



FEDERAL POLICY WORKING GROUP MEETING 02/08/23

Agenda

1. Administration Activities
2. Legislative Landscape/Updates
3. EESG Draft Comments to DOE re: RFI Home Energy Rebate Programs
4. EESG Takeaways

Notes

1. Administration Activities

On February 7, Pres. Biden held his [State of the Union address](#). Energy was not a top contending issue among the economy, health care, and public safety. However, the President briefly addressed climate and energy progress to be made through the Inflation Reduction Act, while the need for oil and gas will remain “for a while.”

As of late January, roughly $\frac{1}{3}$ of an anticipated ~1,000 staffers have been hired in response to implementing the Infrastructure Investment and Jobs Act.

On January 30, The DOE [announced](#) \$131 million for 33 research and development projects to advance the wide-scale deployment of carbon management technologies to reduce carbon dioxide pollution. The projects will address technical challenges of capturing CO₂ from power plants and industrial facilities or directly from the atmosphere and assess potential CO₂ storage sites, increasing the number of sites progressing toward commercial operations.

- [Carbon Management Awards](#)
- [CarbonSAFE Awards](#)

On January 19, Vice President Harris attended the groundbreaking for a 125 mile, 500kV transmission line between Arizona and California. The line was proposed by CAISO in their 2013-14 transmission planning process.

On January 18, the [Fed set a deadline](#) of July for the US’s six largest banks to report on how multiple climate change scenarios would impact their revenue, etc. The banks’ portfolios include modeling real estate, decarbonization of energy streams, etc.

On January 17, the U.S. Department of Energy [announced](#) guidance enabling state, local, and Tribal governments to begin applying for funding through the [Energy Efficiency and Conservation Block Grant Program](#) (EECBG). The EECBG provides

federal grants to states, units of local government, and tribes to assist eligible entities in implementing strategies to reduce fossil fuel emissions, to reduce total energy use, and to improve energy efficiency. The EECBG opened applications for \$430 Million in formula grant funding under the Infrastructure Investment & Jobs Act (“IIJA” or “Bipartisan Infrastructure Law”) to eligible entities, including:

[States](#)

[Local Governments](#)

[Tribes](#)

The DOE also issued a Request for Information (“RFI”) for new [Home Energy Rebate Programs](#) (“Program”) under the [Inflation Reduction Act](#) (“IRA”). The RFI seeks input on [nearly \\$9 Billion](#) of record breaking funding to help cut energy costs in American homes through energy efficiency and electrification of home appliances and equipment. The [Office of State and Community Energy Programs](#) will be responsible for distributing Program funds. Responses are due March 3, 2023.

On January 11, the CPSC Chairman clarified that he is “not looking to ban gas stoves and the CPSC has no proceeding to do so.” This follows up on reported comments the Chairman had made, concerning the Commission’s potential to ban gas stoves. The issue was high profile enough that President Biden stepped in to clarify he did not support banning gas stoves.

On January 9, the Council on Environmental Quality [published a notice of interim NEPA Guidance](#) on Consideration of GHG Emissions and Climate Change and requested comments. The Guidance intends to assist agencies in analyzing GHG and climate change effects of their proposed actions under the NEPA. Of many things, the Guidance:

- Recommend agencies provide additional context for GHG emissions, including through the use of the best available social cost of GHG (SC-GHG) estimates, to translate climate impacts into the more accessible metric of dollars, allow decision makers and the public to make comparisons, help evaluate the significance of an action's climate change effects, and better understand the tradeoffs associated with an action and its alternatives; and
- Agencies use the information developed during the NEPA review to consider reasonable alternatives that would make the actions and affected communities more resilient to the effects of a changing climate.

The interim Guidance is effective immediately, public comments are due March 10.

2. Legislative Landscape/Updates

On February 2, the Senate Energy & Natural Resources Committee (chaired by Sen. Manchin) [convened](#) to address one witness, Deputy Secretary of the DOE, David Turk. E&E News put together a good [story](#) on the hearing. Turk covered two key issues:

- The Biden Administration’s “tentative decision to subsidize a U.S. lithium-ion battery producer with controversial ties to China” and
- A DOE publication re: the efficiency of gas stoves.

On January 26, Sen. Manchin urged the Senate to pass his [legislation](#) requiring January 1st compliance with battery-manufacturing and critical resource - mining requirements under the Inflation Reduction Act. The Senator is claiming the Department of the Treasury is unlawfully offering EV credits before (or without...) updating guidance that was required by 12/31.

