

Building Auditor Training and Revolving Loan Fund Optimization

**An update on Federal legislation that could
transform the energy efficiency industry**

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National Association of State Energy Officials Winter Conference
February 10, 2022



AnnDyl Policy Group is a Washington, DC-based policy strategy firm that focuses on energy efficiency, renewable energy, and climate change policy, programs, financing, and technology.

We represent clients from across the energy efficiency and clean energy industries, including technology and financial sector companies, energy trade associations, and non-profit organizations.

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Agenda

- ▶ Big Picture: IIJA and Budget Reconciliation
- ▶ IIJA - INSULATE Buildings Act
 - Revolving Loan Fund
 - Auditor Training
- ▶ Budget Reconciliation Drill Down – Residential Efficiency and Electrification Rebates
 - Residential Rebates
 - Contractor Training

Big Picture

▶ Infrastructure Investment and Jobs Act (IIJA)

- **STATUS: Enacted**
- \$250 million INSULATE Buildings Act (audits and retrofits) + \$40 million Energy Auditor Training Grant Program
- \$3.5 billion WAP
- \$500 million EECBG
- \$500 million SEP

▶ Budget Reconciliation, Build Back Better Act (H.R. 5376)

- **STATUS: House Passed, Pending in Senate (Committee Drafts Released)**
- \$3.5 trillion budget resolution trimmed into a HOUSE \$1.75 trillion budget reconciliation
- HOPE for HOMES dropped from \$9.5B to \$6.25B

IIJA - INSULATE Buildings Act and INSULATE

- ▶ **INSULATE Buildings Act** – Enacted in the Infrastructure Investment and Jobs Act (IIJA), November 15, 2021.
- ▶ Initially introduced by Sens. Joe Manchin (D-WV) and Lisa Murkowski (R-AK) in June 2021 before ultimate incorporation in the IIJA.
- ▶ Contains a **total of \$290 million in funding**:
 - ▶ **\$250 million** for an Energy Efficiency Revolving Loan Fund Capitalization Grant Program for FY2022.
 - ▶ **\$40 million** for an Energy Auditor Training Grant Program from FY2022-FY2026.
- ▶ Both the RLF Grant Program and Auditor Training implemented through the State Energy Program (SEP).
- ▶ States receiving grants must submit reports to DOE within 2 years.

IIJA - INSULATE Buildings Act, EE Revolving Loan Fund Capitalization Grant Program

- ▶ **\$250 million for capitalization grants to states, which in turn** deposit funds into revolving loan funds for low-income homeowners and small businesses to procure energy audits, upgrades, and retrofits.
 - 40 percent of funding (**\$100 million**) is available to all U.S. states and territories for capitalization grants in accordance with the standard State Energy Program (SEP) formula.
 - 60 percent of funding (**\$150 million**) is limited to **priority states** as Supplemental Capitalization Grants as determined by DOE.
 - ❖ Priority states are defined as among the 15 states with the highest annual per-capita combined residential and commercial sector energy consumption and the highest annual per-capita energy-related carbon dioxide emissions.
 - Any remaining funding from SEP will be redistributed to States still seeking capitalization grants.

IIJA - INSULATE Buildings Act, EE Revolving Loan Fund Capitalization Grant Program, cont.

▶ Grants to States

- To receive capitalization grants, States must submit applications to DOE detailing how grants will be used, including a plan to establish a new revolving loan fund or use an existing one.

▶ Loans to Individuals and Businesses

- Once states receive capitalization grants and deposit the funds into revolving loan funds, they may distribute loans for:

❖ Commercial Energy Audits

- Audits must identify and recommend opportunities to reduce energy consumption including via lighting, HVAC, Windows, Appliances, and insulation and building envelopes.

❖ Residential Energy Audits

- Audits must provide a Home Energy Score, in addition to identifying energy reduction opportunities.

IIJA - INSULATE Buildings Act, EE Revolving Loan Fund Capitalization Grant Program, cont.

▶ **Contractor Referrals**

- ▶ After audits are completed, States may refer loan recipients to a qualified contractor to estimate the costs of recommended energy retrofits.

