

**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

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| Inflation Reduction Act - Home Efficiency Rebates (HOMES) | 9716-FG-2023 |
| Inflation Reduction Act - Home Electrification Appliance Rebates (HEAR) | 9717-FG-2023 |

COMMENTS FROM WISCONSIN LOCAL GOVERNMENT CLIMATE COALITION

The Wisconsin Local Government Climate Coalition (WLGCC, wlgcc.org) is pleased to provide these comments in response to the March 26, 2024 memo in dockets 9716-FG-2023 and 9717-FG-2023, the State of Wisconsin's Application for the U.S. Department of Energy's Home Energy Rebate Programs.

GENERAL OBSERVATIONS

WLGCC member local governments have committed to greenhouse gas emissions reductions, and energy efficiency and renewable energy projects are an important part of our local efforts. We interact with Focus on Energy (Focus) regularly, both on projects specific to local governments and on efforts to engage our broader communities in energy savings, to achieve these goals. The formula funds available to Wisconsin through the Inflation Reduction Act for the Home Energy Rebate Program provide an incredible opportunity to improve energy efficiency and electrification adoption in residential homes in communities all across Wisconsin. The decarbonization of residential housing is essential in order for local governments to reach their community-wide greenhouse gas reduction goals, which is one reason this program is of particular interest to members, in addition to the program's focus on reducing energy burden by

specifically reserving funds for efficiency and electrification projects for low-income households.

The Home Energy Rebate programs represent a significant and once-in-a-generation opportunity for the State of Wisconsin, and the Commission should act swiftly to submit its application to the DOE so that the programs can be deployed as soon as reasonably possible. At the same time, it is also essential for Focus on Energy to ensure a smooth program launch that prioritizes both the customer and contractor experience. These points¹ are detailed below:

- **Continue Prioritizing the Customer Experience:** The HOMES and HEAR offerings will overlap with other programs and incentive offerings, including Focus on Energy, Weatherization Assistance, federal tax credits, and possibly others. This could be confusing for customers to navigate. Focus should continue its efforts to streamline the customer experience, ensuring the participation process is as easy as possible, as they do for existing programs. Focus should map out the customer experience for the different eligible income levels, and identify implementation strategies to prevent drop-offs and reduce the administrative and cost burden on customers.
- **Emphasize Contractor Training and Experience:** Focus has long-standing relationships with the auditor and contractor markets that will serve it well as the HOMES and HEAR offerings are launched. Given the level of interest that these programs will generate, contractors will need to be trained and ready to meet the demand. Focus and its partners will need to ensure that contractors understand both the programs and the technology, so that eligibility and the benefits of participation can be

¹ We are not suggesting that these points need to be addressed in the Commission's decisions. Rather, we are acknowledging them as important elements of program implementation that Focus should continue to emphasize and monitor.

clearly communicated. Achieving this is no small feat, especially in a constrained labor market. We encourage the Commission to leverage the \$2.8M in Residential Energy Contractor funds available to Wisconsin to jump start the training needed to prepare for the IRA programs.

The following sections include WLGCC recommendations to the Commission, as ordered in the March 26th Commission memo.

UPGRADES ELIGIBLE FOR HEAR REBATE

Recommendation: WLGCC members recommend that the Commission adopt Alternative One, “Wisconsin’s HEAR program shall offer rebates for all upgrades eligible under IRA Section 50122.”

As Focus notes in the memo, the non-appliance upgrades for electrical panels, electric wiring, insulation, etc. are complementary to the appliance upgrades and helps reduce barriers for households who need these non-appliance upgrades so they may take advantage of the program offerings. We support including all the eligible appliance upgrades listed to help accelerate market adoption.

HEAR REBATE AMOUNTS

Recommendation: WLGCC members recommend that the Commission adopt Alternative One “Wisconsin’s HEAR program shall offer the IRA maximum rebates for all eligible upgrades, consistent with Table 1.”

The IRA maximum rebate amounts have been widely shared already through public announcements from the federal government. It could confuse potential program participants if

these rebate amounts were changed, which could risk overall participation in the program. Additionally, the Environmental Protection Agency (EPA) has conducted research in setting rebate amounts and no information is proposed in this memo to guide how rebates should be reset.

HOUSEHOLDS ELIGIBLE FOR HEAR HEAT PUMP REBATES

Recommendation: WLGCC members recommend that the Commission adopt Alternative One “The State of Wisconsin shall make HEAR program rebates for heat pumps for space heating and cooling available to all eligible households.”

The program should help accelerate the adoption of heat pumps in both existing and new construction projects across Wisconsin. Utilizing the program to install heat pumps in all applicable circumstances, means there will be less households overall to install them in later, particularly in new construction projects.

