



To: North Carolina Department of Environmental Quality
Attn: Allison Mathews
Date: August 6th, 2024

RE: Comments from Undersigned Community-Based Organizations and Individuals on the Home Energy Rebate Programs

Thank you for the opportunity to provide feedback on the program design, community engagement strategy, and feasibility of the Home Energy Rebate programs through the North Carolina Department of Environmental Quality. NCLCVF, along with the undersigned organizations and individuals, submits the following feedback for the design and implementation of these programs.

Since the passage of the Inflation Reduction Act of 2022, we have been actively collaborating with other organizations to gather and disseminate information on the programs available. Due to the differences in funding mechanisms, eligibility requirements, and timelines surrounding each of these programs, NCLCVF and the NC IRA Coordinating Group developed a website to walk Carolinians through the Inflation Reduction Act (IRA). Launched in January of 2024, <https://energyfundsforall.org> helps residents, local governments, nonprofits, and more figure out what funding opportunities are right for them. Therefore, we have a vested interest in the success of these rebate programs and can offer our networks and resources to distribute information about these programs when they launch. We understand North Carolina does not have the infrastructure to roll out these rebate programs as quickly as other states and we therefore submit recommendations to improve equitable education, access to, and distribution of these funds.

Thank you for your careful consideration of our comments. Please contact us if we can answer any questions and we look forward to continued engagement with the State.

Eligibility:

One challenge our organizations have seen in navigating programs from the IRA is the difference in eligibility requirements depending on the program. Having multiple income thresholds, information requirements, and access points is sometimes necessary, but residents of North Carolina can struggle with these barriers to determine their eligibility. More comments on accessibility will be provided in the next section, but ensuring community-based organizations (CBOs), local implementers, and residents have access to clear eligibility guidelines is critical for the success of these programs.

We understand that the intention of the Home Energy Rebate programs is to lessen the cost burden on low-income families. Keeping the rebates open and accessible to single-family and multi-family units exposes the highest number of low-income households to these programs. Over one third of North Carolina's residents are renters, and almost half of these households have difficulty affording their rents.¹ Lessening the cost of new appliances will improve the quality of life for these families as well as lower their energy usage. Considering the funds available, the State has limited resources with which to conduct outreach and connecting with multi-family units with the most need is challenging. However, these are the demographics in our state that desperately need the assistance these rebates can provide.

The State must also ensure that 100% of the costs up to the federally mandated program limits will be covered for low-income applicants. According to guidance from the Department of Energy, at least 50% of funds should be reserved for low-income individuals and communities.² This also aligns with Justice 40, a federal commitment for program funding allocation to our under-resourced areas. We also recommend at least 10% of the available funds be set aside for multi-family units, considering the high percentage of renters throughout our state. If this program is made first come, first served, the money could run out before LMI communities are educated and / or empowered to apply for the money. Failing to reserve funds for both of these population groups inequitably distributes the opportunity, especially since more affluent folks may be better informed and better positioned to take advantage.

Reserving funding for these communities allows lower income folks more time to save for these appliances which can be a huge cost burden up front even with rebates and tax credits. Furthermore, we understand that the projected process for these rebates will involve homeowners filling out applications and working with a contractor from the State's list of certified businesses. This process presents inherent barriers for renters, who often need landlord approval before making material changes to their residences. More clarity is needed on whether the renter themselves would fill out the application or whether the landlord needs to apply. Approved contractors may be further limited by any contracts or agreements a property management company has, further delaying the process of rebate receipt. Therefore, renters eligible for these rebate programs must be given additional time to access these programs, and dedicated outreach to renters is critical (see "Community Engagement" section). Finally, we strongly recommend the State proactively build strong and transparent working relationships with community-based organizations and service providers in the target areas for the rebate programs. CBOs and direct service providers must be included in the identification of where LMI communities are, many of

¹ Childress, G. (2024, April 17). *"I have no idea what we're going to do": Housing shortage leaves NC low-income renters stymied.* NC Newline.
<https://ncnewline.com/2024/04/17/i-have-no-idea-what-were-going-to-do-housing-shortage-leaves-nc-low-income-renters-stymied/>

² *Home Energy Rebates Program Requirements.* US Department of Energy. (2024).
https://www.energy.gov/sites/default/files/2024-06/program-requirements-and-application-instructions_061324.pdf

which may be missed by traditional data sets, and given the extensive place-based knowledge of community organizations, they should be consulted on the location and prioritization of communities. It is critical to then allow these organizations with local presence to influence the final eligibility criteria for the populations they serve. Local organizations that serve these communities will have a better understanding of the barriers individual communities face.

