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Submitted by:  
Massachusetts Department of Energy Resources

**RE: Request for Information on Inflation Reduction Act Home Efficiency and Electrification Rebate Programs (DE-FOA-0002981)**

The Massachusetts Department of Energy Resources (DOER) appreciates the opportunity to respond to the Request for Information (RFI) on the Inflation Reduction Act's Home Efficiency and Electrification Rebate Programs. DOER, in coordination with NASEO, encourages the U.S. Department of Energy's (DOE) to provide State Energy Offices maximum flexibility to design programs that meet the unique needs and goals of their states, communities, and energy service providers, and we offer the following responses to select RFI questions by section, that have a significant impact on the proposed program design in Massachusetts.

**B. Accessible and Equitable Program Design**

**3. How can DOE encourage program administrators to design their rebate programs to align with the Justice40 Initiative, which commits to delivering forty percent of the overall benefits (home improvements, jobs, etc.) from certain federal investments to disadvantaged communities that are marginalized, underserved, and overburdened by pollution?**

Given that environmental justice (EJ) communities are historically underserved and typically face increased barriers to participation in statewide programs, achieving the Justice 40 initiative goals will require pro-active targeting and supplemental support services to be incorporated into program design to reach these goals. Accordingly, DOER requests that DOE explicitly encourage and allow states to target funding and outreach based on environmental justice or related criteria, and create set-asides for funding in order to increase the likelihood of equitable program delivery. For example, states should be allowed to deploy funding in EJ communities using its own definitions, or be permitted to use proxy criteria to prioritize the program design such as prioritizing existing rental housing or existing multi-family housing to increase the likelihood that funds benefit Justice 40 communities. Further, supplemental federal funds should be considered to support the soft costs for multi-lingual outreach,

community engagement, and health and safety barrier mitigation work likely needed for effective deployment of these IRA programs.

DOER agrees with NASEO's recommendation of having discussions with states through the NASEO Residential Energy Efficiency and Beneficial Electrification Task Force as soon as possible. This engagement will ensure that states' needs are fully reflected in any Justice40 reporting requirements and that those requirements are established with enough time for states to establish internal protocols to meet those standards.

**12. Which Home Energy Rebate program components across Sections 50121 and 50122 should be implemented separately or together? Some examples could include:**

**(i) Marketing, communications, branding**

**(ii) Income verification**

**(iii) Rebate processing**

**(iv) Contractor requirements**

**(v) Home energy assessments**

**(vi) Data collection and reporting**

To avoid consumer confusion there should be consistent infrastructure (websites, marketing, etc.) to deliver these programs, but states should be allowed the choice to implement the two initiatives as two clearly separate programs to primarily serve different market segments. Specifically, it would be DOER's recommendation to allow different scopes for buildings covered by the two programs without overlap while avoiding consumer confusion. For example, the Home Efficiency Rebates program is well suited to one and two family homes, where calibrated audit modeling software such as Snugg Home, or actual meter data through services like Recurve is readily available. However, this structure may not be ideal for multi-family rental housing where home audit software is less developed and customer data disclosure could be difficult to aggregate. The Home Electrification Rebates program could be offered as a program for existing multi-family housing in the same state where the Home Efficiency Rebates program is being offered to one and two family homes.

Where states elect to implement a combined program with both sets of program funding it should be administered and marketed jointly to ensure optimal customer satisfaction with the program. Every attempt should be made to avoid duplication of home assessments, income verification, and data collection where the two funding sources are made available to the same housing stock. To that end, all program data should be collected and reported (with confidentiality provisions) on a per unit basis so states (and DOE) can measure the extent of improvements in a household, and to ensure that program measures are not double-counted in reported savings.

**D. Designing Programs for Maximum Impact**

**18. How should DOE, states, tribes, and territories measure success? Examples may include high customer satisfaction, measured or estimate 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 towards these recommended metrics of success?**

DOER appreciates the leadership of Congress and the Department of Energy for prioritizing performance-based energy efficiency and electrification of building thermal demand. These measures will reduce overall energy demand, reduce greenhouse gas emissions, and provide an opportunity for significant consumer savings. In establishing success metrics, DOER supports NASEO's recommendation

of deferring to State Energy Offices to identify individual state-level measures of success that reflect their unique needs and energy, climate, and equity priorities. There are inevitable trade-offs in selecting one measure over another. For example, programs that seek to maximize energy savings and minimize administrative costs may incentivize contractors to target large single-family homeowners in newer housing to avoid barriers and reduce the soft costs of customer acquisition and project coordination. States prioritizing the Justice 40 goals likely want to focus on equitable distribution of funds prior to considerations of how to maximize savings. Given that Massachusetts has substantial ratepayer funding already being deployed to promote weatherization and electrification of homes, DOER would like to have the flexibility to take public comment and stakeholder feedback on proposed metrics of success for the two Home Energy Rebate programs, and tailor program designs accordingly to best supplement the existing Mass Save and MLP energy efficiency and electrification programming in our state.

