection.
- A description of privacy agreements

The SWI may also rely on ECC testing, as described above, to meet part or all the requirements when appropriate. In addition to inspections conducted by the SWI and ECC Raters, CEC staff may also audit or visit a subset of retrofit home sites to verify work completeness and compliance with program requirements.

SECTION 6:
Contractors and Other Partners

Direct Install Program

Contractor Outreach and Enrollment

The regional administrators will perform outreach to licensed contractors to encourage their participation in the program and to develop the list of enrolled contractors.

The regional administrators and their partner organizations work with many qualified contractors through other energy efficiency programs and will build on these established relationships to recruit and vet contractors for the Direct Install Program. Outreach to additional contractors will be conducted through industry groups, workforce training programs, trade associations, and community-based organizations. Outreach channels will include program websites developed by each regional administrator as well as email and social media campaigns, advertising in industry publications, and participation in industry events.

In addition, once the CA-Training for Residential Energy Contractors (CA-TREC) program is active, the regional administrators will coordinate with the CA-TREC program implementers to invite contractors trained under the CA-TREC initiative to apply for potential inclusion.[4]

Interested contractors will be vetted by the regional administrators to ensure compliance with the contractor requirements described below. Vetting may also include investigating consumer complaints or matching the business credential against state business entity lists or other available public records to ensure that the business addresses are legitimate.

The CEC will apply to access the U.S. Department of Treasury's "Do Not Pay" database, and once access is obtained, the CEC will use the "Do Not Pay" (DNP) database to vet potential contractors before they are added to the qualified contractor list to help reduce fraud, waste, and abuse. Upon receiving a positive match from the DNP database, the CEC will work with the regional administrator to conduct a manual review

[4] In November 2025, the CEC released a competitive solicitation inviting applications for CA-Training for Residential Energy Contractors (CA-TREC) grants funded by the federal government IRA Section 50123. In March 2026, the CEC released a Notice of Proposed Awards listing the State Building and Construction Trades Council of California, Los Angeles Trade-Technical College, and Western States Council of Sheet Metal, Air, Rail and Transportation Workers (SMART) as proposed awardees.

to determine whether it represents a true match or a false positive. This will include comparing contractor information against the data provided in the DNP database, and requesting additional documentation from the contractor if needed. If the match is validated, the contractor will be denied listing on the qualified contractor list.

Contractors who are verified by the regional administrator to meet all requirements will be manually added by the regional administrator to the qualified contractor list.

Enrolled contractors will be required to participate in onboarding training to orient them to program policies and procedures, including installation standards, safety protocols, inspection procedures, and protocols for remedial and punitive actions. Contractors will also sign a participation agreement with the regional administrator that outlines program expectations and requirements, including a commitment to comply with QA/QC processes and all other relevant provisions of this Fraud, Waste, and Abuse Mitigation Plan.

While the list of enrolled contractors will be publicly available, due to the Direct Install program design, homeowners will not reach out to contractors directly. Rather, the regional administrator will schedule an enrolled contractor to complete the installation after the home assessment has been completed and the participant has signed a participation agreement consenting to the scope of work (measures to be installed).

Contractor Requirements

The regional administrators will vet all interested contractors to ensure that the following requirements are met.

- Contractors must be licensed and in good standing with the California Contractors' State License Board. Typical license classifications for contractors in the program will include, but are not limited to:
  - B General
  - C-2 Insulation
  - C-10 Electrical
  - C-20 HVAC
  - C-36 Plumbing
- Contractors must meet minimum insurance and bonding requirements, including:
  - Commercial general liability insurance
  - Automotive liability insurance
  - Workers' compensation insurance (if applicable)

- Bonding per California state requirements

Participating contractors will be required to meet minimum training and experience standards. Specifically, to ensure high-quality installations, the program guidelines require at least one-third of all construction workers on a project to have either:

- Graduated from a state-approved apprenticeship program, or
- Possess at least three years of relevant installation experience and have received training and certification in the type of equipment being installed.

In addition to training and certification in the type of equipment being installed, all workers must have completed Cal/OSHA safety training. HVAC technicians who will be handling refrigerant disposal will also be required to hold U.S. Environmental Protection Agency Section 608 Technician Certification.

