

Home energy rebates: Opportunities for community-based organizations to shape implementation

The Inflation Reduction Act allocated nearly \$9 billion to two programs aimed at helping homeowners and tenants make their homes more energy-efficient and save on energy costs while spurring contractor engagement and training, especially in pollution-burdened low-income communities. These programs are:

- **Home efficiency rebates**

This program offers incentives for households to invest in energy-saving home improvements like insulation, air sealing, high-efficiency windows and electric appliances including heat pump space and water heaters. Engage directly with contractors, distributors, and retailers

- **Home electrification and appliance rebates**

This program provides point-of-sale discounts on highly efficient electric appliances like heat pumps and heat pump water heaters.

State energy offices (SEOs) are responsible for designing and implementing these programs, with guidance and approval from the Department of Energy (DOE). This flexibility allows SEOs to tailor the programs to their specific needs and communities. To achieve [DOE's program goal](#) for widespread access and participation by low-income households and disadvantaged communities, it is important that community-based organizations (CBOs) and environmental justice (EJ) organizations are included in every step of the decision-making process from program design to implementation. There are numerous opportunities for CBOs to get involved and ensure the programs benefit the communities they serve.

I. How to use this document

Generally, programs work better when the community that the program is designed to serve is involved in the design and implementation of such programs. This document is intended to help CBOs and EJ organizations understand the opportunities that exist to shape the implementation of the Home Rebate Programs and maximize the benefits for their communities. In section two, we outline the order of operations and required process necessary for designing and ultimately launching Home Energy Rebate programs. This section provides a framework for understanding the type of feedback that is helpful throughout the process. Section three offers program design suggestions that CBOs and EJ organizations can consider advocating for when providing feedback on the design and implementation of the Home Energy Rebate programs. Section four offers recommendations for ways that CBOs and EJ organizations can advocate for supplemental policies and programs that can enhance the impact of the Home Energy Rebates. Since the rebates will only go so far, it is important that these incentives are paired with other programs and resources to deliver equitable, holistic and market-transforming upgrades. Section five lists other resources that CBOs and EJ organizations can leverage as you develop your program design advocacy priorities.

The ideas listed in this document are not intended to be an exhaustive list.

CBOs and EJ organizations should feel free to advocate for additional ideas that are more grounded in the local context as well. Once the list of advocacy priorities is developed, CBOs and EJ organizations can communicate these ideas directly to their SEO. Also, as outlined below, there are certain intervention points throughout the process where certain feedback is more helpful and opportune. Still, CBOs should feel encouraged to communicate their ideas through written or verbal feedback to their SEO at any point in the process as the feedback will likely still be valuable for the design of these rebate programs and future programs.

II. Understanding the rebate deployment timeline

Before any rebates can be deployed, several parts of the process have to be completed.

1. SEOS SUBMIT APPLICATIONS TO DOE TO ADMINISTER THE PROGRAMS

While states can ask for approval to use a portion of the rebate program funding on an expedited timeline, likely through an existing program, a state's application is for the entirety of its funding allocation. DOE published a [tracker](#) to help consumers follow their state's progress. SEOs should also apply for the programs' administrative funds that can be used to help hire staff and put in place other infrastructure needed to begin designing the rebate programs. Evident by the [tracker](#), some states have applied and are still waiting to receive their administrative funding.

2. DOE REVIEWS AND APPROVES SEO APPLICATIONS

Approval of the funding means that DOE has approved of the state's current plan to administer the rebates, which is outlined in its application. However, approval doesn't mean that a state gets all of the funding at once. There is still a tranche system that ties funding to meeting certain benchmarks. Per the chart on the following page, approval of the application makes a state eligible to access up to 25% of funding.

