



May 19, 2023

National Association of State Energy Officials  
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**RE: NASEO RFI – Implementation Options for Home Energy Performance-Based Whole-House Rebate Program and High-Efficiency Electric Home Rebate Program**

Dear Ms. Koewler,

Thank you for the opportunity to respond on behalf of the Flex Coalition to the NASEO Request for Information (RFI) regarding Implementation Options for Home Energy Performance-Based Whole-House Rebate Program (HOMES) and High-Efficiency Electric Home Rebate Program (HEEHR).

The [Flex Coalition](#) is an informal coalition and project of Smart-On-Smart, a 501(c)(3) non-profit dedicated to providing policy-driven solutions, research, and education at the intersection of energy efficiency, renewable energy, and demand flexibility with the goal of advancing a smart, resilient, and clean energy future. The Flex Coalition comprises the nation's leading demand flexibility providers—companies who are helping turn homes and buildings into Virtual Power Plants (VPPs) to promote greenhouse gas reduction, grid reliability, affordability and energy equity.

Our comments focus on the HOMES measured savings approach as an opportunity to provide flexibility and encourage innovation to pursue measures with the highest energy-savings impact, using real-world tested methodologies and metrics to provide delivered savings.

**Category 1: Comprehensive Program Design**

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Organization: Flex Coalition, a project of Smart-on-Smart  
Organization Type: 501(c)(3) non-profit

## **Program Goals**

The intent of the HOMES measured savings approach is to create a market for measured energy savings, providing aggregators flexibility to deploy different energy-saving and greenhouse gas-reduction strategies as well as market-based competition that will encourage homeowners to undertake the most cost-effective energy efficiency upgrades.

### **Key elements of the measured savings program include:**

- Project performance measured post-retrofit, using customer-authorized energy consumption data and open-source M&V software.
- Inclusion of aggregators, trade allies (contractors, customer acquisition companies, financing companies, etc.) who manage portfolios of whole-home retrofits and carry the performance risk.
- Upfront, point of sale rebates paid by aggregators to contractors and homeowners via rebates, preferential financing, sales support, and/or other value-added services.

### **Key goals of the measured savings program design are to:**

- Reduce total home energy usage, peak energy demand, and/or greenhouse gas emissions.
- Distribute funds equitably to low- and moderate-income households with high energy burdens.
- Ensure that public dollars are spent on actual, measured energy reductions.
- Incentivize quality energy retrofits, particularly with low- and moderate-income households, that provide residents of single family and multi-family buildings with direct benefits including, but limited to, comfort, health, safety, increased property value, energy bill savings, and improved resilience.
- Stimulate and boost demand for local and regional businesses that provide high-quality energy efficiency services, particularly in traditionally underserved areas.
- Demonstrate market transformation outcomes that can be leveraged by future programs including, but not limited to:
  - Quantification of the grid and greenhouse gas reduction benefits of home energy retrofits across geographies and measures.
  - Private market investment in the home energy retrofit market, including, but not limited to, investments in customer outreach and education, financing (debt and equity), and equipment.
  - Creation of scalable measured savings systems and processes that can be leveraged by future program administrators and implementers.

The HOMES measured savings approach can transform the market for residential energy efficiency improvements such that when the rebate dollars are expended, market infrastructure and robust homeowner demand will support continued high-performing home upgrades. These market transformation goals will be met by:

- **Attracting new private capital**, including from trade allies (contractors and others) that do not participate in whole-home retrofit programs today.
- **Increasing homeowner adoption of whole-home retrofits** by improving the credibility of energy savings estimates and the average quality of installation.
- **Lowering program administration costs** by removing the need for many existing program costs that will be absorbed in part or whole by aggregators and trade allies (QA, marketing, etc.).
- **Demonstrating demand flexibility** by calculating baseload and peak energy reductions for different locations and different measure mixes.

The program will generate homeowner demand for energy-efficient homes through marketing and certification. Marketing will accentuate the benefits and value of energy efficiency, making homeowners much more likely to respond to this messaging. The program will spotlight the tangible impacts of energy efficiency initiatives, align industry incentives with results, and bolster trust in energy efficiency as a key resource. The value of the investments, as demonstrated in the measured outcomes, will be visible to customers, state agencies, and load serving entities enabling a future where energy efficiency and demand reduction can continue to be funded as a meaningful investment in our energy infrastructure.

### **Market Conditions**

1. Flexibility – The HOMES measured savings approach should provide appropriate flexibility to support innovation in a competitive marketplace, including explicit guidelines that enable aggregators to source energy data from credible sources. The purpose of the measured approach is to allow market-based solutions to energy savings. This innovation was the congressional intent—to not prescribe the approach but allow the market to incentivize the savings, paying only for those verified savings. It is critical that the market has the flexibility to incorporate technology, data, and program innovation which is sure to emerge as a result of these rebates.
2. Access to Energy Usage Data – Secure, reliable, and simple access to customer energy usage data, and portability for customer-approved third-party energy service providers is necessary to ensure that customers and third-party market actors can access utility bill data to support residential energy upgrades. The Flex Coalition supports [Mission:data's proposed data portability guidelines](#) for residential electric and natural gas energy data sharing.
3. Standardization & Transparency – Standardized and transparent measurement protocols will enable a consistent market across the country and reduce costs for states and aggregators. Just like a kWh, yard, or gallon of gas, we need standard transparent, open-source math for measuring the results of the measured approach.

