STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

THE NARRAGANSETT ELECTRIC CO. D/B/A RHODE ISLAND ENERGY 2024 ENERGY EFFICIENCY PLAN AND 2024-2026 THREE-YEAR ENERGY EFFICIENCY PLAN	:	DOCKET NO. 23-35-EE

PUBLIC UTILITIES COMMISSION'S FIRST SET OF DATA REQUESTS TO THE RHODE ISLAND OFFICE OF ENERGY RESOURCES

Issued: November 30, 2023
Due: December 7, 2023

1-1. In response to PUC 1-6, the Company explains that "OER received approval from the United States Department of Energy (DOE) on September 21, 2023 for its administrative funding for the Home Energy Efficiency Rebate (Inflation Reduction Act Section 50121) and the High-Efficiency Electric Home Rebate (Inflation Reduction Act Section 50122) Programs. OER will be receiving up to $800,153 for the Home Energy Efficiency Rebate Program and up to $795,501 for the High-Efficiency Electric Home Rebate Program for early administrative support. The Company understands that OER has applied for rebate funding associated with these two programs and is anticipating a determination from DOE in mid-2024. The Company's understanding is that OER will begin dispersing federal funds no sooner than Q4 2024. The Company also understands that the timeline is subject to change based on OER's finalization of implementation plans, DOE review and approval of the application materials, and the timing of state requests for proposals and procurement (if pursued) for implementation." Regarding this, please explain the following:

a) Confirm the timeline for OER's receipt and disbursal of the $64 million federal efficiency funding. If the timeline has been updated, please provide an updated timeline.

Response:

The Office of Energy Resources (OER) is currently intending to submit the applications for rebate funding for the Home Energy Efficiency Rebates (Inflation Reduction Act Section 50121) and the High-Efficiency Electric Home Rebate (Inflation Reduction Act Section 50122) in the first quarter of 2024. While we cannot confirm the timing that the U.S. Department of Energy (DOE) will require for review and approval of our program applications, we are hopeful that these funds will be approved and available for OER by June 2024. OER's tentative goal is to launch the programs in the second half of 2024, but that will be subject to the DOE review and approval process of the applications.

The Company writes "The Company understands that OER has applied for rebate funding associated with these two programs" and as a point of clarification, OER has applied and been approved for the early administrative support funding, but OER has not yet submitted applications for the rebate funding from these two programs.

b) Explain when the OER will receive the $1.5 million "early administrative support" and what it plans to do with that funding.

Response:

OER received approval from the DOE for early administrative support funding on September 21st, 2023. This includes up to $800,153 for the Home Energy Efficiency Rebates program (Section 50121) and up to $795,501 for the High-Efficiency Electric Home Rebate Program (Section 50122). OER is intending to use this funding to expand our capacity through contract roles to support our efforts with completing the necessary DOE application materials, reporting requirements, program research, and potential request for proposals (RFP) drafting support, as needed, in order to successfully implement both Home Energy Rebates programs.

c) In response to PUC 1-3, the Company outlines its plan to develop a preliminary planning document by June 30, 2024 outlining "an approach and timeline for coordination with OER regarding IRA incentives." In terms of developing its plan(s) to administer and disburse the $64 million federal efficiency funding, how final does OER believe its plans will be by June 30, 2024? Put differently, what level of certainty around program design, administration, and eligibility criteria does OER expect to have in place by June 30, 2024?

Response:

By June 30, 2024, OER intends to have a full implementation plan developed for both Home Energy Rebates programs. These implementation plans may require modifications after that date at the direction of DOE, pending their review and approval process.

1-2. The US Department of Energy has released guidance on the retroactivity of energy efficiency rebate funding offered through HOMES and HEEHRA. What is OER's understanding of the retroactivity requirements associated with this rebate funding? Is OER required by the federal government to offer some level of retroactive rebates or does OER have the discretion to decide whether or not to offer retroactive rebates? If the later, please explain whether OER will offer retroactive rebates.