On January 25, the House Committee on Natural Resources [issued](#) an oversight request re: unanswered Republican-sourced information requests over the last two years. The key message delivered:

While we hope to conduct essential oversight in a cooperative manner with your departments and agencies, we will maintain our ability to employ transcribed interviews, depositions, and other compulsory processes as necessary to obtain requested documents and information. Many programs like the 30x30 initiative, the administration’s Great American Outdoors Act funding priorities, the unaddressed crisis at the southern border and the humanitarian and environmental harms it creates, extreme policies that limit our ability to address the western drought, efforts to address health and economic security in tribal and insular communities, and administration policies that stifle American energy production, such as the delayed offshore leasing plan, remain a black box to us and to the American people. We intend to pull back the curtain and show how each taxpayer dollar is being spent by this administration and how this administration’s failing policies are impacting American families.

On January 25, the House Energy & Commerce Committee finalized its subcommittee leadership: Rep. Jeff Duncan (R-S.C.) will chair the Energy, Climate and Grid Security Subcommittee, while Rep. Bill Johnson (R-Ohio) will hold the gavel for the Environment, Manufacturing and Critical Minerals Subcommittee.

On January 19, the US officially hit its debt limit. In response, as anticipated, the Treasury Department [announced](#) it is initiating “extraordinary measures” - effectively stalling the impacts of the event until (potentially) this summer. Speaker McCarthy has already begun to meet with Pres. Biden on the issue, though it is reported that no initial progress is anticipated in the near future.

On January 10, Rep. McMorris Rodgers (R-WA) was formally named Chair of the Energy & Commerce Committee in the House. Rep. Bruce Westerman (R-AR) was formally named Chair of the Natural Resources Committee. The two Congressmembers are likely to accelerate efforts re: domestic energy and mineral production/mining, permitting, and (some) other infrastructure needs.

3. EESG Draft Comments to DOE re: RFI Home Energy Rebate Programs

Quick recap on the Programs:

The Inflation Reduction Act of 2022 includes [two provisions authorizing \\$8.8 billion in rebates](#) for home energy efficiency and electrification projects.

These two provisions are:

- *Section 50121: Home Energy Performance-Based, Whole House Rebates (Referred to as Home Efficiency Rebates).*
- *Section 50122: High-Efficiency Electric Home Rebate Program (Referred to as Home Electrification Rebates).*

Together, these provisions are referred to as the Home Energy Rebates.

These provisions authorize the following:

- *\$4,300,000,000 in grants to State Energy Offices to carry out Home Efficiency Rebates. Section 50121 of the Inflation Reduction Act authorizes rebates based on the energy savings predicted from a home energy upgrade.*
- *\$4,275,000,000 in grants to State Energy Offices to carry out Home Electrification Rebates. Section 50122 of the Inflation Reduction Act authorizes rebates based on purchase or installation of high-efficiency home appliances and equipment.*
- *\$225,000,000 in grants to Indian Tribes to carry out Home Electrification Rebates. Section 50122 of the Inflation Reduction Act authorizes rebates based on purchase or installation of high-efficiency home appliances and equipment.*

In response to the DOE's RFI as noted above in the January 11 Administration update re: the Home Energy Rebate Programs, the Energy Efficiency Strategy Group ("EESG") is soliciting group input/responses to DOE questions to help draft a response to the RFI. Some relevant themes from the EESG's discussion:

- Giving states flexibility in implementation of standards, etc. for doe to provide opt in solutions for some states that don't have robust programs, software, training, etc. There are elements that could be helpful to states.
- Consider decision tree to help do modeled, measure, or both
- How to provide support to offices that they need.
- Flexibility is key because significant diversity in structure of utilities, etc.
 - Concern around attribution, fine with braiding of funding

Key questions for us to consider:

- What types of program design approaches, guidelines, tools, savings analyses, policies or reviews can help discourage contractors from using rebates for

upgrades that will likely result in higher annual household energy bills, particularly for low-income households?