Stacking Programs:

From the perspective of the undersigned organizations, the major benefit of the Inflation Reduction Act comes from the ability to stack programs with different funding mechanisms, like grants, loans, and tax credits. The Home Energy Rebate programs are intended to complement the other programs funded by the IRA, and we believe the State must prioritize education and streamlining to successfully stack programs. We recommend the State use centralized, easily navigable resources like a website (with paper copy options) or a navigator network to provide residents, business, and contractors with information on rebates and other federal incentives. NCLCVF worked in coalition with educational, environmental, and social justice organizations to build an example of this, <https://energyfundsforall.org>. We offer direct application help and individualized education sessions with our website, illustrating that a tool like this is appropriate and necessary for North Carolinians to engage with IRA programs. We also recommend the State consider processes for auto-enrolling residents through this centralized process. For instance, if a resident is approved for either rebate program, they are then connected with the Solar for All program. This would also encourage an optimal process for home decarbonization where weatherization and electrification projects are pursued first, followed by solar.

Stacking programs can also be done outside of the programs the Inflation Reduction Act offers. Our major utility, Duke Energy, offers multiple programs to their customers to reduce monthly energy bills. In particular, the Tariffed On-Bill Financing (also called Improve and Save) program allows residents the ability to pay for new appliances and systems over time through a surcharge on their electric bills. This allows customers to save money as they go while spreading out payments of costly upgrades over longer periods of time. Several cooperatives also provide bill reduction and rebate programs on new appliances. However, from conversations with advocates and implementers in New York, we have learned that residents who take advantage of any utility-sponsored rebate programs are disqualified from the State of New York's rebate program. Prior participation in a utility rebate program should not disqualify any participant in the State's rebate program, and residents that do not qualify for free home upgrades should be able to use utility programs to cover the remaining expenses. We believe that residents should be able to use both programs when possible to lower their overall costs, and this will be particularly relevant for moderate-income households that do not qualify for 100% cost coverage of their appliances or systems. We urge North Carolina DEQ to allow individuals to take advantage of both their utility's customer assistance programs as well as the State's rebate

programs to allow maximum savings on new appliances, utility bills, and energy efficiency mechanisms.

Finally, based on funding limitations and income thresholds, not all residents will be eligible for 100% cost coverage for new appliances and equipment. Providing clear guidelines on equitable financing mechanisms for residents to cover the remainder of the costs for new appliances and systems will be crucial to the success of the rebate programs. There will be low-interest loans available through several nonprofit finance entities established with IRA funding through the Greenhouse Gas Reduction Fund's National Clean Investment Fund (NCIF). This includes the North Carolina Clean Energy Fund.³ We highly recommend NCDEQ co-advertise the rebate programs with the loans offered through NCIF so that residents have comprehensive information about all of their options. This advertisement should include clear guides and expectations for these programs, with a clear disclaimer that the funding offered through NCIF is a financing option, not a grant. The State must also delineate clear steps for application processes for folks looking to stack these programs.

Community Engagement:

Apart from an inclusive and accessible program design, the most critical aspect of the rebate programs is the education and outreach the State, community-based organizations, and other stakeholders conduct to educate under-resourced communities. Empowering folks to apply will be challenging, especially if the information does not reach them in the right place, time, or manner. We hope that the State will vastly expand their engagement efforts around this program with the methods below, as well as in response to feedback submitted at the August 1st public input session.

As mentioned, the State must prioritize building strong working relationships with local groups and service providers within the target areas of outreach for the rebate programs. Working with community-based organizations, like faith-based institutions, affordable housing advocates, and social service offices will increase the potential for low-income individuals to be exposed to these programs. We strongly recommend that the State work with community-based groups throughout the entire process, including:

- Collaboration with CBOs and service providers on joint educational sessions in public or otherwise accessible spaces, including but not limited to libraries, cooperative extensions, and community centers;
- Specific allocation of funding to support the work of these CBOs and others that already have effective outreach programs in rural areas;

³ *Greenhouse Gas Reduction Fund (New Clean Energy Financing)*. Energy Funds for All. (2024, July 25). <https://energyfundsforall.org/greenhouse-gas-reduction-fund/>

- Use of communication methods these organizations have found to be successful in their areas of service, including but not limited to radio, direct mail, cooperative extension newsletters, newspaper publications, and online information;
- Connection with existing unions, employment offices, and workforce development groups to locate new and existing contractors;
- Education of these partner groups on the rebate application process and the maintenance requirements for new appliances and systems covered by the rebates;
- Education of existing contractors about energy efficient technologies, whole home decarbonization, and rebate programs to comprehensively message to consumers;
- Continue connection with individuals that have successfully completed the rebate programs to refer them to Solar for All upon launch in 2025.

