Narrative Document Template

IRA Section 50121: Home Owner Managing Energy Savings

June 2026

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 documents. Program Notice 26-1 provides new guidance that supersedes certain existing guidance on the HOMES Program. 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. Please note that final approved numbers are in the Budget Justification Workbook and numbers included in the document below are estimated. 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.

Home Owner Managing Energy Savings 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. Program Notice 26-1 Section 3.3 creates new options for this answer, including using rebate funds to include warranties or accessories necessary for installation and operation, using rebate funds to cover appropriate state or local taxes, and using rebate funds to cover shipping and contractor travel costs for programs in AK, HI, and U.S. territories.

   Please note that "rebate funds" indicate the remaining amount of grant funds after subtracting "administrative funds".

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:

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 and reduce greenhouse gas (GHG) emissions. 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 entered into agreements with the Regional Administrators 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 whose scope of work will include Measurement and Verification (M&V) of energy savings.

Total HOMES Budget Allocation: $291,366,906

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

- Staff: The state plans to fund 16 full and part-time staff members to support the HOMES program. $19,697,339
- TOTAL
    - Personnel (compensation): $ 11,077,394
    - Fringe: 5,584,331
    - Indirect (Estimated at 14 percent through June 30, 2026 and 19% starting July 1, 2026): $3,035,634
- Other OE&E
    - Travel: $303,840
- Contractual and/or Subrecipient: Separate from and in addition to the budget for CEC program staff, subrecipients and/or contractors will incur administrative costs as described below. $38,272,203
    - EBD Regional Administrators: $11,909,822

      The CEC has selected three Regional Administrators to implement the EBD Direct Install Program as subrecipients. The Regional Administrators' scope of work includes, but is not 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: $16,500,000

      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; and overseeing aggregator and contractor participation, eligibility verifications, rebate reservations, consumer protections, and QA/QC. Responsibilities related to utility data and M&V will include, but not be limited to, helping aggregators identify high impact projects, data integration and sharing with 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. 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: $3,000,000

  The CEC will contract for the development and maintenance 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.

  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 Laboratory (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).

  Additional costs may include program-level M&V of energy savings for the P4P program.

- Compliance, Monitoring and Reporting Support Contractor: $4,362,381

  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.

- Interim Assessment and Evaluation Support Contractor: $1,000,000

  CEC plans to engage a Contractor to provide early findings and interim, ongoing assessments of program processes. The Contractor may also assess program outcomes (not including outcomes that will be measured and assessed through other processes such as M&V). The Evaluation Support Contractor's responsibilities may include, but are not limited to, developing evaluation plans and metrics; conducting interviews with program stakeholders and participants (including but not limited to energy contractors, aggregators, regional administrator team members, subcontractors, and vendors, property owners, tenant participants and consumer non-participants); analyzing project and program data; sharing findings informally with the EBD regional administrators, P4P SW Implementer and CEC staff; and issuing recommendations for improvements.

  Note that CEC still plans for both HOMES programs to undergo DOE evaluation, as required. The Evaluation Support Contractor will not be conducting an official state evaluation.

- EBD Measurement and Verification (M&V) Provider: $1,500,000

  CEC plans to engage a Contractor to perform measurement and verification for the EBD projects to determine energy-related impacts such as avoided energy use, energy efficiency, change in household average coincident peak load, utility bill impacts and others. While not required as part of the modeled pathway, CEC is interested in quantifying impacts from the EBD Program. The M&V Provider's analysis will also look at the impacts of similar projects in non-targeted control groups, including projects funded by the EBD GoGreen Home Financing Program and the EBD Tribal Direct Install Program, to help determine the effectiveness of the EBD Program's screening and targeting. CEC staff will be able to compare the results of the M&V analysis to several different modeled estimates of savings for specific projects. Together, looking at the effectiveness of targeting projects and comparing modeled versus measured results will

support some of CEC's key objectives outlined in the Market Transformation Plan.

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

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

- Rebate reimbursement costs:
    - No cost, direct install whole-home efficiency retrofit projects through the EBD Direct Install Program $130,254,550
    - Rebates for whole-home efficiency retrofit projects through the Pay for Performance Program ($90,250,347)
- Project-related (rebate delivery) costs: The proposed set of activities listed in the response to question #2. ($12,588,628)

If, after launch and initial P4P Program implementation, CEC determines the P4P/measured pathway is not feasible and/or CEC or the SW Implementer will not be able to deploy the $90,250,347 in rebates during the program performance period, CEC will shift rebate, and potentially administrative, funds to the Direct Install Program.

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

The program is anticipated to run for 7 years with annual spending of $8,324,769 on average, however, there will be higher administrative spending upfront.

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

CEC proposes to spend 4.32 percent of total funds (5.4percent of rebate funds), totaling $$2,517,712 annually, on project-related costs, over 5 years of program activity.

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

CEC plans to expend $12,588,628 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.

- Community delivery, including focused marketing and outreach ($3,271,771)
    - The EBD Direct Install Program will be implemented at the community level in selected under-resourced communities ("community focus areas").
    - 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 ($1,474,800)

- Contractors will be provided a $200 incentive for each project located in a DAC upon completion and verification of the installation.
  - For single-family projects in DACs, one $200 contractor incentive will be provided for each project.
  - For multifamily buildings in DACs that receive in-unit upgrades only, one $200 contractor incentive will be provided for each dwelling unit.
  - For multifamily buildings in DACs that receive central system upgrades (such as a central HVAC heat pump or a central heat pump water heater), one $200 contractor incentive will be provided for the building as a whole, even if the building receives in-unit upgrades in addition to the central system upgrade.

- 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 73.

  - Regional Administrators will be responsible for providing, or contracting for, Home Assessments conducted in accordance with DOE guidelines.

P4P

- DAC incentives ($500,000)
  - Either the Aggregator or Contractor will be provided a $200 incentive for each project located in a DAC upon verification that the portfolio for the project achieved 15% energy savings during the 12 month performance period. CEC will consult with the SW Implementer as to whether payment of the incentive to the Aggregator or Contractor will be more impactful.
    - For single-family projects in DACs, one $200 incentive will be provided for each project.
    - For multifamily buildings in DACs that receive in-unit upgrades only, one $200 incentive will be provided for each dwelling unit.
    - For multifamily buildings in DACs that receive central system upgrades (such as a central HVAC heat pump or a central heat pump water heater), one $200 incentive will be

	provided for the building as a whole, even if the building receives in-unit upgrades in addition to the central system upgrade.

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 developed detailed budgets which were approved by the CEC, and 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. The solicitation for the EBD Regional Administrators required 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 has developed 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 SW Implementer to track the location, equipment, income, energy impact, and building type of rebate recipients, the HOMES 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. QUESTION OMITTED

Section 3.1.2: Rebate Conditions and Levels

5. Provide the maximum rebate amounts that will be offered within the allowances of the HOMES 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 of the Program Requirements & Application Instructions document.

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.

Table: EBD Maximum Rebate Amounts for Single Family

Modeled Savings	Income Level	Rebate Amount
20-34%	≤80% AMI	Lesser of $24,000 or 80% of project cost
20-34%	>80% AMI	Not eligible
35% or greater	≤80% AMI	Lesser of $24,000 or 80% of project cost
35% or greater	>80% AMI	Not eligible

Table: EBD Maximum Rebate Amounts for Multifamily

Modeled Savings	Income Level	Rebate Amount
20-34%	Building with ≥66% of households with incomes ≤80% AMI	Lesser of $24,000 or 80% of project cost
20-34%	Building with >34% of households with incomes >80% AMI	Not eligible
35% or greater	Building with ≥66% of households with incomes ≤80% AMI	Lesser of $24,000 or 80% of project cost
35% or greater	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.

CEC staff used modeled energy-savings outputs to estimate potential rebate values for P4P efficiency projects. The analysis found that older, less-efficient homes may experience very high energy savings, and thus also, high rebate values. CEC plans to conduct additional analysis to calibrate the modeled outputs against available data from completed residential efficiency projects and refine the estimates of likely rebate values to what is needed to motivate customer, contractor and aggregator participation.

Following this analysis, in addition to the above statutory caps, the CEC plans to impose state absolute value caps for market rate and low-income households. These state absolute value caps will help 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 will consult with the SW Implementer on the final value for the state absolute value cap.

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 HVAC energy projects cost around $20,000 on average. CEC staff estimates that a heat pump HVAC with air sealing is likely to cost, on average, $25,000 and a heat pump HVAC 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.

Table: P4P Maximum Rebate Amounts for 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	Lesser of $TBD or 80% of project cost

		project cost, **with relative weightings to value time and possibly location.**	
15% or greater	>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 and possibly location.**	Lesser of $TBD or 50% of project cost

Table: P4P Maximum Rebate Amounts for 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 and possibly location.**	Lesser of $TBD or 80% of project cost per dwelling unit
15% or greater	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**	Lesser of $TBD or 50% of project cost per dwelling unit

		weightings to value time and possibly location.	

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 11), CEC also expects aggregators to target savings at the most valuable time for grid benefits. Thus, rebate values for most projects could be higher than $2,000.

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

   Note: Program Notice 26-1 Section 3.3 creates new options for this answer, including using rebate funds to include warranties or accessories necessary for installation and operation and to cover appropriate state or local taxes.

   ☐ Defer response to State Implementation Blueprint.

EBD: Allowable project costs include all retrofit measures costs (including equipment, installation labor, remediation, permitting, warranties, accessories necessary for installation and operation, and appropriate state and local taxes).

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: Rebates are based on energy savings, not project cost. Regardless of energy savings, HOMES rules cap the total maximum rebate at 50% of project cost for households with incomes of 80% AMI and greater, and 80% of project cost for low-income customers.

CEC will allow the following costs to count toward project cost:

- Home assessment costs
- Energy measures and their associated costs for labor, equipment, materials, permitting, safety inspection, warranties, accessories necessary for installation, and appropriate state and local taxes
- Measures legally or practically related to complete an energy- project such as relocation of a water heater, electrical panel upgrade, or other code-compliance

CEC will further refine the list of allowable costs with the SW Implementer and provide the final list to DOE for review and approval.

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

☐ Defer response to State Implementation Blueprint.