Disqualification of Contractors

Contractors may be removed from the program if they no longer meet program requirements (e.g., license or insurance policy expiration); if they fail to comply with program requirements; or for chronic performance deficiencies, if other interventions are unsuccessful to address the issue.

When deficiencies in contractor performance are identified in the data review or inspection processes (described above), they are documented, and a corrective action plan is developed. If the issue persists after implementation of the corrective action plan, targeted retraining and/or site audits are conducted. Contractors showing chronic performance issues may be flagged for probationary status, heightened QA/QC oversight, or, in serious cases, removal from the program. Protocols for remedial and punitive actions, including potential removal from the program, will be clearly described in the regional administrators' agreements with contractors. Contractors removed from the program will be notified in writing.

Modeling Energy Savings

Due to the Direct Install program design, installation contractors will not conduct home assessments or energy modeling or identify the measures to be installed in the home – those steps will be completed before the contractor is scheduled to conduct the installation.

After the participant has completed the initial enrollment stage, including income verification, the regional administrator will schedule a home assessment for the property. Based on the home assessment, recommended measures will be identified for

the home, and energy modeling will be conducted by the regional administrator to estimate energy savings and bill impacts associated with the recommended measures.

We anticipate that envelope upgrades will be recommended for most homes that receive a heat pump for space heating and cooling to optimize energy savings and occupant comfort. Eligible envelope measures in the Direct Install program include air sealing, insulation, and solar window film. When presenting the recommended measures to the participant, the regional administrator will explain the importance of envelope upgrades to reduce energy use and improve comfort.

The project must be estimated to achieve a minimum 20 percent energy savings. For homes for which BPI-2400 is applicable, the CEC will only authorize the use of modeling tools that are DOE approved, including SnuggPro and OptiMiser. Modeling will be conducted by members of the regional administrators' teams who will be trained in the specific DOE-approved tools being used. As described above, installation contractors will not be responsible for conducting home assessments or energy modeling. The regional administrators will submit modeling files to the CEC along with the other data described in the Data Review section.

Pay for Performance Program

The SWI will be tasked with enrolling contractors and aggregators into the program, while maintaining an up-to-date public, statewide list of enrolled aggregators and contractors. Furthermore, the SWI will be responsible for integrating the approved contractor list into existing platforms for consumers to identify eligible contractors. Contractors, and in some cases, aggregators, will be responsible for conducting home assessments.

Contractor Qualifications

The SWI will be responsible for establishing required qualifications for enrolled aggregators and contractors and developing a Participation Agreement, that includes rules and expectations for program participation. The Participation Agreements will include requirements for compliance with QA/QC processes. Contractors will be required to hold valid licenses relevant to work they will be performing and agree to terms of participation with the program. Additional potential qualifications the SWI may propose to CEC for consideration include:

- No disciplinary action against or documented safety violations connected to the contractor's CSLB license in previous 12 months
- No outstanding judgements or liens

- Proof of current commercial general liability insurance coverage of a threshold amount
- Advanced training and certifications such as BPI
- Enrollment in state-approved apprenticeship programs for certain license types
- Licensure requirements for technicians performing the work in addition to the company as a whole

Contractor Outreach and Development of Contractor List

The SWI will be responsible for developing and implementing a Workforce Outreach and Education Plan to attract qualified aggregators and contractors. This includes developing outreach partnerships with relevant organizations such as trade groups, utility programs, training programs, schools, and non-profits; coordinating outreach with implementers of other pay for performance and rebate programs that may be stacked with HOMES; and identifying strategic outreach channels such as websites, and trade organization publications to reach the desired contractor and aggregator audiences. As described further in CEC's Education & Outreach Plan, the following are examples of outreach channels and related activities that the SWI may propose to CEC:

- Targeted industry events and trade fairs
- Social media and digital media ad campaigns
- An email interest list and providing periodic, relevant content
- Online informational sessions
- A program website that explains the benefits and rules of the HOMES P4P Program with easy program enrollment applications for contractors and aggregators

Additionally, the SWI will conduct outreach campaigns to contractors that have completed training under the CEC's grants as part of IRA 50123 to apply for inclusion on the qualified contract list.