The burden of educational work must happen before residents are in need of the programs. Low-income individuals aren't likely to walk into a large appliance retailer or search for a verified contractor themselves. Instead, they will opt for a thrift store or Habitat for Humanity ReStore to find a used appliance that may be out of date. They will then install this appliance themselves. While the benefits of reusing equipment and promoting economic circularity are incredibly important to our promotion of a sustainable future, we also recognize folks who use older appliances will not get the energy savings they could get if they used these rebate programs.

In the communications the State develops, there must be clear and transparent information about the entire program, including but not limited to the application requirements and process, the steps to finding a certified contractor, and the maintenance needs of the equipment a resident wants to install. Furthermore, it is critical that the State emphasizes that low- and moderate-income residents (defined by the Area Median Income) will get upgrades at little to no cost. These communications are also an excellent opportunity to advertise stacking programs and conduct automatic outreach associated with other programs for low-income individuals. For instance, these rebates, combined with the Weatherization Assistance Program, can prepare homes for solarization through the Solar for All program.

The State also has the potential to integrate the rebates with other low income programs and automatic outreach to folks that are participating in assistance like the Crisis Intervention Program (CIP), the Low Income Home Energy Assistance Program (LIHEAP), and others. Our major utility, Duke Energy, does this integration: if a Duke customer is approved for the CIP or LIHEAP, they are automatically enrolled in Duke's Customer Assistance Program (CAP). CAP automatically reduces this customer's energy bill by an average of \$42 per month for the next 12 months. Therefore, it is entirely possible to conduct comprehensive and coordinated outreach based on the existing infrastructure and programming within our State. We know that NCDEQ has limited resources with which to conduct outreach, which is why we strongly recommend the

use of existing networks and programs as such. We also recommend the State clearly state whether folks who have already been approved for these programs can automatically apply without needing to verify their information or income again. WAP participants would be the ideal recipients of electrification rebates since they have already prepped their homes so that these appliances will operate more effectively. We strongly believe anyone who has engaged in low-income energy efficiency programs previously should be able to automatically enroll in the rebate programs.

Accessibility:

As is clear throughout these recommendations, it will be critical to educate the State's target consumers before they walk through the doors of any retailer on the existence of the rebate programs and their accessibility for low-income consumers. Educating existing contractors on these programs before they launch is also vital to the programs' success. The State must ensure that new rebate-eligible appliances are cost-competitive with used models and begin to address the perception among low-income individuals regarding used appliances. Educating retailers about these rebates is crucial so they can pass the information on to consumers.

Simplifying the application process is essential, including measures such as income self-reporting. As we understand it, the rebate program will require homeowners to fill out the application. Renters will need their landlord's approval to submit an application, which is an inherent procedural barrier. The actual process of applying is unclear but will likely involve income verification, which can be an additional barrier for many low-income folks. From there, an energy auditor must visit the residence and confirm the work that needs to be done. The resident will then select the verified contractor to complete the project, and the contractor will pay for the entire cost of the equipment up front. As contractors will need to front the funds for these appliances, the current process favors wealthier individuals and larger businesses. Once this contractor completes the project, they must upload pictures of the work and the receipt of purchasing, submitting these pieces to the State for verification. Once this work has been approved, the contractor will receive partial funds back from NCDEQ after some window of time has elapsed. There are several inherent barriers within the process, from the application itself to the selection of contractors to the completion of the process through information submission. We urge the State to reconsider this multi-step application process to uplift small and minority owned businesses and reduce the burdens placed on residents looking to apply.

Furthermore, strengthening consumer protections for all individuals engaging with the rebate programs is key to their success. Building trust in low income communities must come with guaranteed, enforceable protections that will empower them to apply. For instance, many renters might be discouraged to apply for fear that their landlords will raise rent in response to a new appliance. We understand that the State aims to shield those renters from evictions or rent raises for two years after new appliance or system installation. We applaud NCDEQ for this

provision and strongly support additional protections for renters engaging in these programs. A specific resource we'd like to highlight to improve renter protections is the NC Housing Finance Agency's legal aid, which could coordinate with NCDEQ to support renters if their landlords violate the terms of the rebate agreements. We have additional concerns around the potential for price gouging, as contractors could simply raise equipment prices and receive extra financial benefits without informing their clients. The Department of Environmental Quality (DEQ) aims to ensure that these new appliances are not overly priced. However, this concern has not been adequately resolved and we look forward to learning more about the consumer protections NCDEQ plans to implement throughout this work.