Chart showing tranching distribution funding

Tranche #	Portion of awarded grant funds released	Required deliverable(s) or milestone(s)	LI target*	LI minimum*	LI MF target*	LI MF minimum*
1	25% funds	Negotiated and approved state grant application				
2	30% funds (55% total)	Approved program launch Approved state implementation blueprint	10-15%	5%		
3	25% funds (80% total)	Approved market transformation plan	50-60%	35%	25%	5%
4	20% funds (100% total)	Approved independent privacy + security review Approved review of QA plan Completed review of incentive implementation	80%	60%	70%	25%

* Targets indicate DOE's expected performance towards expending low-income (LI) and low-income multifamily (LI MF) allocations. Applicants should strive to achieve targets.

* Minimums must be met to receive next tranche of funds.

3. SEOS SUBMIT THEIR IMPLEMENTATION BLUEPRINT TO DOE

A least 60 days before the proposed start date of the programs. This includes 1) a community engagement and outreach strategy that articulates the methods that they will use to inform eligible households about the rebate programs, 2) a Community Benefits Plan that will show how the programs will ensure that maximum benefits are flowing to disadvantaged communities, 3) a Consumer Protection Plan that will ensure the highest quality consumer experience, 4) a Privacy and Security Risk Assessment to ensure that data collection and sharing are done as

securely as possible, and 5) a Utility Data Access Plan (for the Efficiency Rebates only) that details the SEO's plan to access and verify energy savings data which is necessary for the deployment of rebates tied to measured energy savings. Each of these plans is described in more detail in section three.

4. DOE REVIEWS AND APPROVES THE IMPLEMENTATION BLUEPRINT

The second tranche of funding is tied to meeting their low-income goal and approval of the state's Implementation Blueprint. These plans will have many important program details, including a state's plans for Community Benefits and Consumer Protection.

5. SEOS LAUNCH AND BEGIN IMPLEMENTING THEIR HOME ENERGY REBATE PROGRAMS

As noted in the chart, to access 100% of the rebate funding, SEO's will have to complete a Market Transformation Plan, independent review of its Privacy and Security Risk Assessment, Quality Assurance plan, and a review of the incentive implementation. Each of these elements also have to be approved by DOE.

III. Opportunities for CBOs to shape Home Energy Rebate implementation

Before rebates can reach low-income households and disadvantaged communities, each SEO must submit an application to DOE for both of the rebate programs. Per DOE policy, applications are due on or before January 31, 2025. As of February 15, 2024, some states have already applied for a portion of their allocated Electrification Rebate funds and none have yet applied for Efficiency Rebates. Progress on state rebate applications can be found using this [tracker](#).

Pre-application decisions and requirements:

1. CBOs can communicate their ideas and feedback on the rebate programs' design and implementation directly to their SEO.

SEOs must hold at least one community engagement session to inform the design of the programs, prior to submitting their application to DOE. These community engagement sessions are an opportunity for CBOs to voice their thoughts and opinions about the ways that the rebates should be designed to meet the needs of their communities. These sessions can be in-person, online, or in the form of a written request for information, thus comments can be submitted both verbally or written. Several states have already had at least one public input session, meaning that they have met the requirement and, technically, do not have to hold any additional sessions. To determine whether your SEO has already had a public input session, [check your SEO's website or reach out to them directly](#).

→ CBOs can also request a meeting with your SEO to discuss the design and implementation of the Home Energy Rebates.

While many states have already held a public engagement session, CBOs should still feel empowered to reach out to their SEO to express their desires for the design of the program. Anyone, including CBOs and EJ organizations, is allowed to reach out to their SEO directly, at any time, to request a meeting to discuss the design and implementation of the Home Energy Rebates (or any program administered by the SEO). Some CBOs may have existing relationships with other state offices such as the Department of Housing, Department of Health, Department of Labor, among others. CBOs could use these existing relationships to 1) get a meeting with the SEO and/or 2) support these offices in working together to braid separate funding sources, if applicable.

→ CBOs and EJ organizations are also allowed to send their SEO written documentation of their Home Energy Rebates program design advocacy priorities.

If this communication is sent prior to the public engagement session, it may be helpful to also submit your priorities through that forum. If the communication is sent after the public input session, there's a chance that your SEO has already decided on some key elements of the program already and so your priorities may not be considered given the timing. However, you should still feel encouraged to send so that the SEO is aware of your priorities and can take them into consideration for other elements of the program design and/or in the design of other, similar programs.