Do Not Pay List

The CEC will apply to access the U.S. Department of Treasury's "Do Not Pay" (DNP) database, and, once CEC obtains access, will use the DNP database to vet potential contractors before they are added to the P4P Program Qualified Contractor List. This will help reduce fraud, waste, and abuse.

Upon receiving a positive match from the DNP database, the CEC will work with the SWI to conduct a manual review to determine whether it represents a true match or a false positive. This will include comparing contractor information against the data provided in the DNP database, and requesting additional documentation from the

contractor if needed. If the match is validated, the contractor will be denied listing on the qualified contractor list.

Contractor and Aggregator Enrollment and Removal

The SWI will be responsible for establishing required documentation and processes for enrollment. These processes will include performing due diligence on contractor and aggregator applicants to the program to prevent the listing of fraudulent or illegitimate entities. This may include investigating consumer complaints, or matching the business credential against state business entity lists or other available public records to ensure that the business addresses are legitimate. The SWI will confirm contractors and aggregators sign Participation Agreements. The Participation Agreements will require that the Aggregators and Contractors comply with this Fraud, Waste and Abuse Mitigation Plan and procedures.

The SWI will also be responsible for monitoring aggregator and contractor adherence to program rules, installation standards, project rules, and documentation standards and rules; and developing and implementing a process for disciplinary and/or removal actions for Contractors who do not comply with program rules.

Contractors who no longer meet the minimum requirements and standards in accordance with the programs will be delisted. This includes, but is not limited to, Contractors that have received complaints, and/or negative feedback as described above in the Consumer Feedback section. Delisting may also include instances where the contractor is found to have committed some type of fraud against the program. The contractor will be removed from all associated listings on all digital channels and printed material. The contractor will also no longer be allowed to tout or promote the ability to contract work on behalf of the Home Efficiency Rebates (IRA Section 50121) program. The SWI will inform contractors of removal in writing.

Public Listing

The SWI will be tasked with maintaining an up-to-date public, statewide list of enrolled aggregators and contractors. The list will be publicly available on the program website, will be searchable, and will direct consumers how to contact participating contractors. Furthermore, the SWI will be responsible for integrating the approved contractor list into existing platforms for consumers to identify eligible contractors and learn about incentives for which they might be eligible. The list available on the program website will clarify that the list only indicates program participation and adherence to minimum requirements and that enrolled status is not an endorsement by the state or DOE.

Energy Savings Calculations and Education

Final meter-based energy savings, to determine whether portfolios meet the required 15% energy savings threshold and to determine rebate amounts, will be performed by the SWI using OpenDSM, or other software that has received DOE approval. Final savings determination will not be made by aggregators or contractors.

However, the SWI will be responsible for determining whether aggregator or contractor energy savings estimates are reasonable at the time of rebate reservations, and for working with aggregators and contractors to refine estimates. Additionally, the SWI will share M&V results with aggregators and provide coaching with the aim of improving aggregator knowledge of energy savings; improving program realization rates; and promoting overall program energy savings performance. For projects with consumption data available during the M&V period, the SWI will provide aggregators with mid-performance period results to allow for addressing installation issues and for adjustments to estimates for other projects.

The SWI will be tasked with educating contractors on relevant energy topics such as how to invest in envelope improvements before investments are made in mechanical equipment and education. Additionally, the SWI will be tasked with providing information to potential participants on envelope improvements and beneficial impacts through the program website and other materials.

SECTION 7: Installation

Direct Install Program

Installation Standards

The regional administrators will work with building inspectors to ensure that all installations comply with local and state laws, permitting requirements, and industry standards. Installers will be required to obtain all applicable permits.

Contractors will be required to follow all requirements of the PNNL Quality Install Tool for all installed measures for which a workflow exists in the tool, other than HVAC measures.[5] Depending on the project, these may include:

- Heat Pump Water Heater
- Electric Wiring
- Electric Load Service Center
- Heat Pump Clothes Dryer
- Electric Cooking Appliances

For HVAC measures, the quality installation standards will be those imposed by the California Energy Code and enforced through ECC field verification and diagnostic testing. The California Energy Code (California Code of Regulations Title 24, Part 6) is updated every three years following a lengthy public process that includes workshops, hearings, and public comment opportunities. Stakeholder groups that participate in the process typically include manufacturers and technology providers, builders, developers, contractors, commissioning providers, acceptance test technicians, utilities, local and state agencies, research institutions, advocacy organizations, and others. The 2025 California Energy Code went into effect on January 1, 2026. The California Energy Code includes robust installation standards for HVAC systems, enforced through field verification and diagnostic testing performed by an independent ECC rater, as described in Section 5.

