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May 23, 2023

Director Paul G. Pinsky
Maryland Energy Administration
800 Washington Blvd., Suite 755
Baltimore, MD 21230

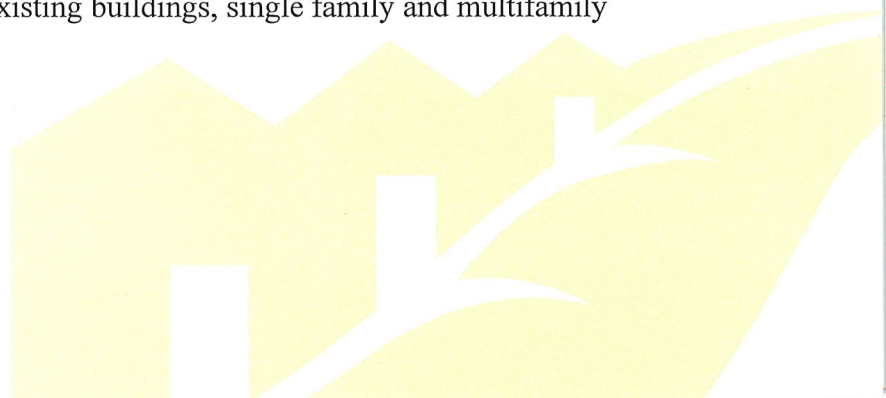
Re: MEEA Recommendations on Inflation Reduction Act Home Energy Rebate Programs

Dear Director Pinsky,

The Maryland Energy Efficiency Advocates (MEEA) have been leading advocates dedicated to lowering energy costs for Maryland households, preserving affordable housing, protecting Maryland's environment, and building a stronger state economy through energy efficiency. As a coalition and as member organizations, we have supported key legislation related to low-income energy efficiency program delivery, provided background testimony on energy affordability issues, participated in PSC workgroups, and filed public comments on Commission proceedings. The coalition and undersigned organizations have long-standing commitments to affordable housing, consumer protections, energy efficiency, and equity. We are all also interested in home decarbonization—the pairing of efficiency and electrification—for multiple reasons.

- The climate crisis requires the state to take action to meet its climate goals and protect our future.
- We want to ensure a just transition where the changes we make to our economy, homes, and our energy systems do not harm or leave behind vulnerable residents, property owners, and families.
- The investments in this transition can be an opportunity to improve living conditions across the state for a more equitable future.

We all look forward to the improved climate, health, and affordability outcomes that thoughtful home decarbonization can bring. In managing this transition, MEA will need to be considerate of differences between new construction and existing buildings, single family and multifamily



homes, owner-occupied and rental homes, low-income households, and disparities in housing conditions. Reaching the highest need homes and lowest-income households early and effectively will be paramount. As discussed in the Maryland Commission on Climate Change report, reaching low-income households early in the transition is the best way to reduce the costs to the most vulnerable state residents before gas prices rise dramatically.

Home Energy Rebate Program Overview

Maryland is receiving \$137 M from the Inflation Reduction Act for [Home Energy Rebate Programs](#). The Home Efficiency Rebate program (from the HOMES Act) covers efficiency and weatherization projects. The Home Electrification and Appliance Rebate program (previously referred to as HEEHR) is for home appliances and equipment, including electrical upgrades.

At the federal level the program is being administered by the DOE [State and Community Energy Program Office](#) (SCEP). This is a new office that will also administer the Weatherization Assistance Program (WAP), State Energy Program, and other programs with state and local offices. [Early Administrative Funds](#) for planning are available now as formula grants with specific recommended planning activities.

Recommendations to MEA on the Home Energy Rebate Programs

While awaiting final program guidance from DOE, we recommend that MEA take the actions below to ensure equitable and effective program design. These actions are consistent with the eligible uses of early administrative funding that DOE has identified in its guidance. Some of these actions may be taken by DOE or need to be adjusted in response to federal program guidance.

Planning Actions with Early Administrative Funds

- 1. Engage with partners and community stakeholders.** Developing familiarity with programs and effective partnerships will support effective building of the programs and enthusiasm for implementation. The opportunities of low- and moderate-income home electrification are relatively new so building a strong network will be helpful in growing capacity. This will also help facilitate alignment of various housing programs. MEA should begin developing relationships with community groups and engage in feedback processes as appropriate.