HEAR CONTRACTOR/ELIGIBLE ENTITY BONUS AMOUNTS

Recommendation: WLGCC recommends that the Commission adopt Alternative One “The State of Wisconsin shall design its HEAR program to offer contractor/eligible entity bonus amounts consistent with the Proposed Maximum Incentive amounts in Table 4.”

We agree with the maximum incentives proposed by Focus. Additionally, Focus will need to ensure that the auditor and contractor market has adequate support, training, and education to complete these projects effectively as well as ensuring community-based organizations are aware of the new incentives.

HOMES MODELED VS. MEASURED PROGRAM DELIVERY

Recommendation: WLGCC members recommend the Commission adopt Alternative One “The State of Wisconsin’s application to the U.S. DOE for IRA Section 50121 (HOMES) shall confirm it will implement a Modeled program path.”

The modeled program path will be easier to administer than the measured program path, which is supported by the fact that there are not many energy efficiency programs with measured program designs. However, efforts should be made to ensure the accuracy of modeling estimates. Additionally, the measured program path requires a minimum of nine months of customer usage data after final installation, which would mean participants would not receive the rebate until almost a year after the project. This program is meant to serve households where up-front cost is a barrier to energy efficiency projects, therefore participants should be able to receive the rebate as soon as possible, which would be better facilitated by the modeled path.

HOMES REBATE AMOUNTS FOR LOW-INCOME HOUSEHOLDS

Recommendation: WLGCC members recommend the Commission adopt Alternative Two “The State of Wisconsin shall request authorization to increase the rebate cap for low-income households in its IRA Section 50121 HOMES application to the U.S. DOE” and Sub-Alternative A “The State of Wisconsin shall propose increasing the rebate cap for low-income households to 100 percent of project costs to \$5,000 for projects with modeled savings of at least 20 percent and 100 percent of project costs up to \$10,000 for projects with modeled savings of at least 35 percent for a Modeled program path.”

WLGCC members suggest increasing the rebate cap for low-income households to help boost participation in the program and ensure the funds reach those who need it most. Focus staff

should develop plans for how to navigate situations in which the increased dollar cap still does not cover the full cost of the project for low-income households. Additionally, as we noted in our general observations, Focus staff should make efforts to clarify in outreach materials and training with contractors how existing Focus programs (as well as other and other programs that overlap with HOMES) can be intermingled or stacked together to reduce customer cost burdens.

HOMES REBATE AMOUNTS FOR HOUSEHOLDS EARNING MORE THAN 150% AMI

Recommendation: WLGCC members recommend that the Commission adopt Alternative Two “ The State of Wisconsin shall establish rebate amounts that are lower than the IRA maximum for households earning more than 150 percent AMI in its IRA Section 50121 HOMES application to the U.S. DOE “ and Sub-Alternative A “The State of Wisconsin shall decrease the rebate amount for households earning more than 150 percent AMI to 50 percent of project costs up to \$1,500 for projects with modeled savings of at least 20 percent and 50 percent of project costs up to \$3,000 for projects with modeled savings of at least 35 percent.”

As stated in the memo, one of the strategic objectives for program design and delivery is to “target rebates to customers where up-front costs have been barriers to participating in Focus on Energy...” Households earning more than 150 percent AMI are much less likely to experience financial barriers to the energy efficiency projects funded in the program. Additionally, households earning more than 150 AMI are more likely to take advantage of energy efficiency tax credits and other more widely available programs. Funds saved by lowering the rebate amount for higher income households could be redirected to serve more low-to-moderate income households.

HOMES PROGRAM INCOME ELIGIBILITY

Recommendation: WLGCC members recommend that the Commission adopt Alternative One “The State of Wisconsin shall limit eligibility in its IRA Section 50121 HOMES program to low-to-moderate income households; those earning less than 150 percent of Area Median Income, during the first phase of the program.”

The State should prioritize distributing HOMES rebate funds to low-to-moderate income households during the early stages of the program’s life to help ensure we are granted the full funding amount by the U.S. DOE, thus having a greater impact in our communities. Limiting eligibility during the first phase would also narrow the target audience for initial communications, engagement, and recruitment, focusing outreach efforts to lower-income households right away.

HOMES PROGRAM LOW-INCOME BUDGET ALLOCATION

Recommendation: WLGCC members recommend that the Commission adopt Alternative Two: “The State of Wisconsin shall reserve a greater proportion of IRA Section 50121 HOMES program rebate funding for low-income households than U.S. DOE’s minimum requirements.” Sub-Alternative A: “The State of Wisconsin shall reserve 60 percent of IRA Section 50121 HOMES program rebate funding for low-income households.”

