September 7, 2023

The Honorable Jennifer Granholm
Secretary
Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

The Honorable Michael Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Secretary Granholm and Administrator Regan:

On behalf of the Energy Efficiency Strategy Group (EESG),[1] thank you to each of you and your respective teams for your hard work to distribute the historic levels of federal funding included in the Inflation Reduction Act (IRA) for the Department of Energy (DOE) and U.S. Environmental Protection Agency (EPA). In particular, we appreciate the guidance you have released in recent months regarding DOE's **Home Energy Rebate Programs** and EPA's **Greenhouse Gas Reduction Fund** (GGRF). To ensure these important investments, which total over $35 billion, reach their full potential, we write seeking clarification on rules regarding stacking funds between the two programs.

Guidance from DOE released July 27, 2023 affirms that state home energy rebate programs (Home Efficiency Rebates, or HOMES; and Home Electrification and Appliance Rebates, or HEEHR) are "**strongly encouraged** to design their rebate programs in ways that allow for effective combinations of various funding sources" – with the important caveats that all immediate upfront funding sources cannot exceed the total project cost, and that rebate funds cannot be combined with other Federal grants or rebates for the same single upgrade.[2] However, because of high purchase and installation costs of the energy-saving and electric appliances

---

[1] The Energy Efficiency Strategy Group (EESG) is an informal coalition of energy efficiency organizations and related groups, including Alliance to Save Energy (ASE), American Council for an Energy-Efficient Economy (ACEEE), ASHRAE, Building Performance Association (BPA), California Efficiency + Demand Management Council, E2 (Environmental Entrepreneurs), E4TheFuture, Energy and Environment Study Institute (EESI), Institute for Market Transformation (IMT), International Code Council (ICC), Midwest Energy Efficiency Alliance (MEEA), National Association of Energy Service Companies (NAESCO), National Association for State Community Services Programs (NASCSP), National Association for State Energy Officials (NASEO), Natural Resources Defense Council (NRDC), RMI, World Resources Institute (WRI), and U.S. Green Building Council (USGBC). This letter was developed collaboratively and should not be attributed solely to any of the above-listed organizations.

[2] See p.43 and p.80 of DOE Home Energy Rebate Programs Requirements & Application Instructions. This second caveat is as required in statute, per IRA 50121(c)(7) and 50122(c)(8). DOE guidance defines an "upgrade" as "a single energy improvement to a dwelling unit or multifamily building that is a distinct and separable part of the overall scope of work of a home efficiency or electrification project" (p.9). Federal grants or rebate funds **can** be combined within the same home energy project, but only provided that "each Federal grant only funds distinct, separable upgrades" (p.44; p. 81).

Stacking between Measured HOMES programs and HEEHR in the same household is currently not allowed, per DOE guidance from July 27, 2023 (p.11). As noted in the list of stakeholder questions addressed to Sec. Granholm led by the Building Performance Association (BPA) dated August 11, 2023, BPA and other leading energy efficiency and environmental organizations recommend DOE clarify that non-energy saving HEEHR upgrades (rebates for wiring and load service centers) be allowed to be used in conjunction with the HOMES measured rebates.

eligible for rebates, low-income households seeking to install home energy upgrades may still face substantial - and potentially prohibitive - remaining costs, even after the rebates are applied.[3]

To mitigate these remaining costs, DOE guidance notes that "loans from previously granted Federal funds [such as] Greenhouse Gas Reduction Fund grants…may be used to finance any remaining costs for upgrades and individual components of qualified electrification and energy efficiency projects additional to and separate from the value of the rebate" (p.44; p.81).[4] This guidance clearly allows loans offered by entities receiving GGRF grants (and not the GGRF grants themselves, issued by EPA) to supplement project costs for the same single upgrade within a state HOMES or HEEHR project. This provision will presumably allow moderate-income households to access low-cost financing when faced with high project costs, even after HOMES and/or HEEHR rebates are applied, and provides yet another reason for homeowners to undertake upgrades.

For low-income households, however, even low-cost financing options may still be cost prohibitive. According to EPA guidance, grants distributed to eligible nonprofit entities under the GGRF Clean Communities Investment Accelerator (CCIA) and GGRF National Clean Investment Fund (NCIF) are **not** eligible for subgrants – that is, nonprofit recipients of CCIA and NCIF dollars cannot distribute grants themselves. However, grant recipients under both programs **may** issue financial assistance in the form of loans (among other financial products) - including partially forgivable loans and forgivable loans.[5]

As a result, **we ask DOE and EPA to affirm that any forgivable loans offered by CCIA and NCIF grant recipients be considered <u>loans</u>, not grants -** and therefore, per DOE guidance, **these forgivable loans can be stacked with HOMES and/or HEEHR rebates** to cover the costs of individual upgrades additional to and separate from the value of the rebate.

Thank you both for your leadership on these important national initiatives. We appreciate your coordination already to ensure taxpayer dollars from the IRA unlock maximum decarbonization outcomes while saving American consumers the greatest amount of money. We look forward to

---

[3] Focusing investments on low-income households is a priority in both statute (IRA Secs. 50121 and 50122), as well as DOE's July 27, 2023 guidance, which requires states to spend a **minimum** of approximately half of total rebate funds on low-income households (p.14-15; p.52).

[4] Importantly, DOE guidance notes that any stacking or combination of funding **cannot be prohibited by the other funding source**, and that "other funding sources, including certain Federal loans, tax credits, and State/local/utility funding, may have additional restrictions on directly combining funds for the same single upgrade that is part of a larger home energy upgrade" (p.45; 82).

Like DOE Home Energy Rebate Program guidance, EPA GGRF guidance also encourages combinations of various funding sources. Both EPA's NCIF and CCIA Requests for Applications evaluate grantees on the extent and quality of the applicant's plans to "leverage existing resources from federal, Tribal, state, territorial, and local governments…to maximize effectiveness at achieving your investment objectives" (NCIF Request for Applications p.46; CCIA Request for Applications p.50).

[5] Per EPA guidance, "subgrants are not eligible as financial assistance" for **both** CCIA and NCIF. See p.9 of CCIA Request for Applications and p.7 of NCIF Request for Applications.

continuing to assist you and your grant recipients (including nonprofits and state energy offices) as we reach this next phase of IRA implementation.

Please do not hesitate to contact us at kara@anndyl.com (202.276.1773) or vbarnes@ase.org (202.531.6005) with any questions and to schedule a meeting to discuss these issues.

Sincerely,

Energy Efficiency Strategy Group (EESG)

CC:
Jahi Wise, EPA
Theodore Toon, EPA
Jeremiah Baumann, DOE
Chris Castro, DOE
Michael Forrester, DOE
Joan Glickman, DOE
Dr. Kathleen Hogan, DOE
Dr. Henry McCoy, DOE
Dr. Tony Reams, DOE
Danielle Walker, DOE
Karen Zelmar, DOE