- 2. Identify priorities and goals for disadvantaged communities, multifamily properties, and other priority populations.** These programs fall under the federal [Justice40](#) requirement that 40% of program benefits go to specifically-defined “disadvantaged communities” which include low-income, highly polluted, and ecologically vulnerable census tracts. Low-income households regardless of census tract are also included. This guidance should be seen as a starting point that can be over-achieved both through letter and spirit of the guidance. We suggested setting targets related to low-income clients, affordable rental housing, and in high-energy burdened homes. Ahead of setting specific targets, state agencies can develop a needs assessment as was done for the DHCD Homeowner Assistance Fund where data collection was preceded by needs assessment of each jurisdiction. Existing reports from the PSC on energy affordability, DHCD on housing conditions, and MDE on climate vulnerability (especially around air quality) can all be important starting points.
- 3. Work with DHCD to develop a consolidated, common application process for a coordinated delivery of housing and energy programs.** MEA should coordinate with DHCD to streamline the application process for multiple energy efficiency and housing programs to minimize the burdens on applicants and support a “whole home” approach. Coordination with DHCD’s EmPOWER LIEEP and MEEHA programs is especially important to avoid duplication and ensure that utility and IRA rebates can be stacked to maximize decarbonization results. A consolidated application process for coordinated housing programs will reduce the need for multiple rounds of information collecting and eligibility verification. It will also allow the state to align program funding streams most efficiently through a coordinated “whole home” approach to reduce deferrals.
- 4. Identify gaps in state resources for comprehensive home retrofits so additional funds can be pursued.** In the process of aligning state and federal housing programs, MEA will likely find that certain interventions require more funding than is currently available, especially when trying to serve priority populations. Identifying these gaps will allow the state to effectively pursue competitive federal grants, build partnerships with private or other public entities, and/or allocate state funds to fill these gaps.
- 5. Make sure bill assistance programs support fuel switching.** Many low-income homes rely on OHEP billing assistance through the heating season. This can present a challenge when switching fuel sources from gas to electricity. MEA should reach out to OHEP so programs like MEAP and EUSP work well with electrification programs, especially during the heating season when homes are depending on bill assistance.
- 6. Work with the PSC and utilities on data sharing and aggregation for multifamily property owners.** Property owners often have limited ability to request and access information from utilities owners. State agencies can help facilitate these processes. This

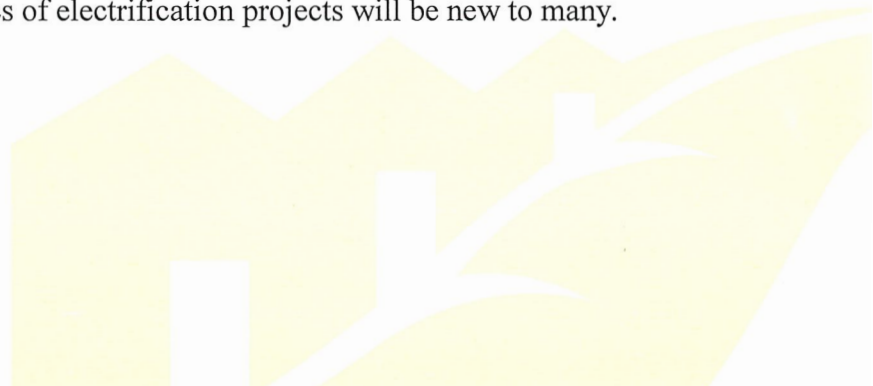


will help both the success of the rebate programs, as well as meeting other state climate and energy goals.

7. **Determine needs and identify approaches for consumer education, outreach, and protection.** Electrification is new to many low-income communities meaning that the opportunities and challenges are often unfamiliar to the households the program could most benefit. The state will need to commit to consistent education and outreach through partnerships and dedicated resources. Strong consumer protections will also give households confidence that they can participate in an unfamiliar program.
8. **Invest in contractor capacity building and a certification process.** Early administrative funds can be used to plan for the DOE's forthcoming State-Based home energy Efficiency Contractor Grants. MEA can work with DHCD and others to identify existing programs and partnerships to develop work-force capacity. Further, a certification process specific to electrification and efficiency programs will give clients confidence in the quality of their work and will accelerate market growth. Contractor capacity-building efforts will also give the state an opportunity to lead, especially by setting equity targets and partnering with existing training networks. In doing this, MEA should prioritize serving marginalized groups and research best practices for success in doing so.