EBD: Installation contractors will invoice the regional administrators for eligible project costs. CEC will retain copies of invoices for work performed at each eligible address. Regional administrators will also provide a project summary to each program participant showing 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 to the CEC 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: For each project, the contractor will be required to submit an invoice consistent with their normal business practices or use a template provided by the SW Implementer.

At a minimum, the invoice must include:

- Contractor or installer company name
- Project site address
- Project completion date
- Make, model and description of all installed equipment
- Costs for eligible equipment, materials, construction elements, and installation labor
- Costs for any other allowable project costs such as permitting fees or required safety inspections

The invoice must also state the total project cost before rebates, the rebate amount applied (based on expected energy savings), other up-front rebates or incentives, and the net cost to the customer.

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 of all programs used to cover the cost of the project, including state EBD funding, federal funding, and funding from any other programs.

P4P: The SW Implementer will be responsible for informing households of the potential of layering and stacking rebates, when appropriate, to ensure participants are aware of opportunities to stack incentives from non-federal sources. The SW Implementer will also be responsible for integrating HOMES rebates into other state and local energy programs where practical and feasible. This includes ensuring that P4P rebates are incorporated into platforms that serve as a centralized resource to access information on incentives, programs, and contractors.

Participating contractors will be encouraged to inform homeowners about available complementary funding sources during their engagement with customers.

The CEC anticipates homeowners will become aware of funding opportunities through a combination of contractor-provided materials, implementer outreach efforts, and through utilities and other agencies.

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 with HOMES funds will be determined once DOE grants approval to launch. Due to the program's design, it will not

be possible to provide retroactive rebates for upgrade projects installed prior to the DOE's approval for launch and the relating EBD HOMES program launch.

P4P: Households that apply to receive a HOMES P4P rebate for a home upgrade that began on or after August 16, 2022, but before the state's P4P program launch, are subject to all program requirements. They will be required to provide all information noted in the Data & Tools Requirements Guide and follow all the CEC's program rules. Generally, because the complete program requirements will not have been publicized prior to launch, it will be challenging for retroactive projects to qualify.

For projects initiated after program launch, the contractor or aggregator must submit proof of installation within 90 days of receiving a rebate reservation.

The CEC and the SW Implementer will together explore how to possibly include cases of emergency equipment replacement. One model would be that the aggregator could choose to take on the risk that the project is eligible as they would most likely pay out a rebate without receiving a rebate reservation in advance. Some considerations, but not all, for CEC and the SW Implementer will include how to ensure that all eligibility requirements are met and the timeframe of the installation.

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, consistent with the requirement outlined in IRA 50121(b)(3). 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 goal is to reduce GHG emissions. 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 5's response, the P4P program will be structured to value and reward energy savings based on time of use. The 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 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 5 and 13. Finally, all projects will be subject to the M&V process described in Question 62 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.

    Note: Program Notice 26-1 Section 3.3 makes ENERGY STAR certification optional for heating, cooling, and water heating products used in HOMES upgrades, so this question is no longer required.

EBD: Regional Administrators will be responsible for ensuring that all equipment installed is eligible according to the requirements established in the EBD Direct Install Program Guidelines. The EBD Direct Install Program Guidelines require heating, cooling, and water heating equipment to meet the highest efficiency tier (not including any advanced tier) established by the Consortium for Energy Efficiency.

P4P: The P4P Program will not impose a separate ENERGY STAR certification requirement. Eligible measures and equipment must comply with applicable federal, state, and local requirements and any additional CEC-approved Program requirements. Because P4P rebates are based on measured energy savings, the Program structure incentivizes efficient project performance without requiring a separate prescriptive list of ENERGY STAR-qualified products.

13. A state interested in offering higher rebates amounts than those listed in Tables 2 and 3 in the Program Requirements and Application Instructions 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. **[P4P]**

i. Receive an energy upgrade that is modeled to save between 20% and 34% of energy. **[EBD]**

- % 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. **[EBD]**

- % of project cost:

  80%

- $ amount for low-income household:

  $24,000

iii. Receive an energy upgrade that achieves at least 15% measured energy savings.

- % of project cost:

- $ amount for low-income household:

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 with 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 retrofitted. 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.

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.

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. Accordingly, rebate values for some projects could be substantially higher than $4,000.

Also, as noted in the response to Question 5, CEC plans to impose a state absolute value cap to limit the value of rebates in the case of high-cost, high-savings projects that would otherwise result in very large rebate values.

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: The P4P program is structured such that rebates are performance-based. Homeowners receive their portion of the rebate at the time of project installation and payment, based on expected energy savings. Aggregator payments are ultimately contingent on verified energy savings at the end of the M&V period.

Aggregators take on two main functions for the program. First, they provide financing to reimburse contractors for the homeowner's portion of the rebate (that is not covered by the upfront partial payment), as contractors cannot float rebate costs for the duration of the M&V period. Second, they take on the performance risk of the project. While homeowners receive their rebate value regardless of performance, the aggregator is only paid if the required threshold of savings materializes.*

CEC anticipates that performance risk and financing cost will govern the portion of rebates that aggregators will require to incentivize their participation in the program. CEC aims to pass as much value as possible to homeowners to reduce project costs, while ensuring aggregators have a viable path to cover project costs and performance risk.

The share of rebates required to be retained by aggregators could vary based on project characteristics and aggregator business models. For example, some aggregators may simply reimburse the contractor for the customer's share of the rebate included on the project invoice. Others may convert the customer rebate share to an interest rate buydown, to secure low-cost financing from a lender so that the customer may finance their project. In all cases, the rebate allocation will be transparent to the homeowner.

Given the nascent residential aggregator market and industry concerns about performance risk and the viability of the measured pathway, CEC at this time cannot mandate a percentage that must be passed to the homeowner. It is important that the program balance prioritizing passing rebate to homeowners with maintaining enough flexibility to attract aggregators. To participate in the program, aggregators will be required to

disclose the minimum percentage rebate they will pass on to homeowners and demonstrate to CEC and the SW Implementer that they are passing on the maximum percentage or amount feasible for their business model. All aggregators will be required to pass on some portion of the rebate value to homeowners and there will be no situation where zero percent rebate is provided to the homeowner. CEC plans to work in consultation with the SW Implementer to review aggregator proposals to participate in the program and determine whether their proposed portion to share with homeowners is reasonable and should be approved.

CEC and the SW Implementer may approve tiered structures. For example, an aggregator may propose to pass a smaller percentage of the first "x" thousand dollars of the expected rebate to homeowners, with a greater percentage applied to the next "y" thousand dollars. This would require aggregators to pass a larger overall percentage of the rebate to homeowners for projects with higher value rebates. This tiered structure would reflect the likely possibility that more of the aggregator's fixed costs and risk premiums would be covered by their share.

Over time, as the program matures and aggregators gain experience managing performance risk and scale, CEC and the SW Implementer will revisit the issue and consider increasing the percentage of rebates allocated to homeowners. As additional residential aggregators enter the market, it is expected that competition for contractor relationships will encourage aggregators to maximize the share of rebates they extend to homeowners.

CEC is not expecting to mandate the share of rebate that will flow to contractors. Aggregators will be free to decide how to share their portion with contractors.

* We expect, in most business models, that aggregators will reimburse contractors shortly after installation or project QA/QC. We expect that some aggregators may also withhold a percentage of rebate payment until the end of the M&V period, in order to incentivize the contractor to address any equipment performance issues.

a. Describe what caps the state will place on contractor/aggregators in terms of measured 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: CEC will cap reimbursement for savings exceeding 120% of the rebate estimate. For example, if a contractor or aggregator estimates a rebate to be $3,000 based on projected savings, and the measured savings were greater, the aggregator's maximum reimbursement would be limited to $3,600, even if the savings could have justified a larger rebate. This cap reduces the risk of aggregators and contractors deliberately underestimating savings to retain a higher percentage of the rebate for themselves. At the same time, the 120% cap still provides contractors and aggregators a reward for superior performance and helps aggregators manage the overall performance risk in their portfolio.

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 multifamily households through the EBD Program, there will be no need to manage specific low-income 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 11). It's expected that some 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 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 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 as described in the response to Question 14). The aggregator will notify the SW Implementer when installation is fully complete.

If installation is not completed within 90 days 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 the 12-month post-installation M&V process. Aggregators will not perform their own M&V.

Post the M&V period, the SW Implementer 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 11, 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 and the SW Implementer will continue to explore valuing rebates based on location, to address grid-constrained areas of the state.

CEC expects many aggregators will adjust their existing incentive estimation tools to incorporate the HOMES rebate levels. Additionally, the SW Implementer will either provide a tool for aggregators to help them estimate the value of the HOMES incentive or calculate estimates for each project based on forecast load shapes for the installed measures.

[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.

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

☐ Defer response to State Implementation Blueprint.

EBD and P4P: Although this question asks specifically about the measured path, and the Direct Install Program will use the modeled path, CEC is responding for both programs.

If the regional administrators and SW Implementer were to receive payment requests from Eligible Rebate Recipients, and then periodically invoice CEC for the incurred costs,[2] CEC would provide payment according to the state's net 45-day payment terms. By the time the regional administrators and SW Implementer were able to issue payment, it would exceed the 4-week requirement for the modeled pathway and likely beyond the 60 day requirement for the measured pathway. The regional administrators cannot advance their own funds to the Eligible Rebate Recipients while awaiting payment from the CEC. CEC does not expect the SW Implementer to have capacity to advance their own funds to Aggregators.

<u>Advance Payments for Completed Projects</u>
To meet the DOE requirement of providing payments to eligible rebate recipients within the required timeframe, the CEC plans to establish a periodic advanced payment process, as was done with the HEEHRA program.

For the Direct Install Program, a "completed project" means a contractor invoice has been received and installation and QA/QC are complete. For the P4P Program a "completed project" means installation and QA/QC are complete, the 12-month post-retrofit M&V period has passed, the SW Implementer has made M&V and rebate value calculations, the aggregator has assigned the project to a portfolio, and the SW Implementer has confirmed the portfolio has met the 15% savings requirements and the aggregator has submitted a request for payment.