- Require energy modeling used/approved for Weatherization Assistance Program (WAP)
- *Flexibility in baselines/benchmarking as CA trends towards higher efficiency than other states. For e.g., true for some EPA programs that focus on energy savings. Energy Star - intended to assist building (operators, etc.) evaluate, identify, and progress towards goals.*
 - *Higher baselines could result in lower energy/bill savings and returns. Ensure states that have invested in progress are not penalized for their (general) success.*
 - *Consider posing question to CEC re: allocation methodologies to ensure CA is not falling behind. Is population-based sufficient here to address staggered baseline needs?*
 - *Reiterate no CE requirements.*
 - *Joe and Clark to connect with CEC to test their thinking on this. Keep in mind for rolling into EM&V forum as well.*
- *As end uses electrify, consider spotlighting resiliency. Could be more detrimental/impactful to lower income households.*
- *Illinois legislation requires some notification of electrification bill impacts. Consider reviewing IL legislation/statute.*
- What are best practices for implementing successful 'point of sale' rebates, including when considering contractor needs?
 - *Suggest Choice Engine from Enervee as potential best practice/framework for consideration. Effectively acts as a point of sale rebate with specific retailers to skirt logistics of gaining rebate/incentive.*
 - *Best practice is to implement point of sale upfront. Ease of access.*
 - *There are options...*
 - *How can DOE encourage greater participation/enrollment in point of sale.*
 - *Needs to lead to portfolio of products offered to retailers who are often selling significantly high numbers of products. Simplicity is key too.*
 - *Verification on program success (depending on level of precision/accuracy) can slow roll success.*
- What evaluations of similar programs exist that can provide lessons learned and recommendations for effective program guidance, support, and best practices?
 - *Consumer electronics program*
 - *Library of issues in CA that can help respond to these questions. Pull up links/resources to those.*
 - *CA invests 4% of all efficiency \$\$ to M&V.*
- How should DOE, states, tribes, and territories measure success? Examples may include high customer satisfaction, measured or estimated benefits (e.g., impacts on energy, bills, emissions, health, or peak demand), quality job creation, valuation of home upgrades or overall efficiency, etc. What specific data is needed to evaluate progress toward these recommended metrics of success?
 - *Reemphasize not focusing on CE, lean on examples provided.*

- *Thinking of home-air quality as a driver for electrification. How to measure AQ cost-effectively. How to invest in sensors, etc. Statistical sample of homes? Economy of scale different for individual residence than school.*
 - *Some schools have pursued this, there are metrics re: air quality (even including moisture) at schools. May be CA program, parallels HVAC systems in measuring AQ.*
- *Connect with Recurve.*
- <https://www.canarymedia.com/articles/energy-efficiency/leaky-air-ducts-can-undermine-heat-pump-performance-aeroseal-has-a-fix>
- How should these programs be designed to spur durable market demand for efficient and electrified homes? How can program designs best assure continued funding and financing for home efficiency and electrification improvements even after these funds have been depleted?
 - *Measured v modeled: \$s could be allocated to different buckets - how much \$ to measured VS how much to modeled (prescriptive custom, midstream).*
 - *Consider: encourage DOE to not specify/break down by those two buckets. Weave that into earlier response re: flexibility to SOE and allow states to chip away at this question. Could inadvertently act as a disincentive for smaller/less invested states.*
 - *Consider WE&T, private funding to continue funding/financing.*
 - *Points to OH as example. HB 6.*
 - *Create “constituencies” here - how to count job benefits...*
 - *Trade ally programs which can help advocate for continuing programs.*
 - *Could testimonials of success, incorporated into communication and education efforts, help promote the program?*
 - *Drive revenue/”incentives”? Don’t disincentivize utility participation to drive likely ongoing channels for program/workforce continuity.*
- Based on past successes, what practices and/or policies should program administrators use to drive higher energy savings per rebate dollar invested (e.g., measure bundling, order of installation, home characteristics, or sizing equipment after insulation/sealing)?
- What program design requirements are necessary to support increased investment in new business models, with the long-term goal of sustained financial and market investment and accelerated market adoption?

4. EESG Takeaways (Additional)

The EESG reconvened after hitting some funding stumbling blocks. Below are some takeaways from their latest meeting held on January 23:

- Coordinating the group’s response to the RFI as noted above. There are substantial limitations on stakeholder responses (page limitations, for e.g.).
- The EESG may do a deep dive next meeting on HOMES / HEERA

- There will be additional deep dive groups where REEOs can provide input and/or look at deep dive list.
- Access to utility data: RFI response benefits from examples from states
- Left to own devices, concerned about states coming up with something unworkable. Without flexibility implementation will be tremendously difficult.
- Utilities (in general) are seeking rate recovery efforts FUNDED by IRA, etc.
 - This may be a moderately different states that are decoupled
 - Want to ensure there's a balance that doesn't stop utilities from making investments (can they claim savings and just not add EE).
- Looking for more dedicated line of funding for Energy Star going forward.
- Building performance standards is focus but underfunded. May be EPA or IRA funding (say 10-15M) that could be dedicated to portfolio energy manager and energy star to facilitate some of the other money that's happening
- The EESG is looking for more dedicated line of funding for Energy Star going forward.
 - Building performance standards is a focus but is underfunded. May be EPA or IRA funding (say 10-15M) that could be dedicated to portfolio energy manager and energy star to facilitate some of the other money that's happening.
 - The EESG has circulated a draft comment letter on this already.

Next Meeting

Our next Federal Policy WG meeting will be on Wednesday March 8 at **8:15 am**. Call-in coordinates are below.

[Zoom link](#)

Call-in: +13126266799,,83592457581#

Passcode: cedmc2022