[5] The regional administrators may require contractors to use the PNNL Quality Install Tool directly or may choose to program all relevant PNNL Quality Install workflows into their own tools that contractors will use. For example, one regional administrator will program PNNL Quality Install workflows into Sightline Mobile to streamline program implementation (since Sightline will be used by contractors as well as by QA/QC staff for data review and onsite inspections).

The regional administrators will verify California Energy Code compliance by reviewing Energy Code compliance documents, which are signed by an independent ECC rater following field verification and diagnostic testing.

Contractors will also be required to report the results of all safety tests as listed in the Data Tools & Requirements Guide, Appendix C.

Participating contractors will be oriented to the quality installation standards as part of the onboarding training described in the Contractors and Other Partners section, and will be provided with clear reference materials.

Compliance with the installation standards will be enforced through the data review and onsite inspection processes described above. Inspection records will document that the standards have been met.

As described above, scopes of work (measures to be installed) will be developed by the regional administrators, not by installation contractors. Scopes of work will be developed through a standardized process to optimize energy savings, bill savings, and participant comfort, while controlling program costs.

Participation Agreement Language

The regional administrators will collaborate with the CEC to develop a standard Program Participation Agreement for each region. The participation agreement will include, at a minimum:

- Measures to be installed, including labor and materials warranty information.
- Benefits expected from installed measures, including modeled energy savings and bill impacts.
- Expected duration of construction and construction hours.
- Whether temporary displacement is required and who will be paying for it.
- For rental properties, tenants' and property owners' rights, responsibilities, and limitations related to participation in this program, including rent increases, displacements, and evictions; and for property owners, obligations regarding future tenants and sale of property, pursuant to Direct Install Program Guidelines and HOMES Program Requirements.
- Expected timing of post-project follow-up surveys.
- Number to call or email address to contact regarding any concerns with a project funded by this program, including tenant protections.

- Penalties associated with the violation of Program Participation Agreement terms, including tenant protection provisions. Penalties may include repayment of all project costs.

Financing

The Direct Install Program will not utilize financing. As described in the CEC's approved HOMES Program Application, retrofit costs will be fully covered for participants through a combination of federal and state funding.

Pay for Performance Program

The SWI will be tasked with developing and monitoring adherence to P4P Program rules regarding installation standards and verification, scope of work requirements, financing, and contract and sales language.

Installation Standards

The SWI will require proficiency with California's state and local building and energy codes and ordinances, as well as permitting requirements. As noted above in Section 5, the state already requires a robust ECC process as part of permitting. The SWI will be tasked with establishing quality installation standards for projects, developing QAQC procedures, and conducting desktop reviews and virtual, inspections. Desktop reviews and inspections will confirm that permits have been pulled and closed, and that ECC testing was completed, where required.

All installations will need to comply with local and state building and energy codes and ordinances, as well as permitting rules.

Standardized Scope of Work

The SWI will be tasked with assisting contractors to prepare customer invoices that meet program documentation rules as well as providing an invoice template. For each project, the contractor will be required to submit an invoice consistent with their normal business practices or utilize the template provided by the SWI. As noted above, at a minimum, all invoices must include:

- Contractor or installer company name
- Project site address
- Project completion date
- Description of equipment and materials installed
- Costs for eligible equipment, materials, and installation labor

- Costs for any other allowable project costs such as permitting fees or required safety inspections.
- Total project cost before rebates
- Rebate amount applied (based on expected energy savings)
- Net cost to the customer

The homeowner or building owner will be required to acknowledge the accuracy of the invoice.