The CEC plans for a process as follows that mirrors the approach taken with the HEEHRA (50122) Program:

1) In the quarter prior to when the regional administrators and the SW Implementer anticipate completion of projects, they will submit an initial advance payment invoice to the CEC.
2) The CEC will follow its standard invoice review and approval processes, routing invoices through the program Commission Agreement Manager for a thorough review against the agreement for accuracy, compliance

[2] Assuming that CEC determines incurred costs are allowable in a contract which is the likely vehicle for the SWI.

and, in the case of advance payments, justification for need based on timing of rebate payments.

3) Advance payment funds will be deposited in an interest-bearing account, per CFR 2.CFR.200.305.

4) When one of the regional administrators or the SW Implementer receives rebate reimbursement requests (after project completion and QA/QC for the EBD Program and after the 12-month M&V period and final portfolio savings determination for the P4P program), the regional administrator/SW Implementer will issue prompt payments to Eligible Rebate Recipients.

5) On a rolling basis, the RA and the SW Implementer will then again submit advance payment invoices to the CEC for the anticipated amount to be disbursed to Eligible Rebate Recipients during the next quarter. As program activity increases, the CEC anticipates the advance payment requests will increase in amount but continue to be based on the regional administrators' and SW Implementer's projections.

6) Documentation will be required to accompany each advance payment invoice that reconciles previous periods while projecting future needs.

7) The CEC will also work with the regional administrators and SW Implementer to return earned interest to the DOE.

For the HOMES P4P measured pathway, advance payment funds will also be used to support the Partial Payment of up to 50 percent of the estimated rebate value as described in the response to Question 37. As with the final rebate payment, as noted in step 5 above, the SW Implementer will anticipate the amount of rebate funds needed for the quarter. CEC will require the SW Implementer to produce justifiable forecasts.

<u>Limitations</u>
HOMES funds for advance payments will be solely for rebates. The federal administrative services and rebate delivery components of the agreement with the regional administrators and all of the administrative services component of the agreement with the SW Implementer will be paid on a reimbursement basis, in arrears, after services are rendered.

CEC's establishment and operation of advance payments must comply with state rules and limitations.

Section 3.1.3: Low-Income Homes

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

households?

Note: Program Notice 26-1 Section 3.5.2 expands the definition of multifamily to also include multiple buildings, such as an apartment complex.

EBD and P4P: CEC will reserve a minimum of 10.56 percent of HOMES rebate funds for low-income multifamily households. This allocation exceeds the required minimum allocation for California listed in the program requirements and application instructions of 10 percent for low-income multifamily households. This allocation will be achieved through the EBD Direct Install Program.

As shown in the table below, the EBD program funding allocation (as specified in agreements with EBD Regional Administrators) will meet the DOE requirement for the entirety of California's HOMES funds for Low-Income Multifamily Households.

Minimum Low-Income Multifamily Rebate Funds to be Deployed through EBD	$24,748,365
DOE Low-Income Multifamily Requirement for California's HOMES funds (10% of Rebate Funds)	$23,309,352

The P4P program will be open to all income levels and will encourage low-income household participation through higher incentive values (see Question 13). The P4P and EBD programs will also include a $200 incentive for projects located in disadvantaged communities. Any P4P projects serving low-income multifamily households 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 CEC 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 20.

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 20.

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 of enrollment in pre-qualifying program

EBD: As described in the response to Question 19, 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*
LIWP Multifamily	80% AMI (required for at least 66 percent of households on a multifamily property)
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 HPWH), Equity Customer Category	80% AMI or 250% FPL*
Sacramento Municipal Utility District (SMUD) Energy Assistance Program Rate	200% 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.

P4P: Like EBD, the P4P Program will not allow self-attestation of income. Potential Participants seeking rebate amounts available to low-income households will be required to prove low-income status using tax returns or categorical eligibility. Categorical eligibility will include at least Medi-Cal,

CalFresh, and Supplemental Security Income (SSI), with potentially other programs from the EBD list above added following discussions with the SW Implementer.

21. For multifamily buildings, describe what combination of methods will be used to verify that at least 50% of the occupied 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 19, 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 CEC 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 20.

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 or other system) 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.

EBD: As described in Question 13, to identify 80 percent AMI by county and household size, the CEC will use the official state income limits published 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. These income limits are updated annually each spring, and the EBD program will update each year to the current published values. They will be used by the regional administrators to assess household income eligibility based on the county in which the household is located and the number of household occupants.

P4P: The SW Implementer will follow one of two pathways: 1) use the DOE provided API to compare an applicant's household income, occupancy number, and address to the appropriate 80% AMI level to determine income eligibility and level of rebate, or 2) utilize the annual income figures developed by HCD. If the SW Implementer follows the second pathway, they would be responsible for updating their data set annually, following the release of new figures.

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, if available; or other methods as applicable).

☐ Yes, the state confirms the above statement.

- Each time applicants receive rebates and are subsequently found to not meet eligibility requirements, report to DOE within 30 days of discovery of the issue and explain how the state will resolve the problem.

☒ Yes, the state confirms the above statement.

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 19 through 21. The administrators will not accept self-attestations for either income level or categorical eligibility. Consequently, the second bullet point does not apply, and the confirmation box is 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 19 through 21 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 a check 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).

☐ Defer response to State Implementation Blueprint.

EBD: The regional administrators will verify income for all participants by requiring submission of proof of income documentation through the customer application process, and reviewing all submitted documentation prior to scheduling assessments.

Regional administrators will attempt to further verify the documented proof of income for a sample of 5% of participants using one or more of the following approaches:

- Federal tax transcript verification using IRS Form 4506-C by requesting the transcript directly from the IRS.
- Program participation verification by contacting agencies that administer programs approved for categorical eligibility, listed in Question 20, to confirm a household member's enrollment.
- Employment verification, if W-2 or paystub, by contacting employers or referencing third parties such as Equifax or Experian to request employment or income data.

P4P: The P4P program is open to all income levels with low-income customers receiving higher value rebates. Therefore, only those customers seeking higher value rebates require an income verification process. Applicants will be able to securely submit tax returns or evidence of categorical eligibility through at least Medi-Cal, CalFresh, and SSI, with potentially other programs approved by CEC.

The SW Implementer will review submitted documentation within a timeframe approved by CEC and retain records of its reviews and eligibility determinations.

As an additional verification measure, the SW Implementer will audit 10% of approved low-income applications with an external party, such as by verifying tax return information with the IRS. If external verification is not possible, the SW Implementer will conduct the audit through an additional manual review of the submitted documentation.

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.

EBD: The regional administrators will verify income for all participants prior to the home assessment. If it is later suspected that a participant has falsified their income, the regional administrator will notify the CEC for a coordinated response. The CEC Executive Director may conduct an investigation and take any action deemed appropriate based on the results of the investigation. This may include requiring the repayment of any funds spent on the property and/or recommending the California Attorney General initiate an investigation and prosecution under Government Code section 12650 et seq., or other provisions of law.

P4P: All applicants, when submitting information to prove low-income status for enhanced rebates, will be required to check a statement attesting that

their income details are true and correct. These applicants also must acknowledge that if they are found to have falsified their income, in addition to the requirement to repay their rebate, they may also be subject to civil, criminal and administrative sanctions. If it is discovered that a contractor or aggregator was involved in, or encouraging falsifying information, that contractor or aggregator will be barred from future program participation. Information on these terms will be provided in both the customer and contractor/aggregator Participation Agreements.

The SW Implementer will be expected to notify CEC of potential mischaracterizations to receive funds. As with EBD, the CEC Executive Director may conduct an investigation and take any action deemed appropriate based on the results of the investigation. This may include requiring the repayment of any funds spent on the property and/or recommending the California Attorney General initiate an investigation and prosecution under Government Code section 12650 et seq., or other provisions of law.

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.

EBD: As described in Question 19, income eligibility may be demonstrated through either income documentation or categorical eligibility. The federal

and state programs that may be used for categorical eligibility are listed in Question 20.

Each regional administrator is responsible for developing an income verification process that complies with the program guidelines and DOE requirements. All regions will use secure, custom CRM software to upload and verify income documentation. Income documentation will be reviewed by staff within each of the regional administrator teams.

We propose to allow categorical eligibility determinations based on program participation outside of a one-year timeframe, up to a maximum of two years (24 months). This is necessary because many program participation documents (cards or letters) do not include dates, or if they do, they often show the original approval date. Many programs lack annual renewal processes and dated documentation. As a result, it's not always possible to confirm participation within the past year, and flexibility is needed to accept older documentation as valid proof of eligibility.

P4P: The SW Implementer will be required to develop an income verification process, subject to CEC approval, which includes reviewing applicant documentation to verify enrollment in a qualifying Categorical Eligibility program as listed in Question 20.

The SW Implementer will review submitted documentation within a timeframe approved by the CEC and retain records of its reviews and eligibility determinations. The verification process will include appropriate data-security protocols to protect personally identifiable information and multilingual support as needed.

As an additional verification measure, the SW Implementer will audit 10% of approved low-income applications with an external party, such as by verifying tax return information with the IRS. If external verification is not possible, the SW Implementer will conduct the audit through an additional manual review of the submitted documentation.

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 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 and P4P: We propose to allow categorical eligibility determinations based on program participation outside of a one-year timeframe, up to a maximum of two years (24 months). This is necessary because many program participation documents (cards or letters) do not include dates, or if they do, they often show the original approval date. Many programs lack annual renewal processes and dated documentation. As a result, it's not always possible to confirm participation within the past year, and flexibility is needed to accept older documentation as valid proof of eligibility.

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 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 than 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 appropriate 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, consistent with the requirement outlined in IRA 50121(b)(5).

    Note: Program Notice 26-1 Section 3.2 allows for a program to propose paying a single $200 incentive for multifamily property upgrades located in a disadvantaged community that receive central system upgrades (e.g., variable refrigerant flow heat pumps or central heat pump water heaters).

    ☐ 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 business or disabled veteran business enterprise.
- 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. For multifamily buildings that receive in-unit upgrades only, a $200 contractor incentive will be provided for each dwelling unit. For multifamily buildings that receive central system upgrades (such as a central HVAC heat pump or a central heat pump water heater), a single $200 contractor incentive will be provided for the building as a whole, even if the building receives in-unit upgrades in addition to the central system upgrade.

