

HER/HEAR Frequently Asked Questions and Answers

1. Will we be eligible for rebates if we install a heat pump this year?

For eligible installations, customers in Mass Save territories can receive a heat pump rebate through the current Mass Save programs this year. The HEAR funding will not change current customers' eligibility or rebate amount.

2. How many households are served by Mass Save and how many households are served by MLPs?

Mass Save serves approximately 86% of electricity needs in MA and the 40 MLPs serve approximately 14%.

3. How will the funds for HER/HEAR will be distributed?

DOER is proposing that MLP communities receive \$22 million from HER, which is slightly greater than 15% of the total HER and HEAR funds, which is approximately proportional to the percentage of the Massachusetts population in MLP communities. MLPs would be asked to provide matching funding as part of this effort. The remainder of the HER funds is proposed to be used to enable deed-restricted affordable rental housing in existing buildings to decarbonize, and, in most cases, fully-electrify. The HEAR funds will be delivered in conjunction with Mass Save to provide 100% rebates to low and moderate income (<80% AMI) customers to complete qualified electrification projects.

4. Why is the state duplicating what already exists with Mass Save? Why not use one entity to take care of everyone in the state?

DOER is not proposing to duplicate Mass Save. DOER will work with Mass Save to deploy HEAR funding. As proposed, the HER funding would also be utilizing and expanding on existing programmatic structures with the MLPs and DOER. This will allow the funding to be disbursed effectively and with the least administrative costs. Additionally, this will strengthen existing programs that will continue to support decarbonization and efficiency after the HER/HEAR funding is complete.

5. The bulk of housing units facing challenges to decarbonize are “Naturally Occurring Affordable Housing,” which are in the hands of private landlords without structural support that public housing and subsidized housing have for decarbonization. These types of housing units are in gateway cities, language isolated communities. These units are also at a high risk of gentrification and renters in this units face a high energy burden that will get worse with electrification. How has DOER factored this in the straw proposal?

DOER has also identified the challenges of engaging the large number of naturally occurring affordable housing in energy efficiency programs. For that reason, DOER has proposed to utilize the HEAR funding for the income-verified Mass Save low- and moderate-income programs so that these residents can be served with a more comprehensive program. The federal rebates as a standalone incentive would not be sufficient to be helpful to most renters and landlords without the support of the Mass Save program. The integration into new Mass Save programs also allows for a sustainable path to keep programs going when the federal funds are fully spent.

6. Would you please detail the definition of Disadvantaged Communities?

More information on the federal definition of disadvantaged communities can be found here:

<https://screeningtool.geoplatform.gov/en/>. In addition to serving income qualified customers generally, DOER is proposing to focus HEAR funding on customers in 21 Designated Equity Communities, which were identified due to having a high share of low- and moderate-income customers (at least 50%), renters, high instance of heating with delivered fuels, as well as historically lower participation in Mass Save. These Designated Equity Communities were selected through a collaboration between DOER and the Mass Save Program Administrators, with input from the Equity Working Group of the Energy Efficiency Advisory Council.

7. Would a household have to choose between the Mass Save and HEAR programs? Or can they participate in both - e.g. electric panel assistance from HEAR and heat pump assistance from Mass Save?

No, a household will not have to choose between Mass Save and HEAR rebates, which will be delivered together through Mass Save to customers. Contractors will complete the Mass Save and HEAR eligible upgrades and will let the customer know if HEAR funding has been utilized.

8. When you say HER will support MLPs, do you mean that money will go to the utilities or to MMWEC/ENE to administer? Will they have to opt in and/or provide matching funds? Will HEAR incentives be available to income-qualified residents in MLP towns, regardless of whether the utility opts in?

For HER funds, DOER will work with the MLPs to coordinate with existing and new MLP-funded efficiency programs but will competitively solicit a third-party administrator(s) to administer the HER funds for the MLP communities. MLPs will have to opt in, and federal HER rebates will be matched with minimum MLP funded rebates. DOER is proposing that MLP communities receive \$22 million from HER, which is slightly greater than 15% of the total HER and HEAR funds, which is approximately proportional to the percentage of the Massachusetts population in MLP communities. For HEAR, only income qualified residents who are eligible for Mass Save would receive HEAR funds.

9. How would someone living in an apartment take advantage of HER? Or will the building owner need to facilitate?

While the program details will need to be determined by DOER and the third-party administrator, the building owner would likely need to be involved in accessing HER funds because heating and weatherization measures entail capital improvements to the property.