Response:

DOE notified State Energy Offices in October 2023 that the HOMES rebate program (Section 50121) must be made available retroactively for projects that were initiated on or after August 16, 2022. Any retroactive rebates must meet all program requirements from the DOE in order to be eligible for a retroactive rebate. Please see attached, the *DOE Home Efficiency Rebates (50121) Retroactivity Fact Sheet and Eligibility Checklists* for additional guidance from the DOE on the retroactivity requirements, including project eligibility checklists. Currently, DOE's interpretation of the Inflation Reduction Act law does not require the HEERHA program to be available retroactively and OER does not intend to offer the HEERHA rebates retroactively.

1-3. In response to PUC 1-38, the Company explains that it is "proposing to continue offering the 100% weatherization incentive for moderate income customers. The funding for this is included in the 2024 Annual Plan budget, to be funded by ratepayers. RGGI proceeds for moderate income weatherization were fully subscribed in 2023." Please explain why OER did not allocate additional RGGI funding to the moderate income 100% weatherization offering after the initial RGGI funding was exhausted in 2023.

Response:

In September 2020, OER published its 2020-B Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative (RGGI) Auction Proceeds, which included $1,125,000 in funding for the state's investor-owned utility to implement a moderate-income weatherization program for residential customers. This program and funding were developed in response to the Covid-19 pandemic as a tool to help reduce utility costs for households when job losses were rising, and residents were spending more time in their homes. This program was also intended to give the Company an opportunity to test a moderate-income weatherization offering with non-ratepayer funds to determine if this would be a measure worth offering with ratepayer funds in the future. The moderate-income weatherization program offering was only intended to be temporarily funded by RGGI as there are many competing priorities for Rhode Island's limited RGGI funding, and OER's expectation was that if this proof of concept gained traction and proved viable the Company would explore incorporating it using ratepayer funds.

SCEP
STATE & COMMUNITY ENERGY PROGRAMS

Home Efficiency Rebates (50121) Retroactivity Fact Sheet and Eligibility Checklists

State Requirements for Providing Retroactive Rebates

The U.S. Department of Energy (DOE) developed this optional resource in relation to the Inflation Reduction Act (IRA) of 2022, section 50121[1], which established the Home Efficiency Rebates, which operates under the umbrella of the Home Energy Rebates.

Per the IRA, retrofits begun on or after Aug. 16, 2022, that meet Home Efficiency Rebates program requirements qualify to receive a rebate.[2] As stated in Section 3.1.2 of DOE's Program Requirements and Application Instructions, states must provide rebates for projects that:

- are initiated on or after Aug. 16, 2022,
- meet all DOE requirements within the requirements document, and
- meet any additional state requirements.

Why must states offer retroactive rebates?

IRA section 50121 specifies that a state "*shall provide rebates to homeowners and aggregators for whole house energy savings retrofits begun on or after the date of enactment of this Act.*" This means that any **eligible** project that began on or after Aug. 16, 2022, may qualify for a state-issued rebate. Home Electrification and Appliance Rebates, which were established under IRA Section 50122, are not available retroactively.

Protecting Consumers

States, stakeholders, and industry representatives need to clearly communicate the complexities of receiving a retroactive rebate to consumers to minimize confusion, frustration, and the potential for fraud. To do this, DOE encourages the following:

- Provide consumers with information directly from DOE or the state program because many entities are circulating inaccurate information about the requirements for retroactive rebates.
- Share information about retroactivity on your website, including the Retroactivity Checklist for Consumers below or equivalent material.
- For states, contact DOE with questions about retroactive eligibility.

[1] See 42 U.S.C. 18795.
[2] 42 U.S.C. 18795(c)(1).

Retroactivity Checklist for States

DOE is providing the following checklist as an optional resource to help states efficiently screen projects for retroactive qualification. States may use the following checklists to help determine if a project is eligible and required by DOE to receive a program rebate. See below for checklists for the modeled and measured program paths.

Modeled path. Each statement below, plus any additional requirements established by the state, must be confirmed for a project to qualify under the modeled path.