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, as described above. 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 has developed 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: To identify DACs, CEC will apply the definition established under Senate Bill 535 (SB 535) and operationalized in the CalEnviroScreen tool. CEC will provide DOE with a state-issued map of disadvantaged

communities so that the DOE Rebate Tracking and Reporting Tool can associate a home's location with its "disadvantaged community" status.

If the DOE Rebate Tracking and Reporting Tool is unable to integrate the state map, the SW Implementer will be required to verify whether each rebate-eligible project site is located within a designated DAC at the time of rebate reservation, using the most current CalEnviroScreen dataset.

When a rebate is reserved for a qualifying project located within a DAC, the SW Implementer will simultaneously reserve the $200 DAC incentive. The incentive payment will be issued to the participating contractor or aggregator after M&V is performed on the project and it is approved for a rebate payment.

36. Describe how the state program will define a "disadvantaged community" in a way that uses appropriate data, indices, and screening tools to determine that such a community is economically, socially, or environmentally disadvantaged.

EBD and P4P: The programs will follow the California Environmental Protection Agency's (CalEPA) definition of a disadvantaged community. CalEPA uses the CalEnviroScreen tool to identify disadvantaged communities at the census tract level based on geographic, socioeconomic, public health, and environmental hazard criteria, as directed by SB 535 (2012). CalEPA is responsible for updating CalEnviroScreen scores on a periodic basis and updating which communities receive a DAC designation. More information about CalEnviroScreen, disadvantaged community designation, and a map of California disadvantaged communities are available at https://oehha.ca.gov/calenviroscreen/sb535.

37. Identify whether the state proposes to issue partial payments for work completed on authorized projects in single-family homes or multifamily buildings.

☐ Defer response to State Implementation Blueprint.

☐ No. The state will not issue partial payments.

☒ Yes, the state proposes to issue partial payments. The state confirms a proposed approach will be submitted to the Project Officer.

EBD: The EBD program plans to issue partial payments in some cases, as described below.

Direct Install Program Design

The Direct Install Program regional administrators are responsible for enrolling participants, conducting home assessments, and developing scopes of work for each project. Once a scope of work has been developed, the regional administrator assigns one or more pre-qualified contractors to complete the installation. In most cases, the regional administrator will pay contractors only after the installation is complete and the regional administrator has conducted QA/QC for the project, as described in the Fraud, Waste, and Abuse Mitigation Plan. All work is completed at no cost to the property owner through a combination of state funds and HOMES funds. As described in the response to Question 17, the CEC plans to advance funds to the regional administrators to allow contractors to be paid in a timely manner.

Partial Payments

The CEC plans to allow the regional administrators to issue partial payments for single-family and multifamily projects if needed. Particularly in the case of large multifamily projects, the installation may take several months. In these situations, the regional administrators may pay contractors for the completion of discrete phases of the project prior to the completion of the entire project. For example, this could involve:

- Paying contractors for completed electrical work at the property prior to the completed installation of equipment.
- Paying contractors for the completed installation of a single type of measure in all units at the property prior to the completed installation of other measures.
- Paying contractors for the completed installation of a central system at the property prior to the completion of in-unit work.
- Paying contractors for the completed installation of all measures in a subset of units at the property prior to the completion of work in other units.

Partial payments will not be made for milestones such as completion of an energy audit or delivery of materials/equipment on site.

For each project, the regional administrators will have a contract or work order in place with one or more contractors that identifies (1) the total cost of all measures included in the scope of the project, and (2) the timeline for partial completion and full work completion. The contract or work order will specify the terms of payment and schedule for any partial payments. The regional administrators will conduct QA/QC on the completed phase of the project prior to issuing payment to contractors for that phase. The regional

administrators will not issue the final partial payment until completion of the full scope of the modeled savings project and associated QA/QC.

As described in the Fraud, Waste, and Abuse Mitigation Plan, the CEC will collect detailed project-level data from the regional administrators, including post-installation photos. In most cases the CEC will approve and reimburse project costs (or reconcile project costs, in the case of advance payments) after the project is complete and all required data is submitted. In the case of phased projects, the regional administrators may request reimbursement or reconciliation of a partial payment for a completed phase of the project. The regional administrators will be required to submit project data and supporting documentation associated with completed phase of the project to the CEC in order for the partial payment to be approved and reimbursed or reconciled. Upon request by DOE, the CEC will provide project-level details for projects that are in progress.

The regional administrators are responsible for the timely completion of projects, including projects that receive partial payments. If a contractor does not complete their work in a timely manner per the terms of their contract with the regional administrator, the regional administrator may assign a different enrolled contractor to complete the project. As described in the Fraud, Waste, and Abuse Mitigation Plan, contractors may be removed from the program for serious or chronic performance issues. The CEC will track project completion timelines and work with the regional administrators to address delays, if needed.

Before the start of construction on any project, the property owner will sign a participation agreement that outlines the project scope, including all measures to be installed to achieve 20% energy savings as required for the HOMES modeled path. If, after partial payments are provided, the project scope changes in such a way that the project no longer achieves 20% modeled energy savings, the CEC will ensure repayment of all HOMES rebate funds drawn down for the project. This will be accomplished by the program substituting state funds for HOMES funds to pay for the project, thus recovering the HOMES funds to be used for other HOMES-eligible projects.

[CEC's P4P approach for Partial Payments is pending review by DOE]

P4P: The CEC plans to issue a single Partial Payment of up to 50 percent of the expected rebate value to aggregators, or contractors where applicable, after the contractor has completed installation and after the SW Implementer completes QA/QC for a particular project.

Under the measured path, final rebates are paid out to aggregators only after projects have passed a 12-month post-installation performance period and M&V has been completed. The CEC expects that the time from project installation to final rebate payment may extend as long as 15–18 months*. Many contractors installing energy efficiency projects cannot afford to wait for payment. The program relies on aggregators to provide payments to contractors after installation that cover the value of the rebate that was passed onto the customer, thus financing the value of rebates throughout the 15-18 month M&V and analysis period.

Not all aggregators are able to secure financing to cover rebate values for such a long duration. Without providing some assistance, the P4P program risks attracting only a small aggregator pool. Further, the P4P Program risks absorbing the financing burden or carrying costs of aggregators. Aggregators will factor their financing costs into their agreements with contractors, retaining more of the rebate for themselves to pay for financing. Contractors will then adjust the value of the rebate that they can pass on to homeowners accordingly.

A Partial Payment will reduce the financing burdens for aggregators, thereby allowing the program to recruit a wider pool of aggregator participants and allowing more HOMES funds to benefit homeowners.

The CEC plans to use the following process for Partial Payments.

1. **Partial Payment Eligibility and Amount**
   a. Upon completion of project QA/QC, the SW Implementer will pay aggregators a Partial Payment of up to 50 percent of the rebate based on expected savings. The SW Implementer will have the discretion to pay less, based on the aggregator's past performance.

2. **Portfolio Assignment and True-Up**
   a. CEC expects M&V results to be calculated either quarterly or monthly.
   b. After the SW Implementer completes project level M&V and reports measured savings back to aggregators, aggregators assign projects to a portfolio that achieves at least 15 percent measured savings.
   c. The SW Implementer then performs a portfolio level true up. They will calculate payments still owed to the aggregator by 1) comparing actual savings versus expected savings, 2) capping incentives for savings above the expected savings by 120 percent, and 3) netting out any Partial Payments paid on projects that did not end up being enrolled in a portfolio or for portfolios that failed to achieve at least 15% measured savings.

d. The SW Implementer will then pay any remaining portfolio rebate value to the aggregator that is due.

To protect HOMES program funds and uphold accountability, the CEC and the SW Implementer will apply the following safeguards to Partial Payments.

1. Limit to 50 percent
   The 50 percent Partial Payment mechanism makes it likely that aggregators are likely to be underpaid for portfolios, even if savings are lower than expected. Payments for any projects that aggregators end up removing from their portfolios (because of lack of savings) after M&V can be deducted from the final incentive paid for a portfolio.

2. Deducting from future payments
   Aggregators submit projects continuously to the program. If a true-up reveals that a particular aggregator has been overpaid, the SW Implementer nets the overpaid amount against the rebate payment due and any future rebate disbursements owed to that aggregator.

3. Requiring direct reimbursement
   CEC plans to stipulate in the aggregator agreement that if overpayment occurs and the aggregator fails to submit new projects within a specified timeframe to offset the overpayment, they must reimburse the program directly.

4. Accounting for performance history
   The SW Implementer may reduce the Partial Payment rate for aggregators with lower energy savings realization rates or other risk indicators.

5. Limiting in cases without utility data sharing
   The SW Implementer may reduce or withhold Partial Payments for projects where the participating household must supply post-project utility data, to mitigate the risk that energy savings analysis cannot be completed if data is unavailable.

6. Limiting at end of Program

   Toward the end of the HOMES program and performance period, the SW Implementer may reduce the Partial Payments to protect against depletion of HOMES program funds prior to final portfolio true-ups.

CEC plans to use the Advanced Payment process, described in Question 17 for Partial Payments.

* This is primarily due to the quarterly reporting cadence of energy data from utilities to the CEC. While the CEC is updating state regulations to require monthly reporting of utility data which will result in a shorter timeframe before data for M&V is available, CEC expects it to take some time before utilities can comply with the new requirements.

Section 3.1.4: Reserved

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

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.

EBD: The CEC has state statutory authority to advance a portion of state program funds to the statewide direct install regional administrators to allow them to pay contractors in a timely manner. In the absence of these advance state funds, the regional administrators would need to wait until the completion of the installation and all required QA/QC, submit an invoice to the CEC, wait to receive payment from the CEC (which may take up to 45 days in accordance with the California Prompt Payment Act), and then pay the contractor for the work. This approach would not be compatible with paying contractors in a timely manner. The CEC also proposes to advance federal HOMES funds for rebate reimbursement to the regional administrators for the same purpose, as described in Question 17.

