

U.S. Department of Energy
State and Community Energy Programs
1000 Independence Ave, SW
U.S. Department of Energy
Washington, DC 20585

January 18, 2023

RE: Implementation of the home energy rebate programs in the Inflation Reduction Act

Dear DOE Leadership and Staff,

The Center for American Progress and the National Consumer Law Center applaud your agency's efforts in implementing the Inflation Reduction Act (IRA). As groups working in the policy and community space, advocating for the needs of low-income consumers, we write to offer suggestions for an equitable and consumer-friendly deployment of the residential energy rebates passed in the IRA - namely the \$4.3 billion Whole-House Rebate program ("HOMES"), \$4.5 billion High-Efficiency Electric Home Rebate program ("HEEHR"), and \$200 million State-Based Home Efficiency Contractor Training Grants program. As low-income households often do not have sufficient tax liability to benefit from the residential energy tax credits passed elsewhere in IRA, it is critical that the Department of Energy work to achieve wide deployment of rebate programs for low-income households, while maximizing climate and economic benefits, protecting consumers, and optimizing efficiency in program implementation

High-quality, well-trained contractors are essential to the successful implementation of these rebate programs. The contractor training program should support the Biden Administration's goals of providing equitable access to good jobs for all Americans, while building out the workforce to facilitate uptake of the rebates. In addition, strong consumer protections will be needed to limit the possibility of unscrupulous contractors or other bad actors who would seek to unfairly profit from the programs. Door-to-door and telemarketing sales, including sales by contractors offering energy efficiency or renewable energy services, have a history of [high-pressure tactics](#), [deception](#) and [other systematic consumer abuse](#), and consumers who need the benefits of the IRA rebate programs should be shielded from these risks.

Further, these rebate programs will have maximum impact and accessibility when integrated and coordinated with existing programs such as the Weatherization Assistance Program and utility-sponsored energy efficiency programs to best serve low-income households while reducing financial and energy burdens. We offer the following recommendations for implementation:

- 1. DOE must make the rebate programs clear and accessible to maximize uptake from low-income households.**

DOE must reduce the complexity and administrative burden of the programs to truly benefit low- and moderate-income (LMI) households as intended. Making the rebates easy to navigate is critical for consumer accessibility. DOE should:

- Provide maximum clarity and guidance to consumers and contractors on where rebates can or cannot be stacked with other federal, state, or local funding sources, how rebates will interact with tax credits, navigating different income qualifications for various programs, and more.
 - Work with State Energy Offices (SEOs) to create and publicize a website that provides state-specific information, including:
 - State draft and final plans
 - Federal program rules, guidance, and FAQs
 - List of approved electrification contractors in the state that have undergone contractor training programs
 - Easy-to-navigate eligibility information
 - Contact information for the agency and relevant staff
 - Clear directions on where consumers should go with complaints
 - Other federal program information regarding residential tax credits, rebates, and incentives
 - Other state program information on weatherization, discounts, and utility-based efficiency programs
 - Reduce barriers for income verification. Both rebate programs will require income identification to verify consumer eligibility for the rebates/rebate amounts. DOE must ensure it is easy for consumers to do so (for instance, by establishing categorical eligibility for low-income consumers below 80% AMI who have been found eligible for the Low Income Home Energy Assistance Program, the Affordable Connectivity Program, or other assistance programs).
 - Ensure that consumers are aware of the assistance available to them. For example, coordinate with SEOs on posting infographic flyers around town that have QR codes linking to rebate program information, mailing these flyers to households, posting information on social media, offering resources in different languages, etc.
 - Require SEOs to provide technical assistance/guidance to help low-income consumers navigate the energy rebate application process—e.g., a hot line or helpdesk that can walk consumers through the application process, help them complete and submit forms, etc.
 - Technical assistance should also be provided to underrepresented contractors, especially Minority Business Enterprise (MBE) contractors, to help them navigate rebate programs, access training programs, and get approved for state contractor lists.
 - Take additional steps to provide clarity and oversight on the HOMES program, as it scales the rebate amount based on the modeled or measured energy savings from a retrofit. DOE and SEOs must take care to explain the differences between the HOMES and HEEHR programs and take additional steps to make the HOMES rebates clear and easy to navigate.
- 2. DOE should work with State Energy Offices (SEOs), state attorneys general, and the Federal Trade Commission (FTC) to provide strong contractor oversight.**

Without strong oversight, low-income households may be disproportionately vulnerable to contractor abuse, fraud, or misconduct. For example, [trends of contractor abuse](#) with few opportunities for consumer recourse have been reported from the Residential Property Assessed Clean Energy (PACE) program. Contractors will play a particularly large role in the HOMES program, as the rebate amount will be calculated based on the measured or modeled energy savings from a retrofit. DOE must put sufficient

measures in place to protect consumers from unscrupulous contractors, especially in the HOMES program or when households are paying anything out-of-pocket, for example:

- Use robust contractor qualification requirements, including contractor disqualification, contractor licensing, and clawback provisions [used by WAP](#).
- Use strong quality assurance and quality control (QA/QC) and auditing requirements, such as those [used by WAP](#).
- Prohibit contractors that have had their licenses revoked in any state. For example, California revoked the PACE Administrator license of [Renovate America](#) after finding solicitors had repeatedly defrauded consumers in San Diego, CA. Contractors should be vetted for these histories.
- Include agreements that prohibit contractors from unreasonably marking up the price of a measure/installation to capture a larger rebate.
- Invite organizations such as legal services groups that have experience helping consumers with home improvement scams to help develop strong contractor consumer protections, particularly where contractors will be relied upon for some aspect of program delivery like in HOMES.
- Prohibit “greenwashing,” consistent with state restrictions on deceptive business practices, the FTC Green Guides, and similar consumer protections.

DOE should also implement contractor standards and requirements, such as:

- Require states to create a Language Access Plan laying out how they will ensure accessibility for those with Limited English Proficiency (LEP) or disability. For example, guidelines would include specific format requirements (e.g., typeface and size document requirements, and computer access specifications), the use of standardized contracts and disclosures in multiple languages based on the American Community Survey results for each specific state/region, and oral interpretation availability.
- Enforce data privacy protections for consumer information. Both rebate programs will require self-identification to determine if a household meets income eligibility requirements. This sensitive documentation must be stored in a safe, secure manner that meets best practices for data privacy and protection.
- Require that contractors commit to complying with consumer protection laws in their states (e.g., door-to-door sales, and applicability of state consumer fraud statute).

DOE must also provide strong and accessible contractor training programs. In addition to consumer protections for contractor misconduct, boosting workforce development and creating high-quality contractors are also key to ensuring quality service for low-income consumers. Specifically, trainings should:

- Address how contractors should partner with registered apprenticeship programs, electrification specific licensing programs, and certifications.
- Connect contractors with unions, public workforce development system partners, and community-based organizations for the purpose of hiring diverse, local talent.
- Promote a workplace free from discrimination and harassment.
- Address how to comply with all relevant federal and state employment laws and policies.

3. DOE should establish several oversight mechanisms to increase transparency and accountability, including the creation of a complaint resolution process with a platform for reporting or analysis of program implementation issues.

A centralized, public-facing reporting platform would create a consumer-friendly pathway to identify violators and monitor program performance. This would increase transparency and help DOE recognize trends and resolve problems, such as insufficient deployment to low-income households. DOE should implement important oversight mechanisms, for example:

- Create a portal for filing complaints and addressing complaints, such as the [CFPB complaint portal](#).
- Create a restitution fund for consumers who have been harmed by incidents of contractor misconduct, fraud, or abuse (for example, following California's [restitution fund](#) model for consumers who have been harmed by a solar contractor).
- Prohibit mandatory arbitration provisions in any contracts between the consumer and contractor.
- Establish regular public reporting from states, including reporting on complaints and other key metrics such as the number of households that are low-income, geographic location of participants, number of households that had utility disconnections compared to non-participating households, and demographic data.
- Track and report if rebates are flowing to environmental justice communities to ensure that funding is deployed consistent with the Administration's Justice40 commitments.

4. DOE must coordinate with states, and require them to braid other sources of funding to increase program efficiency.

Since rebate funding will be distributed to consumers through State Energy Offices (SEOs), coordination with states and braiding with other programs, including WAP, utility-sponsored energy efficiency programs, and other SEO-run programs, will be critical for program efficiency and ease for consumers. DOE should:

- Require that consumers be screened for rebate and WAP eligibility before entering any on-bill financing or lending agreements from other loan programs. DOE and SEOs must prioritize rebates over loans for those who are eligible for rebates.
- Create accessible resources with states to ensure consumers are aware of the assistance available to them. Consumers must be able to easily braid all available programs, including home energy tax credits and available utility programs, to minimize out of pocket expenses.
- Require SEOs to reach out to the community-based organizations currently involved in delivering utility assistance programs to provide early feedback on state program design and ongoing assistance with implementation.
- Require SEOs to coordinate with other state offices that operate weatherization programs, state utility commissions, and utilities that oversee ratepayer-funded efficiency programs.
- Coordinate with states on the rebate programs and the contractor training programs - for example, supporting building electrification specific licensing programs, certifications, or apprenticeships.

Thank you for the consideration of our recommendations on the home energy rebate programs passed in the Inflation Reduction Act. These rebates are critical to increasing the affordability and accessibility of energy-efficiency upgrades in low-income households - and DOE must provide strong consumer protections and reduce burdens for consumers to realize these benefits.

Respectfully submitted,

Center for American Progress

National Consumer Law Center, on behalf of our low-income clients

American Council for an Energy-Efficient Economy