- ☐ The retrofit began on or after Aug. 16, 2022.[3]
- ☐ A home assessment was conducted prior to the retrofit that recorded each of the following:
  - ☐ Dwelling type
  - ☐ Performance or efficiency of the dwelling unit and its components, materials (such as insulation), and systems
  - ☐ Existing equipment, materials, or systems to be replaced.
- ☐ The contractor identified the new equipment, systems, or materials proposed for installation and modeled the energy savings based on those measures.
- ☐ Prior to initiating the retrofit, the contractor produced an energy savings estimate using a DOE-approved modeling software[4] consistent with BPI 2400 and based on an energy savings model calibrated to the dwelling unit's historical energy use.
- ☐ The modeled energy savings estimate met or exceeded 20 percent of total dwelling unit's energy use.
- ☐ The contractor obtained written acknowledgement from the consumer of the proposed project's estimated impact on household energy costs and consumption, including an estimate in dollars of the energy savings in the first year based on current utility rates at the dwelling unit.
- ☐ The contractor obtained written acknowledgement from the consumer of the remaining payment amount they will owe after applying the Home Efficiency rebate.
- ☐ The contractor provided the total cost of all upgrades within a completed project invoice inclusive of any rebated amount.
- ☐ The retrofit included at least one major upgrade as defined in the Program Requirements and Application Instructions, Section 2.1.
- ☐ Did not include generation technologies.
- ☐ Collected all data required in the Data & Tools Requirements Guide.

[3] Consistent with Section 3.1.2 of DOE's Program Requirements and Application Instructions.
[4] The modeling software may have existed prior to DOE-approval but must be DOE-approved for use in the program to be eligible.

Measured path. Each of the statements below, plus any additional requirements established by the state, should be confirmed for a project to qualify under the measured path.

- ☐ The retrofit began on or after Aug. 16, 2022.[5]
- ☐ A home assessment was conducted prior to the retrofit that collected each of the following:
  - ☐ Dwelling type
  - ☐ Performance or efficiency of the dwelling unit and its components, materials (such as insulation), and systems
  - ☐ Existing equipment, materials, or systems to be replaced.
- ☐ The contractor identified the new equipment, systems, or materials being proposed for installation and modeled the energy savings based on those measures.

Measured energy savings at each site must be calculated in a manner that:

- ☐ Used a DOE-approved[6] open-source advanced measuring and verification software before and after implementation of home energy upgrades.
- ☐ Estimated energy savings based on data collected in the home assessment.
- ☐ For purposes of the rebate threshold, the defined, calculated, and reported energy savings as kilowatt-hour or kilowatt-hour equivalent as defined in the Program Requirements and Application Instructions Section 2.1.
- ☐ Calculated actual home- or portfolio-level savings no less than nine months after the final installation in the home or portfolio. If measuring energy savings less than 12 months post-installation, the calculation must include at least one peak energy season, or both peak seasons if in a dual-peaking climate.
- ☐ Achieved actual measured energy savings of at least 15 percent.
- ☐ Collected all data and information required in the Data & Tools Requirements Guide.
- ☐ Did not include generation technologies.

[5] See Program Requirements and Application Instructions, Section 3.1.2.
[6] DOE approval of methodologies pending; expected early 2024.

Retroactivity Checklist for Consumers

State programs can use the language below, and adjust as needed to match their requirements, to develop webpages and other outreach material for households seeking retroactive rebates:

If you began energy upgrades or retrofits to your home on or after Aug. 16, 2022, you may be eligible for a rebate.

To be considered, your project must meet **all** requirements listed below. Please use this checklist to determine if you may be eligible.

- ☐ I received a final invoice for my home energy upgrade project on or after Aug. 16, 2022.
- ☐ A home assessment[7] was conducted on my home prior to the installation of equipment and/or materials.
- ☐ The home assessment included a summary of equipment and/or materials.
- ☐ The home assessment estimated the project's energy savings to be at least 15 percent[8] of my total home energy use.
- ☐ I received an estimate of the impact to my energy bill if I installed the equipment and/or materials.
- ☐ The contractor collected my written acknowledgement of the estimated impact to my energy bill.
- ☐ The contractor provided me with an invoice of the completed upgrade that includes the total cost of the project and all equipment and materials.
- ☐ My project included the installation of a heat pump, a heat pump water heater, or insulation.
- ☐ My project did not include electric generation technology (e.g., solar panel installation).

[States should insert any additional requirements they may have here.]

[7] A home assessment is a third-party audit that provides information about the home's characteristics (e.g., home type, year built, number of floors), existing equipment, efficiency levels, and opportunities for energy-saving upgrades.

[8] Some state programs may require a minimum of 20 percent energy savings. Check with your state about specific savings requirements.