The CEC will monitor contractor payment times by requiring regional administrators to report project completion and contractor payment dates for CEC review. If more than five contractor payments by a regional administrator exceed four weeks after completion of QA/QC, the CEC will work with the regional administrator to identify the cause of the delayed payments and develop and execute corrective actions such as adjusting invoice processing procedures.

P4P: The statewide implementer will be contractually required to process rebates within DOE-required and CEC-approved timeframes report on processing times. However, as described in Question 17, meeting the requirement to provide payment within 60 days of the aggregator or contractor submitting an invoice requires CEC to utilize Advance Payments for rebates. CEC will make best efforts to find a feasible and legal pathway to

provide the SW Implementer with advance payments for rebate reimbursements.

CEC will also monitor key metrics such as average processing time and will require the implementer to develop and execute corrective action plans if timelines are not consistently met. In case of repeated processing delays, the CEC will reserve the right to take corrective action.

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.

EBD: The direct install program will use separate systems for processing payments than what was used by California's HEEHRA Program (Section 50122). The direct install program's regional administrators will hire contractors directly and reimburse them for the full cost of completed retrofits that meet program requirements. In California's existing Section 50122 Program, HEEHRA Phase I leveraged an existing energy rebate program and that program administrator had established a rebate processing system in which contractors apply for rebates for eligible projects. Given the differences in the design of the two programs and the fact that they are being implemented by different implementers, it would not be feasible to use the same rebate processing system for both.

Once the EBD program launches with HOMES funds, the CEC will use the following methods to ensure that HOMES and HEEHRA Phase I funds are not combined at the measure level.

- Single-family:
  - HEEHRA Phase I single-family rebate funds will be fully reserved before the launch of EBD with HOMES funds.
  - HEEHRA Phase I provides rebates only for HVAC heat pumps. EBD will only install an HVAC heat pump to replace a gas or electric resistance heating system, not an existing HVAC heat pump, so there is no possibility of 50121 and 50122 funds being combined at the measure level.
- Multifamily:
  - HEEHRA Phase I multifamily funds will likely be fully reserved before the launch of EBD with HOMES funds.
  - The EBD regional administrators will manually check all multifamily project addresses with the HEEHRA Phase I

multifamily implementer prior to installation to ensure that the same property is not served by both programs. This manual process is feasible due to the smaller number of projects and longer lead times associated with multifamily versus single-family projects.

- If HEEHRA Phase I multifamily funds are not fully reserved before the launch of EBD with HOMES funds, the HEEHRA Phase I implementer will check all new HEEHRA multifamily project addresses with the relevant EBD regional administrator prior to installation to ensure that the same property is not served by both programs.

Once the HEEHRA Phase II and P4P SW Implementers are selected, the CEC will use the PNNL rebate reservation system or a separate mechanism to confirm that a household served by EBD does not receive funds from P4P and does not receive funds from HEEHRA for the same equipment, appliance, or measure upgrade.

P4P: Since both the 50121 and 50122 programs are likely to have different implementers, there will be separate rebate processing systems. HOMES P4P will be using the PNNL rebate reservation system. If HEEHRA Phase II or HOMES EBD does not use that system or the PNNL rebate reservation system is unavailable, then CEC will work with the SW Implementer and regional administrators to set up a separate mechanism to confirm with the HEEHRA Phase II Implementer that potential P4P customers have not received a HEEHRA rebate.

40. Confirm that the state will provide the maps, ZIP codes, or a preferred more granular geography (e.g., census tract) with all disadvantaged communities as proposed by the state to DOE for integration into the DOE Rebate Tracking and Reporting Tool address service, unless the state plans to provide their own address service lookup to identify and appropriately report projects within their disadvantaged community areas, consistent with the requirement outlined in IRA 50121(b)(5).

☐ Yes, the state confirms the above statement.

☒ N/A. The state will provide their own service to identify and appropriately report projects within their disadvantaged community areas (Describe the proposal below).

EBD: As described in the response to Question #36, the program will follow CalEPA's definition of a DAC. As described in the response to Question #35, the Regional Administrators will be responsible for paying contractors for completed work, including the $200 incentive for each completed and verified project located in a DAC.

Each Regional Administrator has developed their own system for tracking projects. The systems include functionality that associates every project address with a census tract and identifies which projects are located in DACs, to ensure that the $200 DAC incentive is paid to contractors for qualifying projects. DACs are defined at the census tract level as described in the response to Question #36. The Regional Administrators' systems will be updated following any CalEPA updates to DAC designations.

The CEC has developed 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 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: CEC will use the definition of disadvantaged communities established by the California Environmental Protection Agency under SB 535. As noted above in Question 35, if the California DAC data is unable to be integrated with DOE Rebate Reporting and Tracking Tool, the SWI will use the CalEnviroScreen mapping tool or associated downloadable data to determine whether a Project is located in a DAC. The SW Implementer will document and report DAC project status and DAC payments to the CEC's central program database; train Aggregators and Energy Contractors on how to identify a DAC and request DAC incentive payments; and develop and implement a process to issue the $200 DAC payment to Energy Contractors or Aggregators. The payment will be issued after the 12-month M&V period and after the SW Implementer confirms that the portfolio containing the Project has met the 15% measured energy-savings requirement.

41. Describe what types of systems will be put into place to allow effective processing of rebates. Confirm that the state system will link to DOE-provided systems via Application Programming Interface (API) (check all that apply):

☒ Yes, the system will link to the federally provided system via real-time connection to the API. **(P4P)**

☐ Yes, the system will link to the federal provided system via after-the fact reporting via API.

☒ Yes, information will be submitted via DOE-provided spreadsheet template. **(EBD)**

EBD: Under the direct install program design, the regional administrators will enroll participants, schedule home assessments, conduct energy modeling, develop a scope of work (measures to be installed) for the home, and hire contractors to conduct the installation. Each regional administrator will use their own system to track projects from initial outreach to the homeowner/occupant through initial enrollment, home assessment, installation, QA/QC, and follow-up surveys. The regional administrators' systems will support key program workflows including application intake, eligibility verification, data and document collection, data storage and retention, processing contractor payment requests, and issuance of contractor payments. Contractors will be paid by the regional administrators following the installation and QA/QC processes. The regional administrators are required to pay contractors in a timely manner.

As described in the response to Question 14, homeowners, building owners, and residents will receive the direct install retrofit at no cost to themselves, since federal and state funds will cover the full cost. As a result, participants will not receive an invoice requesting payment. Instead, participants will receive a project summary that contains all the information required on the invoice as described in the DOE Program Requirements & Application Instructions Section 3.1.2 (the specific work performed, the address where the work was performed, the name and contact information for the contractor(s) performing the work, the dates on which the work was performed, the total project cost, and the state and federal incentive amounts). The CEC has developed a central program database to collect detailed project-level data. Data to be collected include, but is not limited to, the data fields listed in the DOE Data & Tools Requirements Guide Section 2.2. The regional administrators will submit project details and supporting documentation to the CEC for all phases of the project (initial enrollment, home assessment, energy modeling, installation). 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 and modeling files for each project. Once the project is completed and all required data and documentation submitted, the regional administrator will invoice the CEC for the cost of the project. The regional administrators may offer progress payments to contractors to the extent permitted by DOE and state rules, but will only invoice the CEC for completed projects that have met QA/QC requirements.

The CEC will report all required project-level data to DOE, and additional supporting records will be shared with DOE upon request. Data will be reported via the approved DOE/PNNL standardized spreadsheet reporting process.

P4P: The SW Implementer will be tasked with providing the technological capacity to ensure timely, efficient, and accurate delivery of rebates under the HOMES P4P program.

The SW Implementer's system(s) must support key program workflows including: rebate application intake, connection to PNNL API, eligibility verification, reservations, data and document collection, data storage and retention, M&V and portfolio calculations, processing rebate reimbursement requests, issuance of rebate payments, and communication with relevant stakeholders. CEC expects the SW Implementer may provide the systems directly or may subcontract to other entities for tasks such as income verification, eligibility checks, and rebate processing.

The system will include user-friendly interfaces to accommodate a range of users including households, contractors, and aggregators. In addition to core digital functions, the program will maintain mechanisms to provide instructions as to how to apply for rebate reservations and rebate reimbursements.

As noted in Question 14, CEC expects homeowners to receive their portion of the rebate value at the time of project installation. Generally, contractors will reduce the homeowner's invoice based on the total value of the expected rebate owed to the homeowner. (The percentage of the overall expected savings owed to the homeowner will depend on CEC and the SWI's approval of aggregator proposals to join the program – and what percentage aggregators are required to pass on to homeowners.) Per statutory requirements, the rebate will not cover more than 50% of total project cost for market-rate households and 80% of total project cost for low-income households. One possible aggregator has indicated they will propose to CEC to offer the homeowner 0% financing based on the value of the homeowner's rebate instead of a discount on the project invoice. CEC will evaluate this proposal once the program has launched and is open for aggregator participation. If necessary, CEC will seek further DOE approval of this proposal at the time it is received.

CEC expects that aggregators will apply to the Program, first to make Rebate Reservations and later, after project installation and the completion of the M&V period, for final rebate payments. The SWI will perform a series of eligibility checks prior to issuing the Rebate Reservation and then a series of compliance checks, including that portfolio energy savings met the 15% requirement prior to making final rebate payments to the aggregator. In some cases, it may be contractors applying for rebate reservations and rebate payments. The SWI may also make upfront partial payments to aggregators and/or contractors as described in Question 37.

Section 3.1.6: Data Collection and Evaluation

42. Confirm that the state will comply with its own state legal obligations regarding security and privacy for data collection and data sharing.

    ☒ Yes, the state confirms the above statement.

    Note: Program Notice 26-1 Section 3.5.1 makes the Privacy and Security Risk Assessment optional.

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

    ☐ Defer response to State Implementation Blueprint.

    EBD and P4P: The CEC will apply data privacy and security protections in accordance with applicable California laws. The CEC as well as the regional administrators and the SW Implementer must comply with California's State Administrative Manual (SAM), Section 5300, which establishes requirements for protecting personally identifiable and confidential information.