**22. Should program administrators establish set-asides or limits concerning the distribution of the rebates (e.g., bundled packages, disadvantaged communities, income or other definitions, incumbent heating fuel in the home, high-impact measures)?**

Yes. DOER would like the flexibility to design programs that allow for set-asides of up to 100% of each Home Energy Rebate program for income qualified participants and or disadvantaged communities, or proxies for these goals such as a set-aside for multi-family rental housing. DOER also requests that states be allowed to establish set-asides based on identified gaps in the reach of existing state funding for home weatherization and electrification. For example, Massachusetts' existing state incentives are lower and less consistent in municipal utility territory than they are in areas covered by the investor-owned utility Mass Save® program. Within Mass Save®, current program offerings are less expansive and less cost effective for multi-family rental housing than in single family housing. The rebate programs from the IRA provide a significant opportunity to address this market segment. DOER would like to be provided the flexibility to be able to prioritize and target IRA Home Energy Rebate Program funding based on one or more of these criteria, including communities and market segments, including rental properties, that have been historically underserved. DOER recommends that DOE require transparency from states in stating what their goals and priorities are for the use of these IRA funds so that states are evaluated against their chosen metrics rather than being compared on national metrics that might differ between states and where national aggregation might be misaligned with the disparate state of energy efficiency delivery among the states.

**27. While the electrification rebates allow for application in both new construction and existing buildings, are certain uses more likely to deliver greater benefits? For example, should electrification rebates focus primarily on existing buildings where such improvements are less likely to happen without additional funds? Are there important other applications (e.g., new construction of affordable housing, other?)**

DOER requests that States be given the flexibility to determine whether Home Electrification Rebate funds should be used on New Construction or Retrofits or both. In states that already see a lot of new all-electric construction but still using electric resistance or low performance heat pump systems, incentives for above code new construction to move to higher performing heat pump equipment might be an excellent area to apply federal funding. However, in states with strong building energy codes in

place and or states that already see a dominant market share for high performance heat pumps in new construction, it may be an inefficient allocation of federal funds to further subsidize high naturally occurring rates of electrification in new construction. In Massachusetts with our extensive stock of older, dense building stock and strong, electrification-focused building codes, retrofits of existing homes are likely where we would see the greatest need and benefit from this federal funding.

## **E. Integrating Existing Incentives & Programs**

**28. How can DOE encourage program administrators to build on and coordinate these funds with existing networks and programs to maximize impact? Other programs may include state energy efficiency Revolving Loan Funds (RLF), utility energy efficiency programs, U.S. Department of Health & Human Services Low Income Home Energy Assistance Program (LIHEAP), Weatherization Assistance Program (WAP), tax incentives, among other funding sources.**

- **What guidance is needed from DOE to make this successful?**
- **How should DOE encourage program implementers to design and implement rebate programs to leverage other resources and/or provide seamless services (e.g., through housing finance agencies (HFAs), state RLFs, WAP, or other complementary programs)?**
- **What concerns and risks should DOE be aware of in introducing these programs into existing program and networks? How can program administrators prevent the layering of federal, state, and local incentives whose combined value is greater than that of the product being purchased?**

State Energy Offices, including DOER, are interested in layering rebate funds (and tax credits) with other funding to provide comprehensive energy upgrades that go beyond what is possible with rebate funds. DOER recently announced \$50m in funding for deep energy retrofits and electrification of affordable housing in Massachusetts, which will be coordinated with an earlier \$10m bond funding award to the Mass Housing agency and Low Income Housing Tax Credit project recipients. Given this context of multiple potential sources of state and project funds, DOE should focus on working with other federal agencies to better align the rules of various federal programs so that program layering and coordination is practical for State Energy Offices and projects in the field. DOER has begun engaging with our counterparts at the MA Department of Housing and Community Development involved in implementing the Federal Weatherization Assistance Program and Low Income Home Energy Assistance Program. We request that DOE similarly engage across the Weatherization Assistance Program, Low Income Home Energy Assistance Program, U.S. Department of Agriculture programs U.S. Treasury, and other agency programs to determine what consistent reporting will look like in practice and how State Energy Offices can comply with individual program requirements without adding undue data collection requirements on contractors and program implementers. The more that we can collectively work to streamline and coordinate requirements at the federal and state level, the greater our ability to provide consumers with seamless, accessible services. DOER supports NASEO's recommendation that DOE dedicate staff to identify these opportunities, work with states to gain input, and resolve federal programmatic differences to the extent practical.