Installation Standards Verification

As noted in Section 5, the SWI will be tasked with conducting desktop reviews and inspections. They will be required to confirm the following and retain records:

- Adequate home assessment data gathering
- Measures meet performance standards
- Permit pulled and ECC testing, where required
- Compliance with DOE Combustion safety and other safety testing rules
- Compliance with all other state and local laws and requirements, and program rules

Financing

The HOMES P4P Program will not include a program-sponsored financing offering.

When aggregators or contractors offer financing to customers, either through their company's own financing arm or affiliated relationship, and serve as the conduit for the credit application, the company may not use project savings from an energy report in their underwriting. This requirement will be included in the Aggregator and Contractor's Participation Agreements. CEC expects that the financing entities behind aggregator or contractor-conduit financing are likely to use industry standard underwriting to determine ability to repay. These are likely to include the use of credit scores and/or credit reports to evaluate a customer's likelihood of repayment based on repayment history; or a customer's debt to income (DTI) or debt service coverage ratio (DSCR) ratio to evaluate their likely capacity to be able to service a loan or financing agreement based on their current income and liabilities.

Additionally, for aggregator or contractor-conduit financing, the aggregator or contractor must adhere to a seven day cooling off period for which the waiting period can only be waived, by the customer, in the event of a personal emergency requiring emergency work as well adhere to a 3-day right to cancel.

As part of the requirements for the SWI to receive and process rebate applications, they will conduct eligibility checks that include confirming requirements for financing cooling-off periods were met and using energy savings projections for underwriting were avoided for these contractor financing offerings.

When contractors refer customers to third parties for financing opportunities, or when customers seek their own financing, the SWI will not be responsible for verifying conformance to these standards. Instead, the SWI will provide aggregators and contractors with information to relay to customers to help them make informed decisions about financing.

Contract and Sales Language

The Participation Agreement for contractors will require that they align their own marketing materials with program materials and messaging. The Agreement will state that contractors who misrepresent the program will be removed. If the SWI becomes aware of, or reasonably should have become aware of, contractor sales processes or materials that are false, misleading or misrepresenting, they will be responsible for investigating and following the remediation process as described above. The SWI will be expected to provide to CEC how they will ensure customers will be protected from misrepresentation on sales and contract language. In addition to the participating contractor agreements and potential for being removed from the program, this may include reviewing collateral or sharing recommended language and best practices.

SECTION 8:
Continuous Improvement

CEC will follow DOE requirements to pursue continuous improvement activities through the duration of the program. CEC commits to reviewing the Fraud, Waste, and Abuse Mitigation Plan at least every 2 years, adjust based on lessons learned and best practices, and communicate changes to the regional administrators, SWI, contractors, aggregators, third-party inspectors, and DOE. In addition to the bi-annual updates, CEC will report quarterly to the DOE, and the reporting will include information on the state's monitoring, review, and revision of the Fraud, Waste, and Abuse Mitigation Plan based on program performance.

Direct Install Program

Preventing Fraud, Waste, and Abuse

The CEC and the regional administrators will take proactive measures to prevent, identify, mitigate, and reduce fraud, waste, and abuse on the part of contractors and participants, including:

- All participants' income eligibility will be verified through a review of tax returns, pay stubs, or proof of enrollment in another approved income-qualified program. For a sample of participants, income documentation will be further verified through cross-checks with the IRS, other program administrators, and/or employers. This approach will identify and mitigate any potential fraud on the part of participants during the enrollment phase.
- The scope of work (measures to be installed) will not be determined by the contractor, but by the regional administrator. A member of the regional administrators' team will conduct the home assessment and energy modeling to verify existing conditions in the home and identify recommended measures. The contractor will be brought in after the scope of work has been developed. This approach avoids the possibility of contractor fraud in home assessments or scope of work development, since contractors will not be conducting these tasks.
- Contractors will be carefully vetted by the regional administrators before they are enrolled in the program to reduce the likelihood of contractor fraud.
- The contractor will be required to submit detailed documentation of the installation, including photos of installed equipment. Regional administrators will conduct a thorough review of all documentation prior to paying contractor invoices. This approach will identify and mitigate any potential fraud on the part of contractors during the installation phase.

- All projects that include an HVAC system will be inspected by a third-party ECC Rater. Additional on-site inspections will be conducted by the regional administrator for a subset of projects, as described in Section 5. Some projects will also be inspected during the installation process. This approach will identify and mitigate any potential fraud on the part of contractors during the installation phase.