2. CBOs can advocate for SEOs to use a portion of their administrative budget to pay for CBO staff time to assist in the design and implementation of the rebates.

States can use up to 20% of their total administrative budget to pay for CBO staff time on strategy development, community engagement, and outreach both as part of the program implementation team and for program consultants. Question 1 of [the application](#) is where states must designate funding for this purpose.

3. CBOs can advocate for the percentage of the rebates that are set-aside for low-income households.

In their application, SEOs must choose a percentage for low-income households (<80% area median income), which can be up to 100% of the total rebate amount. Per DOE guidelines, at a minimum, all states must reserve ~40% of rebate funding for low-income households and an additional 10% of funding for low-income multifamily households. However, states can direct up to 100% of rebate funding to low-income households. Question 14 of [the application](#) is where a state must set its % for low-income and low-income multifamily. For the Efficiency Rebates, a state can increase the rebate amount for low-income households -- up to 100% of eligible project costs. (Note: there isn't a statutory or DOE required per-unit limit for the measured savings rebates,

so any limit will have to be set by the state.) While there is some flexibility in the use of this funding, measures that are supported must be tied to energy savings, which limits the use of funding for health and safety measures such as remediating lead, mold, etc.

→ SEOs can also choose to focus on other population types, including affordable multifamily housing, households with electric resistance heating who may not have wiring issues that complicate electrification upgrades, or households that use delivered fuels like propane or fuel oil, who often stand to benefit the most from utility bill savings and greenhouse gas emissions reductions. For example, Maine has [proposed to use its Home Efficiency Rebates to retrofit affordable multifamily housing](#).

4. CBOs can advocate for strong and enforceable renter protections for projects that utilize Home Energy Rebates.

In question 15, SEOs must describe their plans to ensure renters are not adversely affected if a rental property receives upgrades from rebates. The current DOE guidance requires that the owner agrees to rent the dwelling to a low-income tenant, not to evict tenants to obtain higher rents, or raise rents because of energy improvements for 2 years.

Community groups can advocate for higher standards including the ones outlined in recommendations developed by Strategic Actions for Just Economy and submitted as an appendix to comments by the Building Equity, Energy, and Power Coalition in the Equitable Building Decarbonization docket in California (22-DE-CARB-03).¹ Namely, advocates can request that SEOs:

→ Cap rent increases to 3% for 10 years after project completion;

1. See Appendix 1 attached to comments filed by Building Energy, Equity and Power Coalition on October 17, 2023 <https://efiling.energy.ca.gov/GetDocument.aspx?tn=252613&DocumentContentId=87704>

→ Prohibit evictions for reasons other than non-payment, illegal activity or severe nuisance for 15 years following project completion;

→ Prevent the temporary displacement of tenants but provide for relocation and the right to return if temporary displacement becomes necessary²;

→ Codify tenant protections through deed restrictions or lease addenda and task program administrators with enforcement of these protections.

5. CBOs can choose to advocate for 1) a new program if the existing programs aren't meeting the needs of their communities or 2) funneling the rebates through an existing program if the program is serving their communities well.

SEOs must choose between establishing a brand new program to deliver rebates, funneling rebates through existing programs, or a mix of these two options. Each of the states that applied early for the Home Electrification and Appliance Rebates have applied with the intention of funneling a portion of their funding through existing programs. However, this does not mean that the state will choose to direct all of their funding through these programs. Any state that is planning to design a new program to administer any portion of the funding will need to submit a new application (or an addendum) to their current application and that new submission will also need to be approved by DOE.

6. CBOs can advocate to administer a percentage of the rebate funding through their organizations; thus allowing the CBO to serve their communities directly.

States can choose to set aside a certain amount of rebates funding to give to other entities (e.g., local governments, the Weatherization Assistance Program in the state, and CBOs) or reserve funding for specific building types (e.g., homes in certain neighborhoods or homes that heat with fuel oil).