Developing Program Structure for State Plan

1. **Cover full project costs for low-income households.** The Home Efficiency Rebate program is written to cover up to 80% of project costs for low-income families, and it gives states explicit authority to request approval from DOE to increase the incentive levels for low-income households. MEA should request such approval from DOE to cover costs for the low-income components of the weatherization rebate program. For the Home Electrification and Appliance Rebate program, it is also likely that rebates will not cover the full project costs for all homes, especially in older homes with needed electrical upgrades. Supplementing the program with state funds for electrical upgrades (such as aligning them with the current MEA grants) will ensure the program can be accessible to the low-income households that are in most need of home upgrades.
2. **Support building owners through technical assistance and project management support.** The EmPOWER MEEHA program provides project management and technical assistance to affordable housing owners undertaking energy retrofit projects. MEA should leverage DHCD's network of TA providers to support affordable housing owners to undertake deep energy and electrification retrofits. Especially in the first years of the program, the challenges and logistics of electrification projects will be new to many.



Dedicating staff to support will help build capacity both in the agency and with building owners.

3. **Take a whole-home approach to housing interventions by bundling efficiency and electrification programs and aligning them with health and safety funding streams to reduce deferrals from the program and serve homes holistically.** A whole home approach will be key to ensuring affordability for residents, reducing deferrals from programs, and improving living conditions so people stay in their homes. Best practices are to layer health and safety interventions, weatherization, and electrification. This maximizes the health benefits and bill/energy savings opportunities. Further considerations include a consolidated application process, coordination across agencies to ensure a “no wrong door” intake system, conducting comprehensive home assessments which can be supported through workforce development efforts, and coordinated delivery.
4. **Develop processes to layer funds in the same home.** There is optimism that DOE will use a “project” definition that will be narrow enough to layer multiple federal funding streams to deliver weatherization and electrification interventions to the same home. The Inflation Reduction Act text restricts the same “project” from Home Energy Rebates and other federal programs for funding. The DOE has acknowledged the importance of layering multiple programs to deliver comprehensive benefits, and they have expressed a desire to design the Rebate programs to support this. In any case, Maryland will need to develop its own processes to layer multiple funding streams and programs, including the multiple state-funded programs. Investing now in coordination between DHCD, MEA, MDE, and MDH will maximize the opportunity in the state.
5. The Home Efficiency Rebate programs do not require electrification, but installing new fossil-fuel based appliances is not compatible with Maryland Climate goals or the best evidence for healthy housing or affordable utility bills into the future. MEA should create program guidance that the Home Efficiency Rebate program cannot subsidize the installation of new fossil-fuel based appliances.
6. **Consider non-energy benefits as outlined in WAP guidance.** These benefits will be of interest to clients and implementers, especially as programs potentially scale in the future. Programs should track and highlight benefits such as improved air quality, greenhouse gas emission reductions, and health and safety improvements.
7. **Prioritizing using other funding streams before these rebate programs.** The rebate programs will likely be depleted before the 2031 program end-date. To ensure the maximum overall benefit, the state should look to utilize other annually renewing funding streams such as DOE WAP or state-programs before these rebate programs.
8. **Invest in translating program materials.** To reach a diverse audience, program materials should be translated to [commonly spoken languages](#) across the state. Languages

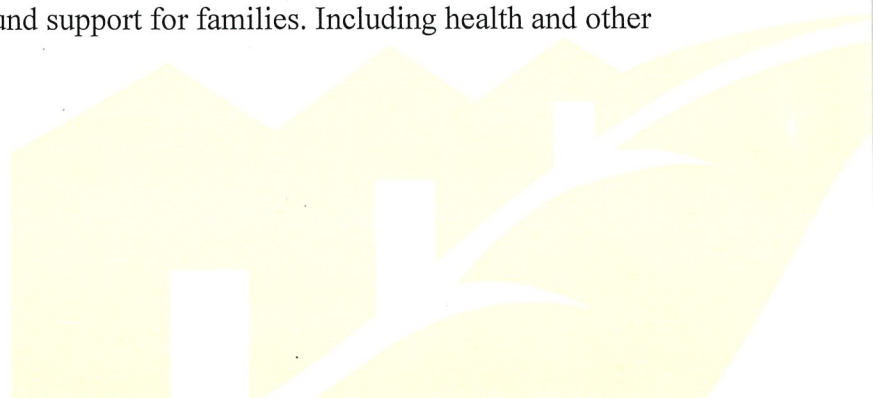


with an estimated 10,000 or more residents speaking English less than “very well” include Spanish, Chinese, French, Korean, and Vietnamese. Other languages such as those from Western African and Afro-Asiatic countries are also spoken at high levels and translation likely would be helpful in particular counties. Working with trusted community groups can help with recruiting these households.