▶ **Commercial and Residential Upgrades and Retrofit Loans**

- ▶ Low-Income Individuals and small businesses are only eligible for upgrades if they have completed energy audits, either funded by INSULATE, or not (but non-INSULATE-funded audits must still meet DOE requirements).
- ▶ Upgrade/Retrofit loans must be fully amortized by 15 years after installation, or when upgrades have exceeded their expected useful life--whichever is earlier.

IIJA - INSULATE Buildings Act, EE Revolving Loan Fund Capitalization Grant Program, cont.

▶ Eligible Residential and Commercial Energy Upgrade/Retrofit Loan Recipients

- ▶ Low-income homeowners
- ▶ Small businesses with fewer than 500 employees
 - ❖ To be eligible, small businesses must conduct the majority of their businesses in the state where they apply for funding.
 - ❖ Small businesses must also own or operate at least one or more commercial buildings (or a commercial space within a mixed-use building).

▶ Grants and Technical Assistance

- ▶ States can also use **up to 25 percent of their grant funds** from DOE to provide grants or technical assistance to small businesses or individuals for commercial and residential energy audits, retrofits, and upgrades.

IIJA - INSULATE Buildings Act, Auditor Training

- ▶ **\$40 million** to establish a competitive grant program for States to train individuals to receive certifications to conduct energy audits or surveys of commercial and residential buildings.
 - ▶ Covered certifications include:
 - ❖ ASHRAE Building Energy Assessment Professional certification;
 - ❖ Association of Energy Engineers Certified Energy Auditor certification;
 - ❖ BPI Home Energy Professional Energy Auditor certification;
 - ❖ RESNET Home Energy Auditor certification;
 - ❖ Any third-party certification that DOE determines is equivalent to the certifications listed above.
 - ▶ Grant limitations:
 - ❖ Grants cannot exceed \$2 million for any eligible state.
 - ❖ 10 percent of grant funds may also be used to pay the wages of trainees during the period of their training and certification.

BBB – Residential Efficiency and Electrification Rebates

- ▶ **HOPE for HOMES** is funded in both the House-passed BBB and the Senate-released Committee Draft at **\$6.25 billion through 2031**.
 - ▶ Note on reconciliation: full legislative text of the standalone HOPE for HOMES bill (S.1768/H.R.3456) cannot be included in the reconciliation package – much will be left to DOE in terms of implementation.
 - ▶ Partial performance/prescriptive approach from standalone version is NOT included in reconciliation version.
- ▶ Paired with a **\$6.25 billion High-Efficiency Electric Home Rebate Program** to provide homeowners rebates for electric systems/appliances.

BBB – Home Owner Managing Energy Savings (HOMES) Rebates

- ▶ \$5.89 billion (House) / \$5.94 billion (Senate) in Home Owner Managing Energy Savings (HOMES) Rebates
 - Provides direct rebates of up to \$4,000 for insulation, HVAC, and heat pumps.
 - Rebates can reach up to \$8,000 for low- and moderate-income residents.
- ▶ In the House version, States may use no less than 25% of their funding in each bucket: single family, multi-family, moderate income. In Senate, this is open to state discretion.
- ▶ The Senate version also adds a “Prohibition of Combining Rebates” section which prohibits HOMES rebates to be combined with any other Federal grant or rebate—including the High-Efficiency Electric Home Rebate Program.