### **Implementation Proposal**

The Flex Coalition urges NASEO and State Energy Offices to reference our Measured Savings Program Implementation Guide available at: [flexcoalition.org/wp-content/uploads/Measured-](https://flexcoalition.org/wp-content/uploads/Measured-)

[Savings-Program-Implementation-Guide.pdf](#). This “Program in a Box” serves as a comprehensive guide of implementation options and strategies for the HOMES measured savings approach. Below are a few examples of illustrations you will find in the Measured Savings Program Implementation Guide:

### Homeowner: what the process looks like for the homeowner



**Contractors** - entity physically completing the energy efficiency retrofit work within the home

**Aggregators** - entity that creates a portfolio of home energy retrofits and takes savings performance risk

[1] If the homeowner decides to move forward with the work, they must also agree to share 12+ months of go-forward energy usage during the measurement period.

Figure 1. Simple steps for homeowners to participate in the measured savings program.

### Program Administrative Model - Reporting & Payments

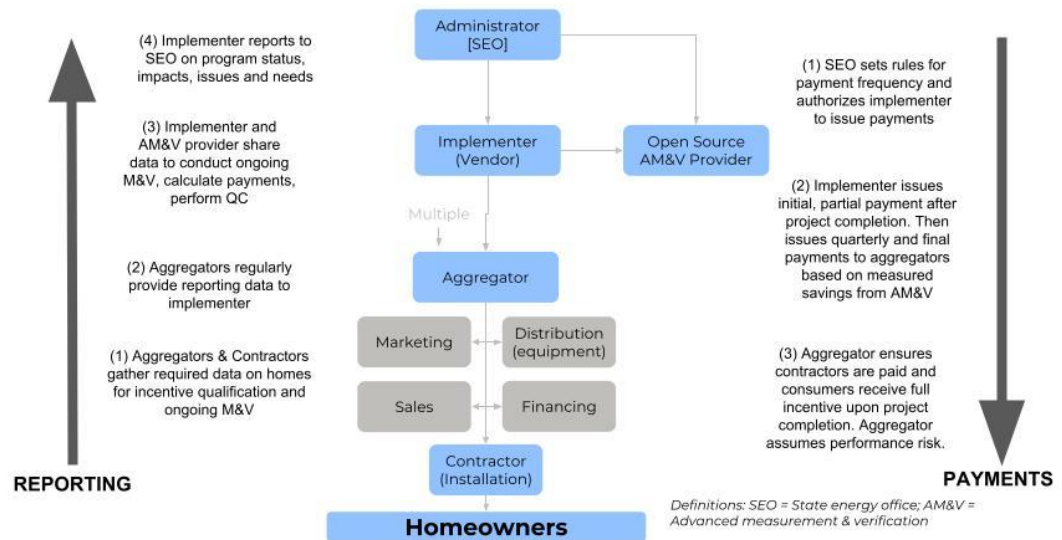
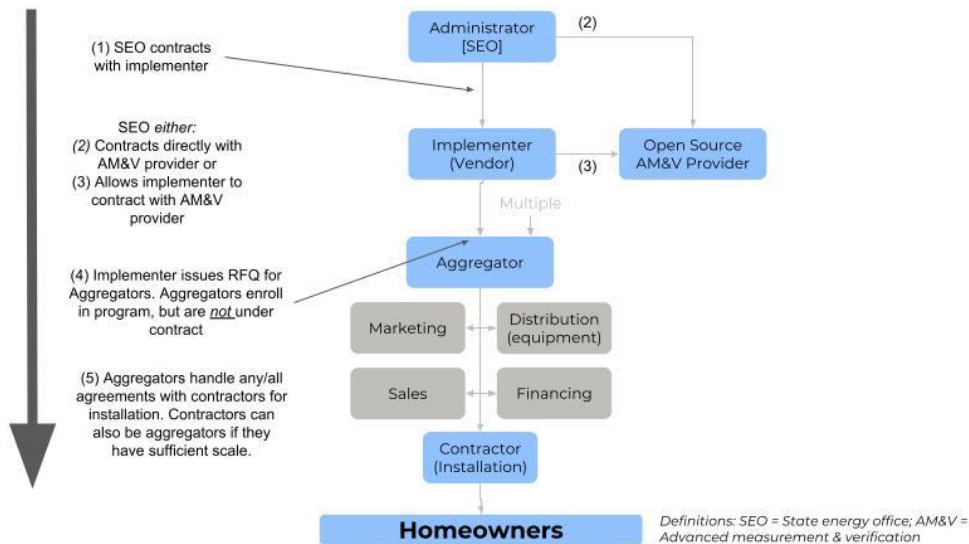


Figure 2. The likely contractual relationships between the key stakeholders. It is important to note that Aggregators can be qualified for program participation but do not have to be under direct contract with Program Administrators and/or Implementers.

## Program Administrative Model - **Contracting & Agreements**



*Figure 3. How reporting data flows up from homeowners and payments flow down from Program Administrators. Establishing clear, simple reporting requirements and responsibilities will be key to a successful measured savings program. Note that SEOs can define payment cadence schedules that are best for their programs, and these can be refined and adjusted over time depending on feedback from program stakeholders.*

### Other

Finally, we encourage you to reference the Flex Coalition's compilation of resources and recommendations on the HOMES measured savings approach available at: [flexcoalition.org/measured-savings-approach/](http://flexcoalition.org/measured-savings-approach/).

*The Flex Coalition authorizes NASEO to publish and distribute this response to the NASEO RFI on its website and through other means to the states and general public. We have included no confidential or proprietary information in our response.*

Sincerely,

*Sabine Rogers*

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