    In addition, the CEC's agreements with the SW Implementer and the regional administrators include Special Terms and Conditions that enforce data protection measures for confidential and personal information. These Special Terms and Conditions also include requirements for implementing role-based access controls to limit data access to authorized personnel, and ensuring that staff with data access complete annual security awareness training. The SW Implementer and direct install regional administrators are also required to ensure that personal data is used solely for authorized program functions and protected against unauthorized disclosure, consistent with California privacy laws. Additionally, the Special Terms and Conditions require secure data storage and encryption of sensitive information both in transit and at rest.

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

    ☐ Defer response to State Implementation Blueprint.

    EBD and P4P: CEC is committed to protecting participant data and maintaining strong cybersecurity practices. Key components of our approach as outlined in the CEC's Special Terms and Conditions include:

- Use and Disclosure Restrictions: The regional administrators and SW Implementer must protect all confidential and personal information from unauthorized disclosure and use it only for HOMES program implementation. Disclosure outside the CEC is prohibited unless required by law.
- Organizational Security Policies: The regional administrators and SW Implementer must attest to having an Information Security Program Plan (ISPP) that meets or exceeds California State Administrative Manual Chapter 5300 requirements before being granted access. Section 5300 includes standards related to privacy, risk management, risk assessment, security assessments, continuous monitoring, information security monitoring and incident handling. Section 5300 can be viewed at: https://www.dgs.ca.gov/Resources/SAM/TOC/5300/Chapter-View. CEC also abides by the requirements of SAM Chapter 5300.
- Personnel Training: All individuals with access to confidential data must complete security awareness training prior to access and annually thereafter, covering topics such as password protection, phishing, malware, and privacy safeguards.
- Access Control: Data access is limited to authorized users under the principle of least privilege, with nondisclosure agreements required for all individuals handling confidential data.
- Encryption and Secure Transmission: All confidential and personal information must be encrypted in transit and at rest.
- Network and System Security: Subrecipients must maintain current security patches, updates, and antivirus software on all devices and networks used for program data.
- Security Incidents: Subrecipients must notify the CEC within 48 hours of any potential incident, provide ongoing updates, take corrective action, and cooperate fully with CEC investigations.

These measures, in addition to other controls described in the CEC's Special Terms and Conditions, ensure CEC can monitor, identify, and address security and privacy threats consistently across the HOMES program.

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 model energy savings and estimate bill impacts associated with recommended measures prior to installation. The CEC also plans 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 analyses 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 required to sign a data release authorization 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, 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 POUs 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. Data for these customers may be obtained through secure third-party utility data sharing platforms such as Utility API, Arcadia, and DECK. Similar to Green Button, these platforms allow the participant to opt-in to share their utility data with a program implementer or aggregator during the application process. The CEC may also enter into data sharing agreements with some smaller POUs to obtain data with customers' consent.

As an alternative, if no other utility data access pathway is available, customers may be asked to scan/photograph and upload copies of their utility bills. In these cases, for P4P, customer sharing of pre-installation billing data will be a condition of participation in the program. In addition, 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 Partial 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 of the Program Requirements & Application Instructions document.

    ☒ Yes, the state confirms the above statement.

47. Confirm if the state is planning to conduct its own evaluation, including those required for alternate savings estimation methodologies per Section 3.2.4.1.1 of the Program Requirements & Application Instructions document, 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 the evaluation requirements listed in Section 3.1.6.3 and Section 3.2.4.1.1 of the Program Requirements & Application Instructions document, if applicable.

    ☐ 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, including required evaluations per Section 3.2.4.1.1 of the Program Requirements & Application Instructions document, describe the evaluation objectives 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: Reserved

49. QUESTION OMITTED

Note: Program Notice 26-1 Section 3.5.1 makes the Education and Outreach Strategy optional.

Section 3.2.2: Home Assessments

50. Describe the processes and procedures for conducting home assessments for single-family homes that meet program requirements.

☐ Defer response to State Implementation Blueprint.

EBD: The EBD program requires regional administrators to conduct a comprehensive home assessment that includes (1) occupant interview and home inspection, (2) identification of recommended measures, and (3) modeling of expected energy savings.

After the participant completes the initial enrollment phase of the program, including income verification, the regional administrator will schedule a home assessment. During the home assessment, the assessor will interview the homeowner/occupant (if available) about any concerns or issues related to the performance of their home. The assessor will evaluate the operation, condition, efficiency, and fuel type for the following appliances/systems, as applicable:

- Heating and cooling appliances and duct work (if present)
- Water heating
- Clothes drying
- Cooking appliances
- Occupant controlled thermostat
- Home envelope including insulation level and possible sources of air-leakage (blower door test not required)
- Interior and exterior lighting (incandescent, compact fluorescent, halogen, or T12 linear fluorescent)
- Air filters
- Electrical panel and capacity
- Electrical hazards and building-related health and safety conditions that may require remediation for the installation of eligible equipment

The regional administrator will develop a set of recommended measures based on the results of the home assessment. These measures are required

to be eligible under the EBD program (see Question 6) and will be identified with the intention of avoiding the need for unnecessary electrical panel upgrades.

Modeling will be conducted to estimate the project's energy savings and utility bill impacts. The project must be estimated to achieve a minimum 20 percent energy savings. See Question 58 for information about modeling tools that will be used.

All required data will be collected and retained consistent with the Program Requirements & Application Instructions Section 3.2.2 and the Data & Tools Requirements Guide.

P4P: CEC will require all homes receiving rebates through the P4P pathway undergo a home energy assessment in accordance with the most recent DOE guidance. The purpose of the assessment will be to 1) collect enough data about the home and project to generate accurate estimates of savings and rebate values and 2) collect all data points required for reporting to DOE consistent with the requirements in the Program Requirements & Applications Instructions section 3.2.2 and the Data & Tools Guide.

Because final rebates under the P4P pathway are based on verified energy savings rather than modeled results, and the aggregator bears the risk of project non-performance, CEC will allow some flexibility with regard to the home assessment. CEC understands from industry conversations that some aggregators/contractors will want to obtain utility usage data from the customer as part of their home assessment and utilize that data in generating estimates of savings and rebate value. Others will generate estimates without utility data history. CEC is exploring tasking the SW Implementer with providing a "kitchen table tool" to allow aggregators and contractors to supply basic household and project data points and estimate energy savings and rebate values. For those that prefer to use their own tools, the SW Implementer will be responsible for doing a reasonableness check on their estimates at the time of rebate reservation.

51. Describe how home assessment data and results will be verified for accuracy for both single-family and multifamily projects.

☐ Defer response to State Implementation Blueprint.

EBD: Required data fields from the home assessment will be collected by the home assessor and reported by the regional administrator to the CEC. For both single-family and multifamily projects, the regional administrators

will review home assessment data as part of the post-installation QA/QC process, including data review and onsite inspections, as described in the Fraud, Waste, and Abuse Mitigation Plan. The CEC will confirm that project data is complete and meets program requirements prior to paying the regional administrator's invoice for the cost of the project. CEC will also review program data to identify trends and issues needing discussion and potential correction.

P4P: The SW Implementer 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. The SW Implementer will verify that project data submitted through the rebate reservation and reporting processes is complete and consistent with these requirements.

Aggregators will have a strong financial incentive to ensure the accuracy of contractor data and estimated savings calculations, since they bear the performance risk under the P4P structure.

The SW Implementer will verify the accuracy of data post-project through the QA/QC process including the desk reviews of submitted documentation, and virtual site inspections on a sample of projects These procedures will include checking that reported equipment and measures match what was actually installed. In addition, CEC may evaluate program data as made available to identify trends and corrections, including periodic spot checks on completed projects, subject to resource availability

Final verification protocols will be developed by the SW Implementer in coordination with CEC prior to program launch.

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

    Note: Per Program Notice 26-1 Section 3.5.2, grantees may allow multifamily common area upgrades as eligible for their program, but grantees must ensure that such upgrades benefit occupants in individual units through energy savings, cost savings, or other health and safety benefits. For upgrades in mixed-use multifamily buildings, grantees must ensure that a majority of the benefit resulting from central system upgrades is to the residential portion of the building

    ☐ Defer response to State Implementation Blueprint.

EBD: For multifamily buildings, the home assessment will cover both individual units and common areas. During the assessment, the assessor will tour the property's common areas, exterior, and a sample of apartment units, paying particular attention to the envelope, appliances, lighting, mechanical systems, ventilation, water heating, and electrical systems. Assessors record

their observations with notes and photos of the home (photos will not include residents).

Energy use to be evaluated in common areas includes heating and cooling, water heating, and shared laundry. Energy bills for common areas will be collected from the property owner or manager, in addition to aggregate whole-building energy usage data to be collected through Portfolio Manager if possible.

All required data will be collected and retained consistent with the Program Requirements & Application Instructions Section 3.2.2 and the Data & Tools Requirements Guide.

P4P: Based on stakeholder input, CEC anticipates minimal or no multifamily participation in the P4P pathway. If a multifamily project is submitted and is eligible for P4P, CEC will require an energy assessment process that collects baseline building information necessary to fulfill DOE reporting requirements and estimate savings and rebate value. The assessment will also gather sufficient data to contextualize post-installation measured usage and facilitate the M&V process. The SW Implementer will establish assessment procedures consistent with DOE's requirements for measured savings pathways, including the applicable elements of Section 3.2.2 and the Data & Tools Guide.

Contractors will be expected to document key characteristics of the building envelope, mechanical systems, and fuel usage for both dwelling units and common areas, where applicable.

If common area energy savings are expected, CEC will require standard use assumptions for common areas unless the assessment provides rationale for applying other assumptions. For projects involving common areas, the assessment will identify the project boundaries, utility meters and accounts, and the measures serving dwelling units and common areas. Project documentation must demonstrate that the upgrade will benefit occupants in individual dwelling units through energy savings, cost savings, or health and safety benefits.

CEC will not require the use of a specific tool for home assessment for now but will allow contractors and aggregators to use their existing tools for home assessment that meets DOE-requirements. CEC will ensure that all required data will be collected and retained consistent with Section 3.2.2 and the Data & Tools Guide.

53. Describe how the program will ensure that the majority of the benefit resulting from central system upgrades completed within mixed-use multifamily buildings, including energy savings, cost savings, or other health and safety benefits, is to the residential part of the buildings.

☐ N/A. The state will not provide rebates to mixed-use multifamily buildings.