It is also vital to limit the amount of personal information required from applicants and to establish a clear privacy policy. Many of the communities we work with are reluctant to share personal details such as income, zip code, and email. This was a key consideration in the design of our website, EnergyFundsforAll.org. If residents know exactly what information is required, where this information will go, and have confidence that they will not be taken advantage of, they will be more likely to embrace these programs and apply.

Workforce Development:

The Home Energy Rebate programs provide an unprecedented opportunity for workforce development throughout the State, particularly for minority- and women-owned businesses. These programs will not be successful at delivering the targeted energy benefits underserved communities need without a dedicated, highly trained, and highly informed workforce in rural areas where the needs are greatest. As the State begins building its training program for contractors working to fulfill rebate program applications, there must be transparent, thoughtful criteria and certifications for contractors considered for these projects. These criteria must align with best practices and any relevant certifications the State requires. We also request that NCDEQ provide public updates about the development of their workforce programming, including information on their target areas for engagement, potential partnerships with HBCUs and community colleges, and gaps or challenges the State is experiencing with this programming and the corresponding outreach.

Within this programming, there must be a central component that trains contractors on accessibility and cultural needs of different populations across the state. Understanding the diversity that exists throughout North Carolina's communities is critical to contractors' work, especially when installers need to enter individuals' homes and residences. Our organizations have seen firsthand the damage that can come from a failure of contractors to respect folks' different racial, socioeconomic, and cultural backgrounds. This can directly hinder the effectiveness of the rebate programs in vulnerable communities, cause distrust in governmental programs, and result in direct harm to folks seeking assistance from the rebate programs. We also strongly recommend that NCDEQ acquire a written commitment from these contractors to

uphold the principles established in this training as a qualification for any projects they take on for the rebate programs.

Along with a program educating contractors about the different needs and backgrounds of North Carolina's residents, there must be a mechanism by which residents, community-based organizations, and service providers can report contractors or other entities that violate best practices or disrespect residents participating in these programs. A telephone hotline to report issues would be most effective to accommodate residents with broadband issues. When this process is put in place, we would also like clear processes and timelines that DEQ will be using to investigate the situations and take corrective action, if necessary. These rebate programs require residents to trust contractors enough to allow them into their homes, and a violation of that trust must be taken seriously by all parties involved. This includes the State. Furthermore, we hope this process can also include proactive engagement with people who have received services from the rebate program to collect feedback about their experiences. Putting the entire burden onto residents to report problems can leave serious issues unresolved or unreported. We recommend the State track successful applicants and follow up after projects are complete so that their feedback can be used to continually improve the process.

From our conversations with NCDEQ, we understand there will be a training program developed for contractors wishing to complete rebate-eligible projects. NCDEQ expects this program to run through Historically Black Colleges and Universities (HBCUs) and community colleges. Based on NCLCVF's experiences with HBCUs in our region, we strongly believe the State must give reciprocal benefits to any hosting college or university through a partnership agreement or a Community Benefit Agreement (CBA). One of the most obvious benefits we recommend from such an agreement is the material improvement of campus buildings as a practical training exercise through this workforce development program.

For context, improving residential energy efficiency is key to solarizing homes through Solar for All, and one of the primary ways to maximize efficiency is through weatherization. However, the Weatherization Assistance Program has limited funding and many folks are deferred for readiness issues, like crumbling foundations, asbestos, and roofs in need of replacement. Furthermore, nonprofit organizations like colleges and universities are not eligible for the Weatherization Assistance Program. In previous conversations with the State, we learned that the funds from the Climate Pollution Reduction Grant (CPRG) would be used to fill this gap we are experiencing in weatherization work.

According to NCDEQ, the staff has been assuming CPRG will be the mechanism for doing the energy efficiency improvements for HBCUs and community colleges, as their implementation grant was designed to give out grants to municipalities and nonprofits for larger buildings. However, the State did not receive implementation funding from CPRG. We are concerned that this gap will 1) lower the overall amount of energy savings people will get from

installing new appliances and 2) leave HBCUs and community colleges unrepaired while requiring them to run programs that train contractors to fix the very issues happening to their buildings. Therefore, we strongly recommend that the State work with their target institutions of higher learning to ensure these campuses get material benefits like energy efficiency improvements in exchange for hosting the rebate programs' workforce training and development programs.

Even though NCDEQ was not awarded the funding from the Climate Pollution Reduction Grants, there are other funds the State can use to develop the workforce training programs needed for the rebates and other IRA-backed projects. The State was awarded a Home Energy Efficiency Contractor Training Grant, which should be used for workforce training and apprenticeships planned under the rebate program.