Home Energy Rebates (HER) Specific Questions.

10. How are energy savings calculated or estimated for determining rebates? (HER specific)

To calculate HER rebate eligibility, US DOE has adopted a national standard (BPI-2400) for the home assessment software that can be used to demonstrate expected energy savings and compare that against your historical energy usage. DOER plans to use qualified software for the HER-funded municipal light plant program, and work with partners to train contractors and home energy auditors to use this software. For multi-family housing there are a number of energy modeling tools that US DOE has approved for HER funded programs to use.

11. How is the option from DOE to seek approval to increase rebates for <80% AMI being used? (HER specific)

DOE's guidance on the allowable use of HER funding (but not HEAR) includes an option to increase the maximum amount available for HER rebates for low income (<80% AMI) households upon approval from DOE. DOER is proposing to award higher rebate levels for households that achieve greater modeled energy savings than the 20% and 35% that the legislation sets rebate levels for. DOER is seeking approval to increase rebates for renovations that achieve either over 40% or over 50% energy savings in low-income homes and multi-family affordable housing, typically through a combination of better insulation, air-sealing and conversion from fossil fuel heating to heat pumps.

12. What is the list of qualified contractors for the HER Program?

We have not yet started training and qualifying contractors; however, several existing contractors, along with existing MLP home energy auditors, have experience with the software tools that are likely to be required for the HER rebate.

13. Is there opportunity for new contractors to become part of the dedicated pool of qualified contractors? (HER specific)

Yes, we will be working with one or more vendors to recruit and train contractors to develop a new statewide pool of HER qualified contractors.

14. Does DOER expect to allocate funding to MLPs by # of customers (different amounts by MLP based on # of customers) or to establish a total fund that MLP customers would apply directly to?

This is a question DOER is still exploring as part of the program implementation details but will depend in part on which MLPs choose to opt in.

15. Can people use Mass Save offerings and MLP offerings?

MLP customers that are not also Mass Save natural gas customers are not eligible for Mass Save as the MLPs do not pay into the Mass Save program.

16. I am a customer of an MLP for electric and a Mass Save eligible utility for gas, so can I do both?

No., if you are a customer of both, then you can participate in the MLP program and access eligible Mass Save measures offered by the gas utility. MLP customers who are Mass Save Gas customers are eligible for the Mass Save and HEAR offerings, but not the MLP funding and HER rebates. Essentially, no-one is eligible to double-dip in both federal programs in order to allow more households around the state to benefit from these limited federal resources.

17. The HEAR incentives cover a lot more than the HER program, so MLP customers wouldn't get any support for electric upgrades, etc. under this plan. Is that right?

The HEAR incentives are narrower than HER and require income eligibility for all customers. HEAR incentives can only be used for DOE-specified eligible measures and rebates are capped at legislatively specified levels. HER funding has more flexible income eligibility requirements and rebates will be based on energy savings. MLP customers will be eligible to receive electrical upgrade incentives through the HER MLP program. MLP customers will be eligible to receive up to \$8,000 per unit (depending on income level) from HER funds for efficiency upgrades overall.

18. Will the zero percent loan referenced in the public input session be changed from a non-secured loan to a secured loan? Would it be a better use of this project especially were the people that this is trying to help get approved by Mass Save but are turned down by the bank because they do not have perfect credit?

The zero-percent interest 5-year loan program for the MLPs (similar to the Mass Save HEAT Loan) is a non-secured loan because that is a more cost-efficient loan product, so more efficient for DOER to subsidize. However, we recognize that it does not work for everyone. For households that don't qualify for the comprehensive income eligible Mass Save program, which pays for the full project cost, but who do not have good credit and who are unable to get a DOER subsidized zero percent loan, there is a new secured loan option available through the new Massachusetts Climate Bank. Called the [Energy Saver Home Loan](#), this is available as a secured loan for up to 20 years.

19. Would the loans come from MA Climate Bank?

The MA climate bank recently launched the [Energy Saver Home Loan Program \(masshousing.com\)](#) for households with between 60% and 135% of their area median income, with low or zero interest rates and more flexible terms than a traditional bank loan. More affluent households - over 135% of area median income, will be served by the Mass Save HEAT loan in Mass Save covered households, and by a new loan product currently in development for participating MLPs in their territory.