9. **Protect sensitive consumer data and do not share it with contractors.** Household income information and other private information needed for eligibility should be processed through highly secure processes only accessible to program administrators that need to use the information.
10. **Consult with DHCD, local housing agencies, and public housing authorities throughout the process.** Housing agencies are resources for identifying and reaching low-income households. Aligning the rebate process with housing finance programs will streamline access and minimize the burden on low-income households and affordable housing providers.
11. **Allocate rebate funding to DHCD to supplement the existing MEEHA program.** DHCD’s Multifamily Energy Efficiency and Housing Affordability program (MEEHA) has effectively served multifamily property owners since 2012. The program incorporates a number of national best practices in affordable multifamily program design, including integrating energy efficiency incentives into housing finance programs, providing project management support, and ensuring measures are installed correctly. MEA can ensure that rebates reach households in affordable multifamily housing by allocating a portion of resources to DHCD to supplement utility EmPOWER funding.

Additional Program Structure (pending DOE Guidance)

1. **Include affordability protections for rental properties to prevent renters from being displaced.** We encourage affordability protections that will require property owners receiving investments through these programs to maintain affordability for their residents for at least three years. Similar protections exist in the state DOE WAP program and HUD lead program implementation. The state should also coordinate effective enforcement, such as requiring good standing to maintain rental license and utilizing housing courts.
2. **Streamline program eligibility verification and tracking, including establishing categorical eligibility with various programs that will work for households and for multifamily property owners.** For households already enrolled in housing, energy assistance, and other means-tested programs, categorical eligibility can streamline outreach and create better wrap-around support for families. Including health and other



programs besides just housing can be especially effective in reaching populations with high need.

3. **Use program set-asides with staged roll-out by home type (i.e., for multifamily homes) and income level.** Because of the added complexity of projects in multifamily homes and with low-income households, there is a risk that funds could be depleted by simpler projects which will skew towards households with more resources (single family, owner-occupied homes with fewer issues of deferred maintenance). Even if not required by DOE, the state should allocate funds for households by type. Past experiences, such as with state EmPOWER programs, have highlighted the need to prioritize homes with higher barriers to housing programs.
4. **Align data processes with potential DOE-guidance to standardize across states.** Given the national scale of these programs, DOE should take the opportunity to standardize information collection on energy savings and program outcomes. In cases where DOE does not provide guidance, Maryland would also benefit from ensuring its practices are compatible with other states in the region as well as nationally.
5. **Develop consumer protection funds in cases of poor work quality.** This may involve setting aside reserve funds for compensation and developing procedures for staff to address incomplete, improper, or ineligible work.
6. **If not done by DOE, create (or update) minimum requirements for appliances (especially HVAC), contractor certification, and insulation in projects.** Federal minimum standards may need to be adjusted for Maryland's climate and energy needs. Ensuring households receive quality upgrades will be key to the long-term sustainability of the program and related efforts towards the state's climate and energy goals.
7. **Create a process for households to clearly get estimates for project savings.** DOE should provide technical support on the modeling and measuring of projects. Ensuring that this information is shared between implementers, contractors, and clients will support learning and effective program delivery.
8. **Require pre- and post-intervention efficiency assessments.** These assessments will ensure quality delivery of interventions, protect consumers, and improve data collected for the programs. This will give clients confidence in the programs and accelerate learning about the housing conditions and outcomes.
9. **For federally subsidized housing, make a forgivable loan structure available to property owners so rebates will work with LIHTC credit structure.** Grants can reduce the amount of Low-Income Tax Credit accessible to federally subsidized housing providers, thus not adding resources to projects. Structuring the rebates as forgivable loans for these clients will meet the intent of the program and improve accessibility. This request was made to DOE.