The regional administrators will promptly report any instances of suspected fraud to the CEC for a coordinated response.

In addition, the CEC will monitor against fraud, waste, and abuse through its review of project-level data submitted to the program database, as well as invoices and monthly progress reports submitted by the regional administrators.

According to the Terms and Conditions of CEC's agreement with the regional administrators, the CEC Executive Director may initiate an investigation of any regional administrator, subcontractor, vendor, or participant that the Executive Director has reason to believe may have misstated, falsified, or misrepresented information in submitting an application, payment claim, or reporting any information required by the agreement. 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.

Automation

The regional administrators will submit data to the CEC's program database through a secure API connection. The system includes built-in validation controls to ensure the data meets predefined specifications and will require all data fields and documents to be submitted prior to issuing payment for a given project. Any errors and inconsistencies will be flagged during the data submission process.

In addition, the CEC uses a system called the Energy Commission Agreement Management System (ECAMS) to track invoices and budgets and compare budgeted versus actual expenditures.

Measuring and Evaluating QA/QC Systems

The regional administrators will conduct QA/QC self-assessment processes to monitor the effectiveness and consistency of their own QA/QC systems. This includes a review of:

- Consistency and completeness of inspection records.
- Adherence to program rules.
- Timeliness of inspections and corrective action follow-up.
- Contractor and program participant feedback regarding QA/QC performance.
- Data integrity within central databases.

This review will occur on at least an annual basis. Any gaps identified are used to improve processes, update training, and refine checklists, ensuring the QA/QC processes remain current and effective.

Program Improvement

The regional administrators will regularly analyze QA/QC results to identify recurring installation challenges. These findings will be used to inform contractor training and updated QA/QC procedures.

In addition, the CEC and the regional administrators will jointly consider results, lessons learned, and data from program implementation to evaluate success and identify course corrections and adjustments. This review will occur on at least an annual basis.

In identifying course corrections and adjustments, the CEC and regional administrators will consider the following factors:

- Contractor performance as measured by critical review of project scopes and pricing, participant reviews, site visits, and other QA/QC measures
- Actual energy savings results for projects (calculated by the CEC or another contractor utilizing standardized, open-source analytical methods)
- Actual bill impacts for completed projects
- Program Participant Hotline calls
- Participant surveys
- Budgeted versus actual expenditures

The CEC will meet regularly with the regional administrators to identify and implement program improvements and will provide quarterly updates to the DOE as part of the quarterly reporting process.

Monitoring Program Budget

The CEC has approved a detailed budget for each regional administrator, including a breakdown of all costs by category (rebate, project-related, and administrative) in compliance with DOE requirements. The 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 has assigned a CAM to manage the agreement with each of the three regional administrators. Each CAM is responsible for monitoring the budget for the region, reviewing invoices, and reviewing project-level data submitted to the CEC's program database to ensure that funds are being used efficiently and effectively. The ECAMS system will be used to track rebate, project-related, and administrative funds expended by region, by building type (single family, manufactured home, or multifamily), and overall. The CEC and the regional administrators will follow Generally Accepted Accounting Principles (GAAP).

Pay for Performance Program

The SWI will be tasked with developing processes and procedures to address program improvement, fraud mitigation, leverage automation, measurement and evaluation of QA/QC systems, and budget and financial performance.

Program Improvement

The SWI will be tasked with continuously assessing program metrics to evaluate success and propose course corrections to the CEC. The CEC and the SWI will jointly consider results, lessons learned, and data from program implementation and complaint resolution procedures to evaluate success and identify course corrections and adjustments on a regular basis. This review will occur on at least an annual basis.

The CEC will meet regularly with the SWI to identify and implement program improvements and will provide quarterly updates to the DOE as part of the quarterly reporting process.

Mitigating Fraud

The SWI will be responsible for developing procedures to pro-actively mitigate fraud as well as monitor and investigate potential fraud, waste, and abuse. An example of the procedures the SWI may propose and implement for fraud are as follows:

- Carefully vetting contractors, training contractors on eligibility and ensuring contractors are aware of QA/QC procedures and disciplinary procedures to send a strong message that fraudulent activities will be caught and not tolerated.
- Conducting data reviews and virtual inspections prior to paying rebates.