EBD: The program will only fund upgrades to the residential portion of mixed-use buildings. Upgrades to central systems that serve commercial parts of a mixed-use building are not an eligible use of Direct Install program funds.

P4P: CEC does not anticipate participation by mixed-use multifamily buildings. However, if a central system upgrade project in a mixed-use building were to be submitted to the Program, the SW Implementer would require documentation demonstrating that a majority of the resulting energy, cost, health, or safety benefits will accrue to the residential portion of the building.

a. Describe how the program will ensure that upgrades to common areas in multifamily buildings will benefit occupants in individual units through energy savings, cost savings, or other health and safety benefits.

☐ N/A. The state will not provide rebates for upgrades to common areas in multifamily buildings.

EBD: The program will fund upgrades to common areas as part of a multifamily building retrofit that also includes upgrades to individual units. Upgrades to common areas may include HVAC, building envelope, water heating, lighting, cooking, and/or laundry equipment, as well as electrical work and remediation/safety work if needed. These upgrades advance program goals by improving tenants' comfort, safety, and air quality in common areas. In some multifamily buildings, tenants will also experience direct energy savings and cost savings associated with common area upgrades. This will be the case in master-metered buildings and buildings in which tenants are charged for a proportional share of common area energy costs.

P4P: As described above for the EBD Program, upgrades to common areas improve residents' comfort, safety, and air quality in common areas. For common-area upgrades, such as HVAC, building envelope, water heating, lighting, cooking, laundry equipment or pool pumps, the SW Implementer will require documentation of benefits to

occupants through energy savings, cost savings, or health and safety benefits.

Section 3.2.3: Reserved

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 of the Program Requirements & Application Instructions document.

☐ 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, CEC 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. QUESTION OMITTED

57. Describe which upgrades may be included in the modeled savings estimate, including at least one major upgrade as defined in section 2.1 of the Program Requirements & Application Instructions document, 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.

EBD: The EBD program requires that all retrofit projects include the replacement of existing gas-fired heating equipment with a heat pump for space heating and cooling, or the replacement of an existing gas-fired water heater with a heat pump water heater, or both. In addition, at the conclusion of the retrofit, at least two of the following four end uses must be electric: space heating, water heating, cooking, and clothes drying. 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, however this is not a requirement of the program.

All recommended measures will be included in the modeled savings estimate. Therefore, modeled savings estimates will, at a minimum, always include either a heat pump water heater or heat pump for space heating and cooling. Depending on the project scope, modeled savings estimates may also include improvements to the building envelope (e.g. insulation and air sealing) and other eligible measures.

P4P: Program will follow the measured path.

58. For single-family homes for which BPI-2400 is applicable, 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.

EBD: For single-family homes for which BPI-2400 is applicable, the regional administrators will use SnuggPro and OptiMiser, which meet the BPI-2400 standard and have been approved by DOE.

P4P: Program will follow the measured path.

59. Describe how the state will monitor the energy savings reliability of models and tools for the modeled program path (including single-family, single-family modeled exceptions, and multifamily).

☐ Defer response to State Implementation Blueprint.

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

EBD: Under the EBD program design, installation contractors will not conduct home assessments or energy modeling or identify the recommended measures for participating homes. Installation contractors will be brought into a project to conduct the retrofit after these prior steps have been completed. Energy modeling will be conducted by members of the regional administrators' teams who are trained in the specific modeling tools being used. To ensure quality control, the regional administrators will review model results and recommended measures for each home prior to scheduling an installation contractor to conduct the retrofit. The regional administrators will submit modeling files to the CEC along with all other required data as described in the Data & Tools Requirements Guide.

The CEC will use pre- and post-retrofit household-level utility meter data to measure the energy savings and bill impacts of EBD projects (including single-family and multifamily) through a weather-normalized analysis. These results will be used to assess the program's impact and identify opportunities for improvement. In addition, measured energy savings will be compared to modeled savings to evaluate the reliability of the modeling tools used. If actual energy savings are less than 70% of modeled savings, the CEC will work with the regional administrators to identify and implement corrective actions, including adjusting the approach to modeling.

P4P: Program will follow the measured path.

60. For single-family modeled exceptions (i.e., homes for which BPI-2400 is not applicable), describe the approach(es) for estimating energy savings. If the state plans to allow an approach other than Home Energy Score, request to use alternate savings estimation by:

- Detailing for which exceptions the state plans to apply the alternative approach (e.g., lack of delivered fuel bills, etc.).
    - *Note: Program Notice 26-1 Section 3.5.3 expands the list of allowable exceptions to include "a home with onsite generation technologies that has net metering and the energy consumption data cannot be separated from the energy produced due to the metering infrastructure of a utility."*
- 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.
    - *Note: Program Notice 26-1 Section 3.5.3 provides new flexibility for grantees to "conduct uncalibrated modeling consistent with BPI-2400 Annex E. Grantees may propose to DOE an alternative approach that provides reliable savings estimates. Grantees must specify and apply a*

realization rate at the time of program launch, by leveraging existing data or evaluation results. The proposed alternative approach must be reviewed and approved by DOE and, if approved, it would require a state-led impact evaluation."

- Committing to submitting an evaluation plan consistent with Section 3.1.6.3 of the Program Requirements & Application Instructions document and carrying out evaluations consistent with Section 3.2.4.1 and Section 3.1.6.3 of the Program Requirements & Application Instructions document.
- Describing 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 single-family modeled exceptions.

EBD: For single-family homes for which BPI-2400 is not possible, the CEC will allow for modelling using Home Energy Score (a reporting option in the SnuggPro software platform). This includes homes with less than 12 months of utility bill data available and homes reliant on delivered fuels such as propane.

As described in Question 59, the CEC will compare modeled energy savings with measured post-retrofit energy savings. If actual energy savings are less than 70% of modeled savings, the CEC will work with the regional administrators to identify and implement corrective actions, including adjusting the approach to modeling.

As described in Question 5, rebate amounts will not vary based on modeled energy savings. As long as modeled energy savings are at least 20%, the rebate amount will be the lesser of $24,000 or 80% of the project cost.

P4P: Program will follow the measured path.

61. For multifamily buildings, describe the methods used for modeling energy savings, including energy used in common areas. Identify which option from the Multifamily Modeling Requirements Guidance the state is pursuing (Option 1, 2, or 3), the modeling tool(s) the state proposes to authorize for its program, and whether any proposed tools have not yet received DOE approval. If the state plans to use the Option 3 alternate energy modeling methodology, request alternative modeled path(s) by:
    - Providing a detailed description of the method(s) that the state will use to estimate energy savings (i.e., overview of savings estimation methodology, consistency with industry standards for savings estimation, key inputs, results, a copy of the tool or spreadsheet used that applies the

methodology, and if available, completed evaluation reports) and the realization rate to be used.

- If the state does not provide independent evaluation results, or DOE determines that the evaluations provided do not sufficiently prove reliability of the methodology, then the state is required to submit an evaluation plan and conduct an impact evaluation as required in Section 3.2.4.1. and Section 3.1.6.3 of the Program Requirements & Application Instructions document.

☐ Defer response to State Implementation Blueprint.

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

EBD: For multifamily building, regional administrators will model energy savings in accordance with Option 1 from the Multifamily Modeling Requirements Guidance. Specifically, regional administrators will use one of the following DOE-approved modeling tools listed on the Federal Tax Deduction (179D) Qualified Software List:

- EnergyPlus
- DesignBuilder
- OpenStudio
- TRACE 3D Plus
- TRACE 700
- TRNSYS

In addition, one of the regional administrators will use DOE2.1E modeling software, which is tested to ASHRAE Standard 140-2007.

Modeling will include energy use in common areas.

P4P: Program will follow the measured path.

Section 3.2.4.2: Calculating Measured Energy Savings

62. QUESTION OMITTED

63. Identify what factors the state will use to calculate kWh equivalent, consistent with section 3.2.4.2 of the Program Requirements & Application Instructions document.

☐ 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: CEC will normalize energy savings across fuel types using a site energy kilowatt-hour (kWh) equivalent basis. This ensures a consistent comparison of energy reductions across homes that use different fuels by converting all energy savings into a common site electricity unit. For homes that use non-electric energy sources, CEC will apply standard conversion factors as noted in the following table:

Fuel	Measured Energy Unit	Conversion Formula
Natural Gas	therm	kWh = therm × 29.3
Propane	gallon	kWh = gallons × 26.8
Fuel Oil	gallon	kWh = gallons × 43.9

At this time, source-energy adjustments are not planned for the measured path. However, if future CEC policy decisions require incorporating source-to-site ratios, CEC will consult with DOE and revise its methodology accordingly.

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: CEC will require the SW Implementer to use a DOE-approved advanced M&V software tool to calculate savings for the HOMES P4P pathway. At this time, CEC understands that OpenDSM (formerly known as "OpenEEmeter") is the only software approved by DOE for this purpose.

Should the SW Implementer recommend the use of an alternative advanced M&V software tool that is not yet DOE-approved, CEC will work closely with DOE to submit the recommendation and obtain the necessary approval prior to program launch.

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: CEC will require that all aggregator portfolios meet the minimum 15% energy savings threshold, consistent with DOE's measured pathway requirements. The SW Implementer will be responsible for conducting M&V of energy savings using DOE-approved advanced M&V software after a 12-month performance period.

Aggregators will submit individual projects for rebate reservations, and the SW Implementer will conduct upfront eligibility reviews to make sure projects meet basic program requirements. After installation and completion of the 12-month M&V period, the SW Implementer will calculate verified savings for each project. CEC expects M&V to be completed in batches, quarterly, as utilities supply their energy usage data to the CEC quarterly.

After receiving the M&V results, aggregators will then be responsible for assigning completed projects to portfolios. An aggregator may decide to assign all its projects to a single portfolio at the end of quarter, or it may divide them into multiple portfolios. An aggregator may decide to exclude a poor-performing project from a portfolio and not enroll it in the program for a rebate payment, if it jeopardizes the 15% savings threshold.

The SW Implementer will confirm that total verified savings for each portfolio meets the minimum 15% performance threshold. The SW Implementer will provide this savings verification to the CEC and to each aggregator. The SW Implementer will only issue payments for portfolios that have met the 15% threshold.

