

Federal Legislative Update: EE Implications



November 18, 2021

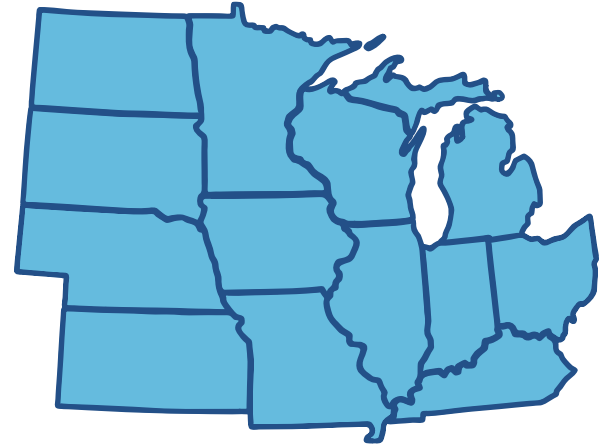
Today's Agenda

- About MEEA
- Infrastructure and reconciliation bills
- Main Street Efficiency Act
- HOPE for HOMES Act
- Appliance standards
- Questions and Answers

Midwest Energy Efficiency Alliance

The Midwest Energy Efficiency Alliance (MEEA) is a collaborative network, promoting energy efficiency to optimize energy generation, reduce consumption, create jobs and decrease carbon emissions in all Midwest communities.

MEEA is a non-profit membership organization with 150+ members, including:



Energy service
companies &
contractors



State & local
governments



Electric &
gas utilities



Academic &
Research institutions

SAVE THE DATE
February 1-3 | Chicago, IL

2022
MIDWEST
ENERGY
SOLUTIONS
CONFERENCE

Presented by



Presenters



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Infrastructure and Reconciliation Bills

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Key Energy Components of the Infrastructure Bill

U.S. State Energy Program Related Provisions	Weatherization Assistance Program	Low Income Home Energy Assistance Program	Energy Efficiency and Conservation Block Grant Program	Energy Security
Electric Grid Related Provisions	Buildings Related Provisions	Transportation and Electric Vehicle Infrastructure Provisions	Manufacturing Efficiency	Clean Energy Supply Chains
Solar	Hydrogen R&D	Hydropower	Nuclear Energy Infrastructure	Carbon Capture Utilization
	Workforce	DOE Loan Program	Buy American Sourcing Requirements	

Infrastructure Bill Financial Breakdown

- **\$500 Million** for the State Energy Offices through the State Energy Program
- **\$500 Million** to the Low-Income Home Energy Assistance Program (LIHEAP)
- **\$3.5 Billion** to the Weatherization Assistance Program
- **\$250 Million** for the Insulate Act, a new revolving loan program targeted to commercial and residential buildings going through State Energy Offices
- **\$40 Million** for new Energy Auditor Training Program going through State Energy Offices on a competitive basis
- **\$550 Million** to the Energy Efficiency and Conservation Block Grant Program (EECBG)
- **\$500 Million** distributed to schools through a competitive DOE program for energy efficiency and renewable energy
- **\$2.5 Billion** will go through the states and tribes for grid infrastructure, resilience and reliability
- **\$225 Million** towards building energy code support, including state energy offices, code officials, local governments and others
- **\$5 Billion** to State Departments of Transportation for electric vehicle infrastructure
- **\$2.5 Billion** for alternative fuels infrastructure
- **\$5 Billion** allocated for zero-emission school buses

Infrastructure Bill Timeline Overview

- **June 4, 2021:** The bill was introduced in the House by Rep. Peter DeFazio (D-Ore.) as the INVEST in America Act
- **June 30, 2021:** The House passed the bill with amendment by a vote of 221-201
- **August 10, 2021:** The Senate passed the bill by a vote of 69-40
- **September 27, 30 and October 1, 28, 2021:** The House was expected to vote on the bill, but no floor vote was held
- **October 31, 2021:** Deadline for consideration of the bill as announced by Speaker Pelosi on October 2.
- **November 5, 2021:** The house passed the bill in a 228-206 vote
- **November 15, 2021:** President Joe Biden signed the bill into law

Key Energy Components of the Reconciliation Bill

Rural Development and Energy

Conservation

National Service and Workforce Development in Support of Climate Resilience and Mitigation

Air Pollution Reduction

Environmental and Climate Justice Block Grants

Residential Efficiency and Electrification Rebates

Building Efficiency and Resilience

Zero Emissions Vehicle Infrastructure Buildout

DOE Loan and Grant Program

Electric Transmission

Environmental Reviews

Advanced Industrial Facilities Deployment Program

Reconciliation Bill Financial Breakdown

- **\$550 Billion** for climate measures (broadly defined)
- **\$13 Billion** for Home Owner Managing Energy Savings (HOMES) and the Home Electrification Provisions
- **\$500 Million** will be provided for resilience to the State Energy Offices
- **\$1 Billion** through State Energy Offices for electric vehicles and hydrogen
- **\$1 Billion** to DOE's Office of Energy Efficiency and Renewable Energy (EERE) for demonstrations of EERE Technologies
- **\$2 Billion** to the Rural Energy for America Program (REAP) through the USDA
- **\$9.7 Billion** through Rural Utility Services (RUS) to co-ops for the clean energy transition
- **\$200 Million** for on-bill financing program through co-ops in the Rural energy Savings Program (RESP)
- **\$20 Billion** to the EPA for Green Bank activities
- **\$7 Billion** through the EPA for financing programs for states, local governments and tribes with a focus on low-income communities