We recommend reserving more program funds for low-income households who are in greater need of financial assistance for these whole-home projects. As noted previously in our comments and in Focus’ memo, moderate and higher income households are more likely to be able to afford upgrades without a rebate, access financing, and/or take advantage of tax credits. While we recommend the alternative of reserving at least 60% of program rebate funds for

low-income households, the program could also take the tact of identifying a range of funds, like 60-70% for example, to allow for more flexibility in administration. Additionally, in order to meet this target, Focus needs to ensure that communication, education, and outreach efforts, along with the administrative structure, are coordinated in a way that successfully engages and assists low-income households to participate in the program.

HEAR PROGRAM LOW-INCOME BUDGET ALLOCATION

Recommendation: WLGCC members recommend that the Commission adopt Alternative Two: “The State of Wisconsin shall reserve HEAR program rebate funding for low-income households that are greater than U.S. DOE’s minimum requirements as presented in Appendix A of the U.S. DOE Guidance.” and Sub-Alternative A: “The State of Wisconsin shall reserve 60 percent of HEAR program rebate funding for low-income households.”

Similar to the HOMES program, we recommend reserving more program funds for low-income households who are in greater need of financial assistance for these projects. The Commission could also consider establishing a range of funds, such as 60-70%, to allow more flexibility in administration. Additionally, for ease of administration of the programs, we recommend the HOMES and HEAR programs establish the same target percentage of funds reserved for low-income households.

HOMES RETROACTIVE REBATES APPROACH

Recommendation: WLGCC members recommend that the Commission adopt Alternative One “The State of Wisconsin shall include the additional proposed state requirements listed in the draft application.”

We find the additional state requirements to be reasonable.

DAC DEFINITION

Recommendation: WLGCC members recommend that the Commission adopt Alternative One “The State of Wisconsin’s Home Energy Rebate programs shall use the U.S. DOE definition of a disadvantaged community.”

To avoid confusion and help ensure consistency with other programs the State should be consistent with the U.S. DOE definition of a disadvantaged community (DAC). Creating a new DAC definition would require additional analysis and community engagement and would significantly delay program approval. That said, we do note that a census tract is a rather broad metric for household eligibility, especially in less urban parts of Wisconsin. In some areas of Wisconsin a single census tract covers a whole community, thereby blurring smaller pockets of poverty. And in many communities a single tract can include both an affluent neighborhood and a much less affluent neighborhood, again blurring the level of household need. Still, the current US DOE definition is the most expedient currently available so we support this adoption, noting that if better definitions evolve we might encourage the State to update their approach.

CUSTOMER UTILITY DATA ACCESS

Recommendation: WLGCC members recommend the Commission adopt Alternative One “Grant a waiver of Wis. Admin. Code § PSC 113.0505(2) and find that an exceptional circumstance exists pursuant to Wis. Admin. Code. § PSC 113.01(2) for sharing of utility customer data and expressly authorize access to municipal customer data pursuant to Wis. Stat. § 196.137(2)(c) for purposes of the IRA HER Programs.” and Sub-Alternative A: “Specify that the parties authorized to receive utility customer information should include the Focus Program Administrator, Sub-Contractors to the Focus Program Administrator, the Focus Evaluator,

Sub-Contractors to the Focus Evaluator, and Commission staff working on the IRA HER programs.”

WLGCC members are currently in discussions with Commission staff and Investor-Owned Utilities (IOUs) on overcoming barriers related to utility data access. In our discussions, we have specifically noted that many owners/managers of multifamily housing are limited in their ability to access aggregate whole-building energy use data, which can be used to benchmark their buildings and identify potential improvements. This issue is likely to persist as these programs are implemented. WLGCC urges the Commission to set the expectation with all utilities in Wisconsin to adopt a streamlined and automated process so that customer energy data may be easily accessed by Focus for purposes of the HER programs, as well as more generally so that customers, including local governments and other entities, can more easily access utility energy data to meet their clean energy goals.

INCOME VERIFICATION METHODOLOGY

Recommendation: WLGCC members recommend that the Commission adopt Alternative One “Wisconsin’s IRA HER programs will allow income verification via documentation of household income or by categorical eligibility verified via documentation of enrollment in a recognized program or verification of enrollment in a recognized program performed by program staff prior to approval.”

In addition to the approval methods outlined in Alternative One, the Commission should also include a provision allowing for self-attestation in emergency circumstances, such as natural disasters like flooding, or in cases where a piece of equipment suddenly fails to operate.

CONCLUSION

Again, we appreciate the opportunity to participate in this docket. WLGCC members consider the Public Service Commission and Focus on Energy key partners in our efforts to reduce emissions and build climate-resilient communities. We are excited by the incredible opportunity presented by the IRA HER program to reduce GHG emissions in our communities' buildings and lessen energy burdens for low income and marginalized residents in our state.

Respectfully,



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