## **F. Opt-In Tools, Resources, Technical Assistance, and Partnerships**

**32. DOE may invest in tools and resources that states, territories, and Indian Tribes can elect to use to implement their programs. Program components could include (i) systems to track or process rebates, transactions, and improvements; (ii) systems to verify income eligibility; (iii) software to model and optimize savings; (iv) systems and/or forms for data collection; (v) model program templates program administrators can adopt for their applications; (vi) stakeholder engagement guidance and resources; (vii) standardized datasets and APIs. And (viii) program marketing, education, and branding.**

- **Which of these should be prioritized?**
- **Are any of these not needed?**
- **Are other components needed?**

DOE should prioritize the needs of State Energy Offices when making investment decisions as they will be the entities using the tools that DOE develops and/or directing their service providers in the use of these tools. DOER supports NASEO's offer to facilitate conversations between DOE and State Energy Offices to resolve which potential tools should be prioritized and any additional needs. Engagement with other DOE offices and federal agencies, as well as the states' private-sector partners in tool identification and development would be beneficial and would avoid duplication of efforts and needless costs. NASEO's Residential Energy Efficiency and Beneficial Electrification Task Force is an ideal mechanism for this type of collaboration.

**33. What existing systems and tools can DOE, states, territories, Indian Tribes, program administrators, aggregators, and/or financiers leverage to implement the Home Energy Rebate programs?**

Program implementers including DOER recognize a couple of key challenges in effectively implementing the Home Energy Rebate programs, and particularly in serving Justice 40 communities and underserved customer groups in general. One key area of implementation efficiency is through streamlined income verification. DOER requests that DOE allow proxies for individual household income verification to increase expected participation rates and reduce administrative costs, the qualification of household level income should be available to programs in a streamlined manner. DOE could explore partnering with the Internal Revenue Service (IRS), while maintain confidentiality, to leverage existing tax reporting of income by many households as a means to streamline income verification services. Using a central federal data source for income reporting could allow for state programs to avoid handling confidential income data, while still being able to verify whether an applicant qualifies for enhanced rebate levels. DOER also requests the use of area median income rather than federal median income to reflect the disparities in the cost of living in different regions within and between states.

## **G. Income Verification**

**37. What types of documentation should be considered sufficient for rebate application to demonstrate that they meet eligibility requirements (e.g., prior year tax returns, verification of other federal benefit program eligibility, or recent paystubs)?**

- **What are common barriers to effective income verification for LMI households and what industry practices are less effective or should be avoided?**
- **How long should a household's determination of eligibility last?**
- **Are there examples of programs that have demonstrated high levels of compliance while allowing self-attestation to establish income eligibility?**

- **Some programs determine eligibility by address, such as if 80 percent or more of the census tract has a certain income. What are the benefits and drawbacks of this approach?**
- **How can program administrators prevent duplicative document or verification requirements?**

DOER concurs with NASEO in requesting that DOE provide flexibility to State Energy Offices to determine what documentation is necessary to demonstrate income eligibility. DOER and the Mass Save® programs implemented in Massachusetts have experience using participation in a state-run low-income programs and other sources of federal assistance for eligibility without needing additional paperwork directly from a participating household. DOER has also seen evidence from program evaluations that any household level income verification requirements are a barrier to participation for some of the least well served populations in our state. Accordingly, DOER requests that state be given the flexibility to propose their ideas for proxies to serve as indirect means of qualifying households for the higher levels of rebate funds available for income qualified households. Specifically, DOER is interested in further exploration of address-based eligibility as a means to pre-qualify renters of naturally occurring or deeded affordable housing or other means to reduce barriers to participation by landlords of rental housing properties.

## **H. Estimating and Measuring Energy Savings**

### **42. What recommended methodologies or standards could be used by states/programs to calculate energy savings and associated impacts, such as greenhouse gas emissions reductions? What software is used to implement that methodology? What are the key inputs and features?**

DOER intends to utilize software that meets the BPI 2400 standard to calculate energy savings for the Home Efficiency Rebate Program, and has successful prior experience with using calibrated home audit software for 1-4 unit home assessments through our [Home MVP program](#), and through small utility programs all using Snugg Home software. DOER has also supported the use of home energy scorecards integrated into home energy assessments; including variants of the DOE Home Energy Score, both with calibrated and with deemed savings calculations. Based on this experience DOER recommends the use of calibrated energy usage data where available for the greater accuracy it provides to both contractors and customers on expected energy and cost savings. At the same time, DOER recognizes that convenient access to utility data is not a universally available option, and is a particular challenge for homes heated with delivered fuels or for multi-family buildings with central heating systems. Reasonable alternatives will provide options to simplify, in some markets, the work scoping process for the contractors or auditors that are in homes selling work and promoting rebates. It will also provide flexibility to states to determine which modeling tools and upgrades fit their priorities.