Finally, we encourage the State to consider creative solutions to maximize the opportunities and limit the barriers for small, women-owned, and minority-owned businesses. Many of these companies have limited staff capacity to take on extra administrative tasks associated with the rebate program. They also have limited cash flow, so that the turnaround time for receiving rebate funds means wealthier contractors who can more easily front the costs of the entire appliance will be more likely to take on these projects. This favors larger businesses and is the opposite of the intention of developing this workforce. To encourage a level playing ground for all of us, we recommend NCDEQ consider instituting a requirement that at least 30% of rebate-eligible projects be completed by women-owned and minority-owned businesses.

The State has mentioned that key parts of the rebate process will be on the shoulders of contractors, e.g., taking pictures of the work completed and sending pertinent information about installation work to the State. However, even larger contractors are incredibly busy and are rarely at their offices to fill out and submit paperwork. To address this, the State has considered developing a mobile app for contractors to use at the project sites. While this solution seems plausible in theory, we foresee many complications that can arise using an app. Mobile applications take time and financial resources to develop, and this program has already been slow to reach the input and implementation stages. Any successful mobile app for this type of work would need a simple user interface for a low barrier to entry. It would also need offline functionality because some rural areas do not have reliable cell service and or internet access. Finally, any technology has the possibility of being compromised, potentially compromising the privacy of consumer data. We encourage NCDEQ to reconsider either the burden currently placed on contractors for the due diligence on applications or the use of a mobile app in favor of another accessible, cheaper mechanism.

Conclusions:

We appreciate the State's work on these rebate programs and are confident our feedback will prove accessibility and engagement around these opportunities. We look forward to a response from NCDEQ on the concerns, suggestions, and improvements we have raised throughout and include our topline recommendations below for quick referral.

- Ensure 100% of the costs up to program limits will be covered for low-income applicants
- Keep these programs open to single-family and multi-family units
- Determine final eligibility by consulting community-based organizations or service providers
- Publicize that low- and moderate-income residents will get upgrades at little to no cost
- Advertise that these rebates, combined with the Weatherization Assistance Program, can prepare homes for solarization through the Solar for All program
- Work with community-based nonprofits to educate consumers on equipment maintenance
- Use a centralized website for information on rebates and other federal incentives
- Do not disqualify individuals from the rebate programs if they take advantage of Duke Energy's customer programs
- Provide clear guides for consumers to stack programs to save money and to access low-interest loans from the Greenhouse Gas Reduction Fund
- Ensure that new rebate-eligible appliances will be cost competitive with used models
- Simplify the application process, including but not limited to income self-reporting
- Train nonprofits and community partners on the application process
- Educate retailers on these rebates to pass this information to consumers
- Provide transparent criteria for contractors being considered for rebate-eligible projects
- Require accessibility and cultural training for all contractors
- Provide a reporting process for contractors that violate best practices (hotline, website) and ensure these reports can be acted on quickly and decisively
- Collaborate with community-based organizations through Community Benefits Agreements on workforce training programs in the State's target regions
- Use funding from the state's Home Energy Efficiency Contractor Training Grants award and other funding mechanisms to expand workforce training and apprenticeships
- Maximize the opportunities and limit the barriers for small and minority contractors, including a requirement for at least 30% of applicable projects to be awarded to women-owned and minority-owned businesses

Undersigned Organizations and Individuals:

North Carolina League of Conservation Voters Foundation

NC Black Alliance

Citizens Climate Lobby of North Carolina

Citizens Climate Lobby, Winston-Salem Chapter

Blueprint NC
Charlotte Mecklenburg NAACP and U2U
Piedmont Environmental Alliance
Southern Coalition for Social Justice
ChathamCAN (Climate Action Now)
Center for Progressive Reform
North Carolina Justice Center
Down Home NC
Chatham Climate Action Network
RedTailed Hawk Collective
Durham Housing Authority
LaPlaca and Associates LLC
NC WARN
North Carolina Conservation Network
Natural Resources Defense Council
350 Triangle
CleanAire NC
Olive Burress (North Carolina Beyond Coal Organizer, Sierra Club)
Gregory Twait (member of NC IRA Coordinating Group)
Gary Smith (member of NC IRA Coordinating Group)
Sally Robertson (member of NC IRA Coordinating Group)
Matthew Meyers (member of NC IRA Coordinating Group)
Rob Myers (member of NC IRA Coordinating Group)
Meredith Dillon
Rebecca Cole Maselli
Dale Evarts (Former Leader, Climate & International Group, US EPA)
Vickie Atkinson (member of NC IRA Coordinating Group)