- 10. Provide additional support on the measured energy savings pathway.** There is value to the data collection and precision with measured savings, as well as potentially increased funding available for some projects through the Home Energy rebates. Measuring savings is not as familiar a process though, and additional support will help more projects to take this pathway. Ensure that whole building science-based savings are included.
- 11. Provide flexibility for multifamily properties measuring savings, including whole-building aggregated data from the utility or as a back-up using a 10% sample representative of building types.** Multi-family properties can have additional hurdles to accessing utility data from individual units when utilities or tenants are unhelpful. Providing flexibility will reduce burden and barriers for owners, tenants, and utilities.

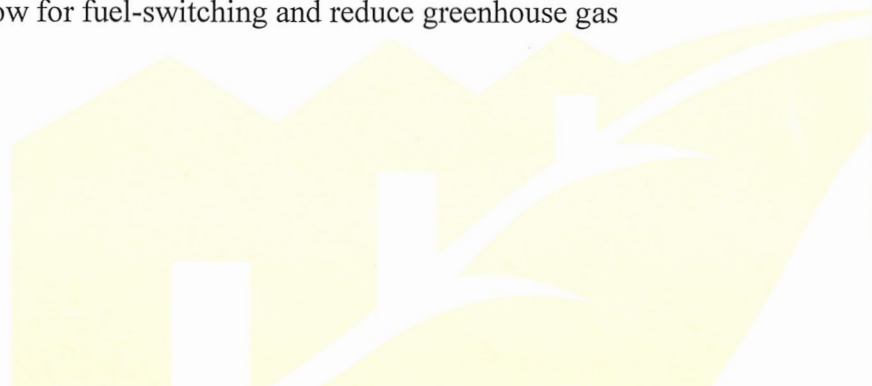
Additional Context for a Whole Home Retrofit Program

The implementation of the DOE Home Energy Rebate programs should fit with a broader state-wide strategy to improve housing conditions and meet state climate goals to achieve 60% greenhouse gas reductions by 2031 and net zero by 2045. Doing so equitably will require a comprehensive and proactive approach to low-income homes in particular.

As described in the recommendations above, MEA should work with partner agencies including DHCD, MDE, and MDH to coordinate housing programs and take a whole-home approach towards deep energy retrofits and electrification. The program would deliver health and safety remediations, weatherization, and electrification. Creating an effective Whole-Home project involves the following:

- A common application for housing programs
- A “no wrong door” intake system across agencies and programs
- A comprehensive housing assessment including electrification considerations
- Coordinated program delivery of multiple funding streams into projects
- Adequate flexible funding to minimize program deferrals
- Adequate administrative funding to coordinate projects
- An informed community engagement strategy with staff such as community navigators for support

The program would advance multiple state goals around health, housing, and climate. Ensuring effectiveness will also require structural changes. The state should set a state-wide goal for home electrification with a subgoal for low- and moderate-income retrofits. The EmPOWER efficiency program will also need to be updated to allow for fuel-switching and reduce greenhouse gas



emissions in support of this effort. Federal funds such as the DOE rebate programs will need to be used appropriately in alignment with the overall goals. And finally, the program will also need to have thoughtful design regarding rental properties and multifamily units to ensure that residents are not left out.

To ensure equity, the program should be structured with the following principles:

- Improve health, safety, and economic conditions for residents.
- Align with Climate Solutions Now greenhouse gas emission targets.
- Do not raise energy bills for residents and reduce energy burden in as many cases as possible.
- Fundamentally change how housing intervention programs currently operate and is willing to disrupt the status quo.
- Work with community through the process of planning and program delivery.

As a coalition and as individual organizations, we are ready to support MEA in designing and implementing successful Home Energy Rebate Programs. MEA has an important opportunity ahead of it to ensure every Maryland resident has access to affordable, healthy, and climate-friendly housing. As Maryland takes steps to lead the way to a sustainable future, this program can be a key step to ensuring low-income residents are not left behind or harmed in the transition.

Signed,



Ruth Ann Norton
President and CEO,
Green & Healthy Homes Initiative

Sending on behalf of the Maryland Energy Efficiency Advocates Coalition



Member organizations contributing to this letter:

Green & Healthy Homes Initiative

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

National Housing Trust

Northeast Energy Efficiency Partnerships

Member organizations also in support:

Elders Climate Action Maryland

Maryland Energy Advocates Coalition

Maryland Legislative Coalition

Sierra Club, Maryland Chapter

Other organizations in support:

AIA Maryland

CASA

Climate Reality Greater Maryland

Glen Echo Heights Mobilization

Howard County Climate Action

Maryland League of Conservation Voters

NAACP Maryland State Conference