In addition, DOE should consider partnering with states to utilize scorecards as part of the rebate program. Scorecards have the potential to be transformational for standardizing energy efficiency projects and improving consumer awareness of the value of energy efficient improvements and there is a unique opportunity to leverage the program to not only advance efficiency and electrification, but transform consumer understanding of efficiency.

Separately DOER also requests that states be given the option to propose state and local data sources for the use of greenhouse gas emissions factors from grid electricity as an alternative to use of federal eGrid data. DOER has experience working with power plant reporting data from our sister agency Mass DEP and ISO-NE data from our regional grid operator that is more detailed than eGrid data. In addition, within our state boundaries Massachusetts has 40 municipal utilities using a varying mix of generation

sources to provide their grid electricity and we would like the opportunity to evaluate using locally available emissions data where it is consistently available and verifiable.

**49. What should DOE consider in energy usage data sharing guidelines? (see response to 33.)**

DOE has previously sponsored the development of the Green Button open energy data standard for the sharing of household utility data based on the Energy Services Provider Interface (ESPI) using a common XML format for energy usage information and a data exchange protocol that allows for the automatic transfer of data from a utility to third party software based on customer authorization. DOER encourages DOE to revive the Green Button Connect My Data ESPI standard and consider incentives such as early funding awards to states where utilities have enabled the Connect My Data standard. At a minimum DOE should ask state energy offices and their utility partners to lay out how they plan to access and protect utility data in a scalable and cost-effective manner.

**K. Compliance and Quality Assurance**

**51. How can program administrators track participation in rebate programs to protect against:**

- (i) Double-dipping between various federally funded state and Tribal grant programs for the same upgrade**
- (ii) Households receiving more funds than are allowable under the law**
- (iii) Contractors/installers purchasing equipment in a way that violates the prohibition of combining efficiency and electrification rebates**
- (iv) Claims for work not done**
- (v) Improper installations**
- (vi) Ineligible products**
- (vii) Falsifying income eligibility**
- (viii) Other risks – please identify other risks**

DOER's experience with oversight of energy efficiency programs suggests that effective tracking required two inter-related pre-requisites to mitigate the risk of fraud at the customer and contractor level:

- a) Building address or unit-level savings reporting, and
- b) independent quality assurance home inspections to a structured sample of participating homes.

Unit level saving reporting will be particularly important given that the Home Energy Rebate programs are being launched into a landscape where existing federal programs such as WAP and LIHEAP and in many cases existing state and local weatherization programs such as MassSave® are already operating. Requiring unit level savings as the foundation for reporting allows for project funding traceability that is lost with reporting based on aggregated deemed savings approaches found in many incumbent programs. This requirement for unit level saving reporting does not mean that unit level data needs to be provided to DOE in reporting, but instead that program vendors and state implementers need access to unit level data that can then be reported in aggregate to DOE to preserve data confidentiality and avoid the need to share personally identifiable information.

In addition, DOE can assist in preventing falsifying income eligibility by providing a central IRS income-verification tool. Products installed can be verified through existing programs. Both Mass Save and municipal utilities have enough infrastructure to manage the process of tracking equipment installed.

**N. Open Response**

**59. Is there anything else DOE should be aware of as it develops program design guidance and support for these programs?**

DOER would like to reinforce NASEO's comments and request for DOE to prioritize the needs and priorities of State Energy Offices in the development of program requirements and guidance.

In particular, DOE should make the full amount of administrative funds available to State Energy Offices as soon as practicable. In addition, states should be allowed to apply for funding to initiate the program for geographic targeting that aligns with overall program goals. States need the certainty of having fund-in-hand in order to issue contracts and fund positions. It will also allow them to address the year 1 startup costs that will be significantly higher than program implementation years.

DOER greatly appreciates the opportunity to submit comments and we are able to provide follow-up information on any of the above comments. We appreciate the engagement to date from the Office of State and Community Energy Program staff and look forward to ongoing conversations.

Best regards,

Maggie McCarey

Director, Energy Efficiency Division