20. Will MLP customers be able to access HEAR funds?

Both MLP and Mass Save customers will have access to federal rebate funding for energy efficiency. DOER is proposing to provide funding to MLP customers through HER rebates, and funding to Mass Save-eligible customers through HEAR rebates. This will simplify program delivery, reduce administrative costs, and allow more customers in total to benefit from the limited federal funds.

Home Energy Appliance Rebates (HEAR) Specific Questions.**21. What is the definition of Weatherization? How does Weatherization apply to Home Electrification Appliance Rebate (HEAR)?**

Weatherization refers to improvements that make a building more efficient and comfortable, such as insulation, air sealing, and window upgrades. Certain weatherization measures, including insulation and air sealing, are eligible for HEAR rebates, however, in most communities in Massachusetts the Mass Save program already provides general incentives for weatherization improvements. We do not anticipate using the limited HEAR rebate funds for weatherization – instead using the existing programs to continue to provide this funding.

22. "Why is Weatherization included for Moderate Income Households and nothing for <80%AMI? I support rebates for energy conservation measures such as insulation and air sealing (if that is how weatherization is defined).

Both the HEAR rebates and Mass Save programs provide enhanced weatherization incentives to customers with a household income of less than 80% area median income. In the Mass Save program, moderate income households are defined as those making between 61% and 80% of AMI. The focus on moderate income is due to a desire to serve that demographic, which has been historically underserved by many programs compared to those households earning above or below the moderate income bracket. Weatherization does mean measures such as insulation upgrades and air sealing. While HEAR offers limited rebates on its own for weatherization, Mass Save offers more substantial rebates for weatherization. You can learn more about residential offers here: <https://www.masssave.com/en/residential/rebates-and-incentives/insulation-and-windows>.

23. Do you set the specifications for the panel upgrades? IF so, please require that the panels installed be "smart" or smart ready. Not so valuable now, but crucial going forward.

Smart electric panel upgrades are eligible and are being considered, however, they do add significant cost relative to typical electrical panels, and add value in many but not all situations. More detail will be provided as implementation plans are finalized.

24. HEAR funds should also be available to new construction. How is that addressed in this program design?

The existing Mass Save program provides new construction incentives that are significantly larger than the HEAR rebate funding. Given the limited pool of HEAR funding allocated to Massachusetts, the HEAR rebates will be distributed through a combined offering with Mass Save and directed towards helping low and moderate-income households in existing homes.

25. How will home energy savings be measured, before and after?

We are proposing to use a modelled approach to measuring home energy savings. An estimated energy model would be created demonstrating the level of savings potential from the energy saving measures. This approach allows a homeowner or landlord to know what level of rebate they are qualified for along with the expected project cost before

agreeing to the work. The alternative option of using actual bill data after the project to measure savings is more accurate but results in owners not knowing how much rebate they will qualify for, and having to wait longer to receive their rebate after the project is completed. Further, the measured approach is further complicated for the many homes in Massachusetts that use delivered fuels such as heating oil or propane, or use wood for some or all of their heating. The modelled energy savings approach can better adjust for these various options.

26. For residential heat pumps in moderate income households, are you proposing that HEAR funds will not be in addition to Mass Save incentives? It is either/or? We are hoping for being able to combine them to make heat pumps more affordable.

The DOER proposal is that the HEAR funding would be braided into the Mass Save offerings for customers earning <80% area median income. Through a combination of HEAR and Mass Save funding, income qualified customers will receive a 100% incentive for eligible weatherization and electrification measures. While a resident would not receive HEAR and Mass Save incentives separately, income verified customers are eligible for an incentive package that may use both funding sources. Using the HEAR funding in Mass Save will mean more customers will have access to decarbonization measures without adding additional cost to the Mass Save ratepayer funded program.

27. I've seen the HEAR limits for moderate income households interpreted differently by other states than what I see here. Specifically, they understand the \$ limit to not change, but that it only cover up to 50% of the project cost. Have you considered that interpretation?

Each state is proposing a state-specific program for the HER and HEAR rebate funds. Under the DOE's HEAR program rules, if a resident is within 81% to 150% AMI, HEAR funds can only cover 50% of the qualified project costs up to the specific cap for equipment. If a resident is under 80% AMI, they can receive 100% of the costs of the equipment up to the cap for the equipment. DOER has proposed HEAR funds be used for low and moderate income residents as defined by Mass Save (under 80% AMI), as these residents are already income verified through Mass Save.