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: Based on stakeholder input, CEC anticipates minimal or no multifamily participation in the P4P pathway. If a multifamily project is submitted and meets eligibility requirements for P4P, the SW Implementer will utilize OpenDSM (formerly known as OpenEEmeter), to calculate savings using whole-building utility data wherever feasible.

Savings calculations for multifamily projects will be based on comparing 12 months of pre-retrofit energy consumption with 12 months of post-retrofit consumption, inclusive of all measurable fuels impacted by the retrofit. If available, whole-building, aggregated utility data will be used directly. Where whole-building data is not available, the program may allow for sampling of tenant units, provided tenant consent is given, in accordance with DOE guidance and industry-standard protocols, such as those outlined in the International Performance Measurement and Verification Protocol (IPMVP).

The program intends to include common area energy use or shared systems in savings estimates when upgrades have been made to common area.

Final requirements for common area data collection will be determined during implementation to balance methodological rigor with administrative feasibility.

Section 3.2.5: Fraud, Waste, and Abuse Mitigation

68. Confirm that the state will prepare and implement a Fraud, Waste, and Abuse Mitigation Plan in accordance with the requirements in Section 3.2.5 of the Program Requirements & Application Instructions and Program Notice 26-1.

☒ 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 of the Program Requirements & Application Instructions document) will be met for single-family homes.

☐ Defer response to State Implementation Blueprint.

EBD: Each regional administrator will develop a custom post-installation certificate template which will be reviewed and approved by the CEC to ensure that it meets all DOE requirements. The certificate will include a list of the installed measures and the project's modeled energy savings. All participants will receive the required post-installation certificate. The certificate will be provided by the regional administrator, not by the installation contractor.

P4P: As a third-party administrator, the SW Implementer will either issue the required certificates directly or subcontract with qualified providers. CEC will review and approve the certificate to ensure it meets all DOE requirements. For single-family homes, 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 SW Implementer, or, if provided by the contractor or aggregator, will be subject to the SW Implementer's reasonableness check.

Each certificate will document the measures and equipment installed, confirm that the project met program requirements, and include the projected energy savings. The certificate, or a cover page accompanying it, will include the DOE logo (per DOE usage guidelines) and recognition that the work performed was funded in part (or in full) through Home Energy Rebates provided under the Inflation Reduction Act of 2022.

Homeowners will receive a copy of the certificate electronically, by mail, or another accessible method.

70. Describe how each of the certification requirements (Section 3.2.6 of the Program Requirements & Application Instructions document) will be met for multifamily buildings.

☐ Defer response to State Implementation Blueprint.

EBD: The same certification requirements described in Question 69 will apply to multifamily buildings as well as single-family homes.

P4P: As stated previously, CEC expects minimal or no multifamily participation in the P4P pathway. If a multifamily project is submitted and meets program eligibility requirements, the SW Implementer will either issue the required certificates directly or subcontract with qualified providers. For multifamily buildings, certificates will be issued at the post-installation stage to document the work completed and provide the projected energy savings required by DOE guidance. The projected savings will be based on

contractor or aggregator estimates, subject to the SW Implementer's reasonableness check. CEC will review and approve the certificate to ensure it meets all DOE requirements.

The SW Implementer will design a certificate template that, at a minimum, will summarize the measures and equipment installed, confirm that the project met program requirements, and include the projected energy savings. The certificate, or a cover page accompanying it, will display the DOE logo (per DOE usage guidelines) and note that the project was funded in part (or in full) through the Home Energy Rebates provided under the Inflation Reduction Act of 2022. CEC will provide a mock-up of these materials to DOE for review prior to launch.

To help inform building residents, the building owner or property manager will be required to either distribute the certificate to all residents or post the certificate in a common area accessible to residents (e.g., the lobby or community room) for a defined period, consistent with best practices for resident communication.

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

    Note: Program Notice 26-1 Section 3.5.3 allows for grantees to allow the implementer to provide the third-party post-installation project certificate, but only if there is no conflict of interest with the installer of the project that is being certified.

    ☐ Defer response to State Implementation Blueprint.

EBD: As described in the response to Question 69, each regional administrator will develop a third-party certificate template for CEC review and approval. The CEC will verify that the certificate meets DOE requirements and will provide a copy of the certificate to DOE prior to program launch.

P4P: Consistent with earlier responses, the SW Implementer may choose to develop and issue these certificates directly or subcontract with a qualified provider. The choice of subcontracted provider will be up to the SW Implementer, subject to CEC approval. When the CEC approves the SW Implementer's approach to provide certificates, CEC will share additional details with DOE.

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. If the state does not plan to integrate the rebates into any existing programs, note this as "not applicable" within the application. 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, quality assurance, 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 $339.25 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 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 developed Coordination Plans addressing coordination with other programs, including:

- 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 is 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 a Community Choice Aggregator (CCA) are currently 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 SW

Implementer will help contractors and aggregators who lack those tools to estimate combined incentives. With regard to integration of administration efforts, CEC may task the SW Implementer with exploring pathways to streamline the application process for contractors to request rebates from the MAPs and HOMES, depending on remaining incentive budgets of the MAPs at the time of HOMES launch.

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).

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.

EBD: As described in Question 73, the regional administrators will be responsible for identifying opportunities for leveraging other program resources. Under the direct install program design, contractors will be paid by the regional administrator for the full cost of the retrofit. The logistics of incentive layering will be handled by the regional administrators; it will not be the responsibility of contractors or program participants. However, property owners may be required to provide additional documentation to take advantage of incentive layering or other programs, according to the requirements of layered programs.

P4P: The SW Implementer will support households, contractors, and aggregators in understanding how HOMES rebates can be layered, stacked, or integrated with other incentive programs. This includes identifying opportunities to Integrate the HOMES rebate offering with other incentive

programs when possible and pragmatic and ensuring market actors are informed of these opportunities.

The SW Implementer will educate contractors and aggregators on how they may leverage other rebate programs, such as Market Access Programs, a set of measured programs authorized by the California Public Utilities Commission. The SW Implementer will also inform households of the potential of layering and stacking rebates, when appropriate. To fulfill these responsibilities, the SW Implementer may, for example, develop marketing and educational materials that explain rebate interactions and how to utilize both programs. The SW Implementer will publicize HOMES P4P opportunities as part of existing or newly developed resources to provide stakeholders with accessible information on the full range of incentive opportunities available in their area.

CEC does not expect overlap between HOMES P4P projects and the federal HEEHRA rebates, given statutory limitations on combining HEEHRA funding with projects claiming measured savings.

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.

EBD: The regional administrators are required to report to the CEC the total cost of each project, as well as the project costs covered by state funds, HOMES funds, and other partner program funds. Data validation requirements ensure that the sum of state, federal and other program funds do not exceed the total project funds. It also ensures that federal funds do not exceed 80 percent of the total project cost or $24,000, whichever is lower. CEC will not reimburse project costs until the project is complete and the total project costs are final and reviewed by the CEC to confirm these requirements are met.

P4P: CEC will implement safeguards to ensure that the total combination of federal and non-federal up-front subsidies do not exceed the total project cost, in alignment with DOE requirements.

Homeowners will acknowledge through the Participation Agreement that the HOMES rebate combined with other up-front subsidies cannot exceed the total cost of the project. Contractors will provide the SW Implementer with information on all known up-front subsidies applied to the project, including federal, state, utility, or local rebates or incentives. The SW Implementer will

use this information, along with the contractor's or aggregator's estimated energy savings and estimated rebate value, to ensure the combined value of the HOMES rebate and other subsidies does not exceed 100% of the project cost. The SW Implementer will review contractor invoices and will confirm that total payments do not exceed the project cost.

If the total funding exceeds the project cost, the estimated HOMES rebate will be adjusted accordingly to maintain compliance with program rules.

76. Describe how the state program will support contractors and aggregators (if applicable) 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: The SW Implementer will assist contractors, and aggregators if applicable, in preparing customer invoices that meet program documentation rules including providing an invoice template for those that wish to use it. The SW Implementer will review submitted invoices, either as part of rebate reservations or post-project desktop reviews or both, to ensure they meet program documentation standards. All invoice documentation will be retained by the SW Implementer as part of their compliance responsibilities and will be accessible to CEC for program oversight.

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.

EBD: The CEC and the regional administrators will retain all project records, including invoice documentation, for a minimum of three years after the final payment has been received or five years after the state grant term, whichever is later.

Upon request from the DOE, the DOE's Inspector General, California State Auditor, CEC Auditor, or another entity, the CEC would promptly compile all applicable records to comply with the request in alignment with state and federal law.

P4P: The user interface developed by the SW Implementer for receiving and processing rebates will allow contractors and aggregators to submit invoices as well as other required information. The SW Implementer will collect and retain all invoice data electronically. In the event of an audit, this information will also go directly to DOE via DOE-approved channels associated with the DOE Rebate Tracking System. The CEC will also be able to readily export the invoice documentation to other relevant entities that may initiate audits.

78. Describe how the state will ensure rebate recipients will be made aware of the portion of the funding received from the DOE HOMES Program.

☐ Defer response to State Implementation Blueprint.

EBD: Regional Administrators are required to provide a post-installation project summary to all participants. The project summary will include the specific work performed, the address where the work was performed, the name and contact information of the contractor(s) performing the work, the dates on which the work was performed, the total project cost, and the amount of funding provided by DOE Home Efficiency Rebates, state funds, and any other funding sources. This project summary may be provided as part of the post-installation certificate.

P4P: Contractors and aggregators will be required to provide invoices to rebate recipients that clearly itemize the portion of the project funding provided by the DOE Home Efficiency Rebates program. Contractors/aggregators may use their own invoice format or the SW Implementer-provided invoice template, but in either case, the invoice must show the expected rebate value and/or percentage covered by the P4P

program, along with language indicating that the rebate comes from the DOE Home Efficiency Rebates.

Section 3.3.3: Reserved

79. QUESTION OMITTED

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

Jennifer Nelson

Deputy Director, Reliability, Renewable Energy, and Decarbonization Incentives Division, California Energy Commission

Signature

Jennifer Nelson

10/23/2026