There is not just one question where a state must describe this approach, but it is relevant for Q1 on the budget, Q5 on rebate amounts offered, and the Community Benefits Plan.

→ Relatedly, under this type of arrangement, CBOs can and should account for the total costs associated with customer acquisition, project design, and general administration into their total rebate request.

By law, the Home Energy Rebates programs are allowed to offer up to \$200 and up to \$500 in incentives for contractors for performing retrofits for the Home Efficiency Rebates and Home Electrification and Appliance Rebates, respectively. CBOs do not have to make all of their costs fit within the \$200-\$500 in contractor incentives; these incentives are additional on top of anything they can show costs for. If, on average, each project requires 10 hours of administrative staff time to draft, that should be included in the invoice when asking for a rebate, along with a bonus incentive for reaching households in disadvantaged communities.

7. CBOs can be aggregators, which are entities that bundle eligible energy-efficiency projects, perform the work, and then seek the “aggregated” rebate amount equivalent to the amount of savings achieved.

States may choose to allow aggregators in the Home Efficiency Rebate program. Examples of aggregators include utilities, energy-efficiency or retrofit program implementers, or local governments. Being an aggregator is often an administratively burdensome role, which could be a challenging lift for many CBOs to take on. Nonetheless, CBOs should feel encouraged to explore this as an option.

2. https://www.climateandcommunity.org/_files/ugd/d6378b_24dac6fa8fa24dcf8b37bf2b200e8038.pdf

8. CBOs can provide feedback to ground-truth the tools, definitions, and factors that the SEOs propose using to screen for disadvantaged communities in the state.

States must choose a tool for determining disadvantaged communities and can choose their own tool or choose to use the federal government's Climate and Economic Justice Screening Tool (CEJST). If your State has a disadvantaged community mapping tool (such as the CalEnviro-Screen in California) that is preferable over CEJST, feel free to advocate for the use of the State tool. If states are using CEJST, CBOs feel encouraged to 1) provide direct input to their SEO if their communities are not accurately captured and/or 2) advocate for the consideration of additional data such as improvement on social determinants of health or racial demographics that are not included in the CEJST tool³. Question 16 of the application is where SEOs must indicate this. Tailored state tools could include a swath of variables that capture the needs of the communities and could help with a targeted transition away from fossil fuels in the most overburdened communities.

Screening for disadvantaged communities is important since states can decide to offer incentives to contractors that provide upgrades and retrofits in these communities.⁴

9. CBOs can advocate for the methods of income verification, which can include categorical eligibility (enrollment in recognized low-income programs), documentation of income, geographical eligibility, and/or self-attestation, that the SEOs propose to use.

States must choose which methods of income verification will be allowed, especially since the Home Electrification and Appliance Rebates are limited to low- and moderate-income households (defined as below 150% Area Median Income) and since the Home Efficiency Rebates allow for enhanced incentives for projects serving low-income households (defined as below 80% Area Median Income).

In particular, CBOs can advocate for self attestation as a “first-pass” option, which would allow applicants to declare their income level directly, or to demonstrate their eligibility via a proxy such as address, to access rebates with minimum friction. (Note: States will need to verify the income of at least 50% of households that use self-attestation.) With respect to categorical eligibility, CBOs can list the programs that their SEOs should include as a recognized low-income program.

Post-application and ore-implementation blueprint submission

After SEOs submit their applications to DOE, the next step for them is to develop their Implementation Blueprints, which includes the 1) community engagement and outreach strategy, 2) Community Benefits Plan, 3) Consumer Protection Plan, 4) Privacy and Security Risk Assessment, and 5) Utility Data Access Plan (for the Efficiency Rebates only). The Implementation Blueprint must be submitted to DOE at least 60 days prior to the State's planning rebate program launch. DOE must approve of the application and Implementation Blueprint.