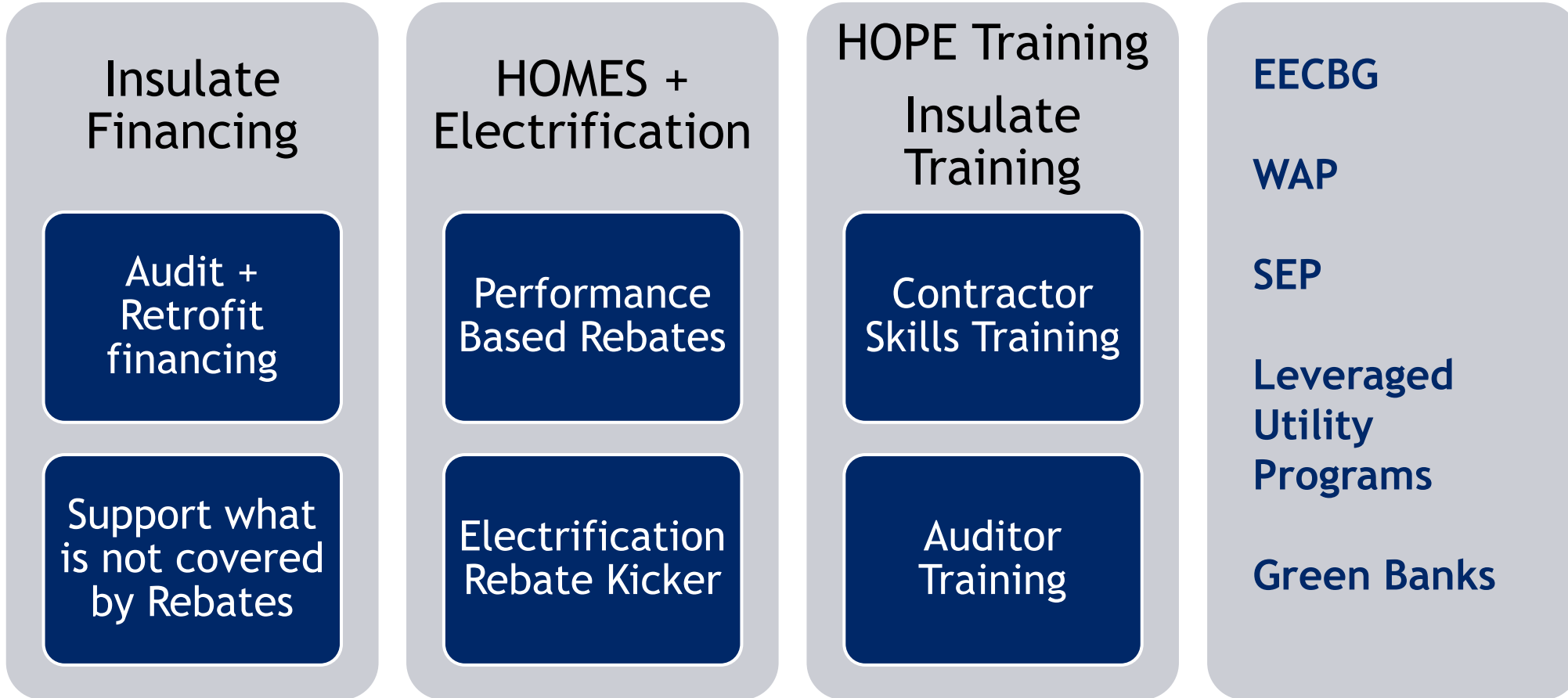
BBB – Home On-line Performance-Based Energy Efficiency (HOPE)

- ▶ \$360 million (House) / \$312 million (Senate) in Home On-line Performance-Based Energy Efficiency (HOPE) Contractor Training Grants
- ▶ Grants to States through the State Energy Program provide online and in-person training to support home energy efficiency upgrade construction services, including contractor certification, auditing, insulation, and residential electrification conversion training.
- ▶ The Senate version removes references to what qualifies as a training program, including specifications on course time, course accreditation, and training subject matter.
- ▶ HOPE renamed as "State-Based Home Energy Efficiency Contractor Training Grants" under the draft Senate committee version.

BBB – High-Efficiency Electric Home Rebate Program

- ▶ \$6.25 billion High-Efficiency Electric Home Rebate Program to provide homeowners rebates for electric systems/appliances.
- ▶ Rebates up to \$10,000/\$14,000 to replace non-electric energy systems with electric heat pump HVAC systems and water heaters, kitchen appliances, electric vehicle charging equipment, solar panels, electrical rewiring and accompanying measures including insulation, air sealing and ventilation.
- ▶ Senate version only allows rebates for LMI homeowners/residents; also includes a "prohibition of combining rebates" section to prevent double-dipping with HOMES.
- ▶ House: "The Secretary Shall Establish within the Department", Senate: DOE sets the rules for a "point of sale" approach. (*Byrd Rule)

\$13 + Billion to Retrofit and Decarbonize the Residential Sector



Thank you! Questions?

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