- The SWI will report to the CEC immediately any serious issues, such as fraud, harassment, discrimination, security breaches, or complaints, along with a description of the proposed steps to resolve such issues as they arise.
- The CEC will track and coordinate with the SWI on all instances of potential fraud concerning the Program
- Any participants, aggregators, contractors, or consumers, involved with serious issues will be temporarily suspended from the program and, in the case of contractors, removed from customer-facing listings while investigations occur.
- If QA/QC processes identify any potential fraud or misuse of rebate funds, the SWI will investigate, inform the CEC, and take appropriate action.

In addition, CEC has and will continue to update its IRA-program websites to warn of potentially fraudulent threats, such as the "Watch out for IRA Rebate Scams" notice posted August 2024. When the CEC's IRA Customer Support Center is notified by consumers or stakeholders of potential fraud, the CEC will act or coordinate with subrecipients as appropriate. The CEC process will encourage consumers or stakeholders to reach out to the California Attorney General's office, the California Department of Consumer Affairs, or the California Office of the Inspector General for additional investigation, counsel, or action.

Leveraging Automation

The SWI will be responsible for reporting transaction (project) and program data regularly to a CEC central database, eventually by API. The SWI will be responsible for flagging any errors or inconsistencies during the automated data submission process. The CEC will also share any errors or inconsistencies identified in data submissions with the SWI and discuss how to resolve them.

In addition to data points required by DOE Program Rules, examples of potential transaction (project) data for reporting to CEC include reporting on project timelines by stage.

This data about project timelines will assist the SWI in identifying bottlenecks and areas for improvement.

Additional potential program items for reporting to CEC include aggregator and contractor activity, results of customer satisfaction surveys, and QA/QC results. While processing and analyzing this data, the SWI will be responsible for identifying issues and trends to improve the program.

Measurement and Evaluation of QA/QC Systems

The SWI will be tasked to continuously assess program metrics, consider lessons learned and evaluate data from program implementation, including customer feedback mechanisms and QA/QC inspections. The SWI will be required to develop key performance indicators (KPIs) for the program and measure against them to evaluate success. The SWI will be responsible to identify gaps in the QA/QC systems. This review will occur on at least an annual basis.

As CEC identifies issues or concerns with QA/QC, CEC will bring them to the SWI. The SWI will propose course corrections to the CEC, including updating training and refining process checklists to ensure the QA/QC processes remain effective, and then implement approved recommendations in a timely manner. The SWI will also use results from the QA/QC inspections to make recommendations for other program changes such as data collection and submission, contractor training, installation, and requirements.

Budget and Financial Performance

The CEC will be responsible for ensuring that administrative limits of the program expenses are maintained. The CEC will maintain the responsibility of monitoring the program's budget and financial performance to ensure funds are being used efficiently and effectively. The CAM will review and approve invoices received from the SWI, including tracking actual expenses against budgeted expenses.

On a quarterly basis, CEC staff working on the P4P Program will coordinate with budgets and accounting teams to verify internal CEC staff labor and contractual expenses for the quarter, as well as planned spend for the next quarter. Any identified discrepancies will be investigated and resolved.

Additionally, the CEC plans to engage the services of a compliance contractor to support administrative monitoring, reporting, compliance, and auditing associated with federal funding. Upon approval, the CEC's contractor will support the effective and efficient use of federal funds for CEC's federally-funded programs through activities that may include:

- Identifying compliance requirements
- Developing materials and providing training to CEC staff, contractors, and subrecipients on federal reporting and compliance requirements
- Ensuring applicable compliance responsibilities are incorporated into the terms and conditions of sub-awards
- Developing monitoring and administration procedures
- Providing guidance on tasks and deliverables in each project's scope of work related to federal compliance responsibilities

- Submitting reports to federal agencies and entering data as required
- Providing support and guidance on required financial management practices for federal awards
- Providing support and guidance for federal reporting obligations
- Providing support, guidance, and technical assistance for federal monitoring obligations
- Providing support, guidance, and technical assistance for project performance period modification and closeout.