1. The community engagement and outreach strategy outlines a state's proposed actions to perform outreach and marketing.

To inform the SEO's community engagement and outreach plan, CBOs can advocate for:

→ **Formal, funded partnerships between SEOs and CBOs that enable the CBO to perform outreach and marketing to reach members of their communities.** It is well understood that one of the best ways to reach residents of disadvantaged communities is to partner with CBOs to perform outreach and marketing. DOE even encourages SEOs to establish these funded partnerships with their administrative funding

3. [State Home Energy Rebate Public Input Sessions - Talking Points](#) - Midwest Building Decarbonization Coalition

→ **An early rebate reservation system by which CBOs and/or affordable housing owners can indicate interest in obtaining rebate funding (and other state/utility resources) for building upgrades.** This may be particularly useful given that SEOs must reserve a certain amount of funding for low-income and low-income multifamily households.

This is not a requirement from DOE, but such a system could help speed up the deployment of low-income rebates once a state program is approved to launch.

→ **Materials to be developed in multiple languages.**

2. The Community Benefits Plan describes 1) community and labor engagement, 2) quality workforce efforts, 3) diversity, equity, inclusion, and accessibility (DEIA) for hiring, and 4) efforts to support the Justice40 Initiative.

The minimum requirements for the Community Benefits Plan can be found on pages 54 - 58 of the [application requirements](#). DOE also released a [supplemental required elements document](#) specifically for the Community Benefits Plan. States should work with a wide variety of stakeholders (including CBOs) to develop at least one Specific, Measurable, Attainable, Realistic, and Timely (SMART) milestone per calendar year to measure progress on the proposed actions. States should make the plan, milestones, and progress publicly available on their website to increase transparency and accountability. To inform the Community Benefits Plan, CBOs could advocate for:

→ More than one public input session, beyond the one required by the DOE.

→ Periodic updates from the SEO on how public input is being used in its program design. As a requirement, SEOs must already explain how it will solicit and respond to community feedback through the duration of the program.

→ SEOs to design their rebate programs in a way

that maximizes whole-home upgrades by leveraging solar, electrification, energy efficiency, and health and safety funding. For low-income households and residents of disadvantaged communities, benefits are maximized when they are able to benefit from each of these services in a holistic and coordinated manner. SEOs can also provide comprehensive technical assistance including minimizing program participation burden by setting up one-stop shop services.

3. The Consumer Protection Plan describes how the SEO will ensure high-quality installations with beneficial outcomes. At a minimum, the SEO must, among other things, 1) execute agreements with participating retailers, distributors and contractors in which the party agrees to comply with the Quality Assurance (QA) plan and procedures, 2) develop a system that is capable of responding to addressing consumer complaints and feedback, 3) oversee independent onsite post-install inspections of the first five projects for new contractors and five percent of projects for each contractor, 4) include a qualified contractor list, 5) and set installation standards.

To inform the SEO's Consumer Protection Plan CBOs can advocate for:

→ **Coordination with local program implementers and CBOs to ensure tenants are protected from rent increases or evictions resulting from upgrades made using these rebates.**

DOE guidance already requires strong tenant protections for 2 years. CBOs can advocate for a longer period during which tenant protections are instituted after rebate disbursement.

→ **Coordination with CBOs and tenants rights organizations to promote short-term monitoring and education and long-term protections.**

→ **Streamlined certification requirements, minimized barriers to entry, and comprehensive workforce development training and**

4. These variable can include: 1) target areas for gas decommissioning, 2) targeting areas that are candidates for gas decommissioning where this is a local priority and opportunity, 3) rates of emergency department visits for asthma and/or cardiovascular disease, 4) Housing habitability, 5) proportions of low-income homeowners and renters facing severe housing cost burden, 6) lead exposure risk for children living in older housing, 7) historic underinvestment, 8) disadvantaged and low-income communities, 9) extreme heat and climate vulnerable zones, and but not limited to 10) energy burden

apprenticeship opportunities for residents of disadvantaged communities.

This could include a set-aside of projects where newly trained contractors can get on-the-job training and build the necessary experience to become a certified contractor for the program. SEOs must create a Qualified Contractor List and a process by which contractors can be certified/added to the list. Only these contractors can provide rebates for measures that require substantial installation (i.e., heat pumps and whole-home retrofits).

→ Enhanced quality assurance for projects located in disadvantaged communities, where states can designate increased incentives.

The additional quality assurance should seek to mitigate any predatory sales practices and substandard installations.

IV. Opportunities to advocate for supplemental policies and programs to maximize the impact of the Home Energy Rebates

While the Home Energy Rebates will provide tangible benefits to those who participate, these programs will only serve a fraction of the total need. Therefore, additional policies, programs and incentives will be crucial in maximizing the impact and equitable deployment of the rebates as well as in proliferating market transformation towards highly efficient, electric buildings.

1. CBOs can advocate for passage and/or approval of new, additional funding from state governments, local governments, or utility energy-efficiency programs to fund gaps in the cost of a single measure, such as a heat pump system (for which a rebate under the Home Electrification and Appliance Rebate program only provides \$8k).

Some states like CA and NY already have state funding available for this purpose; other states like DC and MN have passed recent budgets that include flexible funding for this purpose.

2. CBOs can also advocate for their SEOs to design its rebate programs to ensure coordination with recipients of other federal funding that could cover others part of the retrofit package.

The relevant federal funding can include the EPA Community Change Grants (available to community-based organizations), Community Pollution Reduction Grant (available to local, regional and tribal governments), and the Green and Resilient Retrofit Program (available to affordable housing developers). While combining federal grants and loans through IRA programs is allowed, states are legally prohibited from combining federal grant funds with rebates for the same single measure. A single home is allowed to receive multiple federal grant funds from different sources as long as the line items for each grant are separate.

3. CBOs can also advocate for SEOs to build into the design of the program the utilization of existing state, local, or utility energy-efficiency programs to fund gaps in the cost of a whole house upgrade.

These gaps can include as health and safety upgrades, weatherization, wiring, and a heat pump system (for which the Home Energy Rebates would provide a maximum of \$14k).

4. CBOs can advocate for their SEOs to utilize federally subsidized low-cost financing to address any remaining costs after all up-front funding has been applied.

This is especially relevant for loans made by the recipients of the Greenhouse Gas Reduction Fund, but other federal loan sources like the DOE Revolving Loan Fund and HUD's GRRP could also play this role.

V. Other helpful resources

→ **Guidelines for Maximizing the Benefits of Federal Investments in Buildings: Community-Driven Building Retrofit Programs** - Elevate, Building Electrification Institute, Emerald Cities Collaborative, the Greenlining Institute, Greenlink Analytics, Rising Sun Center for Opportunity, and NRDC (January 2024)

→ **State Home Energy Rebate Public Input Sessions - Talking Points** - Midwest Building Decarbonization Coalition

→ **Home Energy Rebates and the IRA: Recommendations for Equity and Environmental Justice** - Just Solutions Collective (March 2023)

→ **Decarbonization without Displacement** - Climate and Community Project (January 2024)

→ **Decarbonizing California Equitably: A Guide to Tenant Protections in Building Upgrades/Retrofits Throughout the State** - Strategic Actions for a Just Economy (September 2023)

→ **Healthy, Climate-Resilient Homes For All: Centering Housing Justice and Healthy Equity in Building Decarbonization** - NRDC, BEEP Coalition, Center for Race, Poverty & the Environment, Leadership Council for Justice & Accountability, ¡PODER!, CVAQ, Local Clean Energy Alliance, Physicians for Social Responsibility - LA (December 2023)

→ **Leveraging the IRA: Transforming the Market for Equitable Building Decarbonization** - Building Decarbonization and Green & Healthy Homes Initiative (2023)

→ **Equitable Building Decarbonization: A Framework for Powering Resilient Communities** - Greenlining Institute (October 2019)

→ **The Inflation Reduction Act Home Energy Rebates: Program Guidance for State Energy Offices** - Energy Innovation (October 2023)