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MEEA Federal Policy Forum

November 18, 2021



Main Street Efficiency Act

25C:

- ✔ The 25C proposal under consideration as part of the Build Back Better plan would eliminate the lifetime limit for an annual credit, and generally expand 25C to \$1,200 but not exceeding 30% of the energy property value, and limit certain energy efficiency products and equipment to \$600. The proposal would also cap at 30% but make unlimited (not capped at \$1,200) the credit available for electric heat pumps, electric heat pump water heaters, and biomass stoves. Although the provisions now under consideration represent an improvement from current law, by not allowing the full value of the credit of 30% up to \$1,200 across all relevant energy property types, the proposal reduces national investments in energy efficiency and would lessen 25C's impact on carbon reductions.

Scenario 1

Gas Furnace

A/C System

Heat Pump

AFUE 96%

18 SEER (12.8 EER)

14 SEER / 8.4 HSPF

Scenario 2

Gas Furnace

A/C System

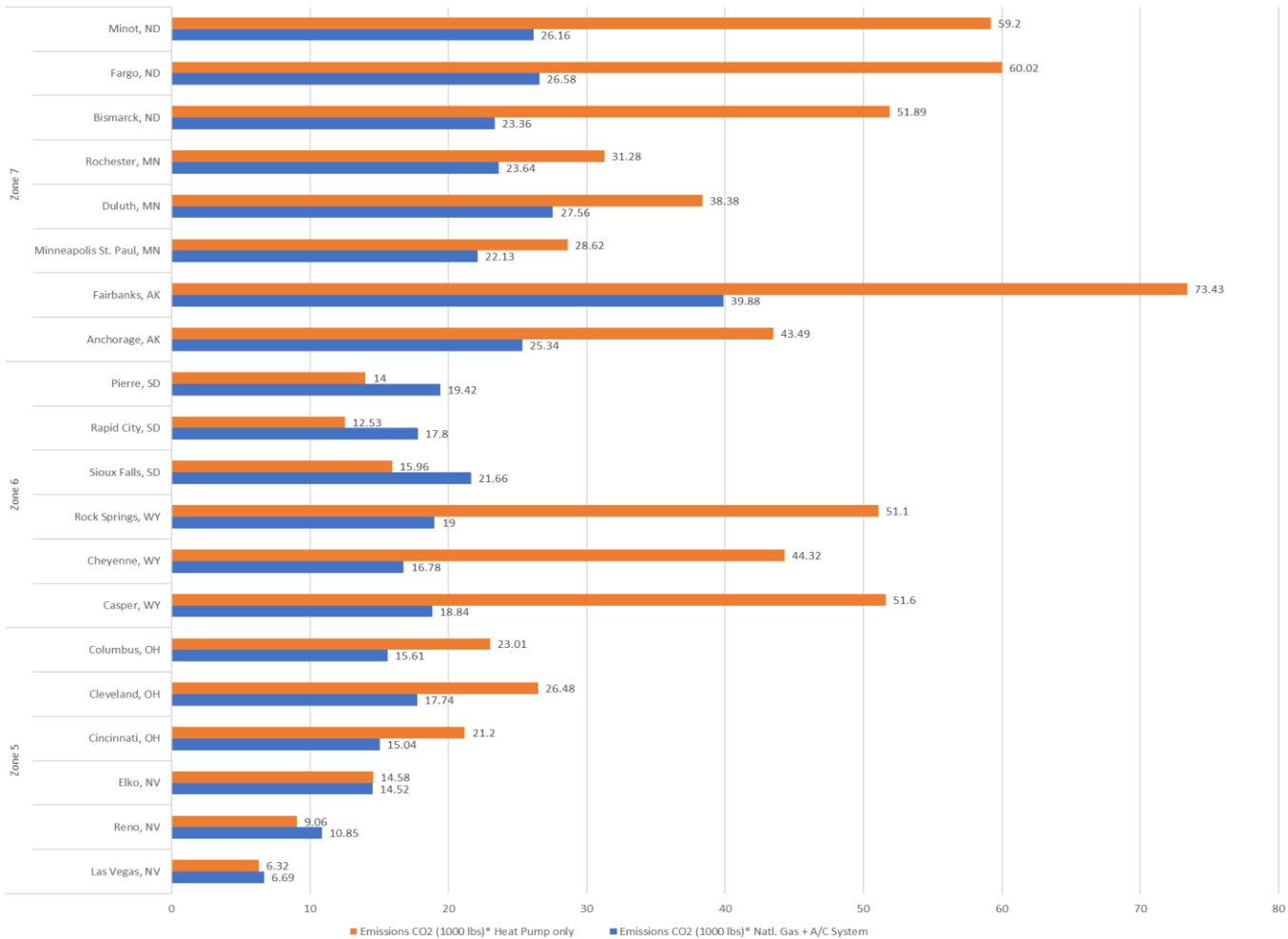
Heat Pump

AFUE 98%

21 SEER (15 EER)

20.5 SEER / 13 HSPF

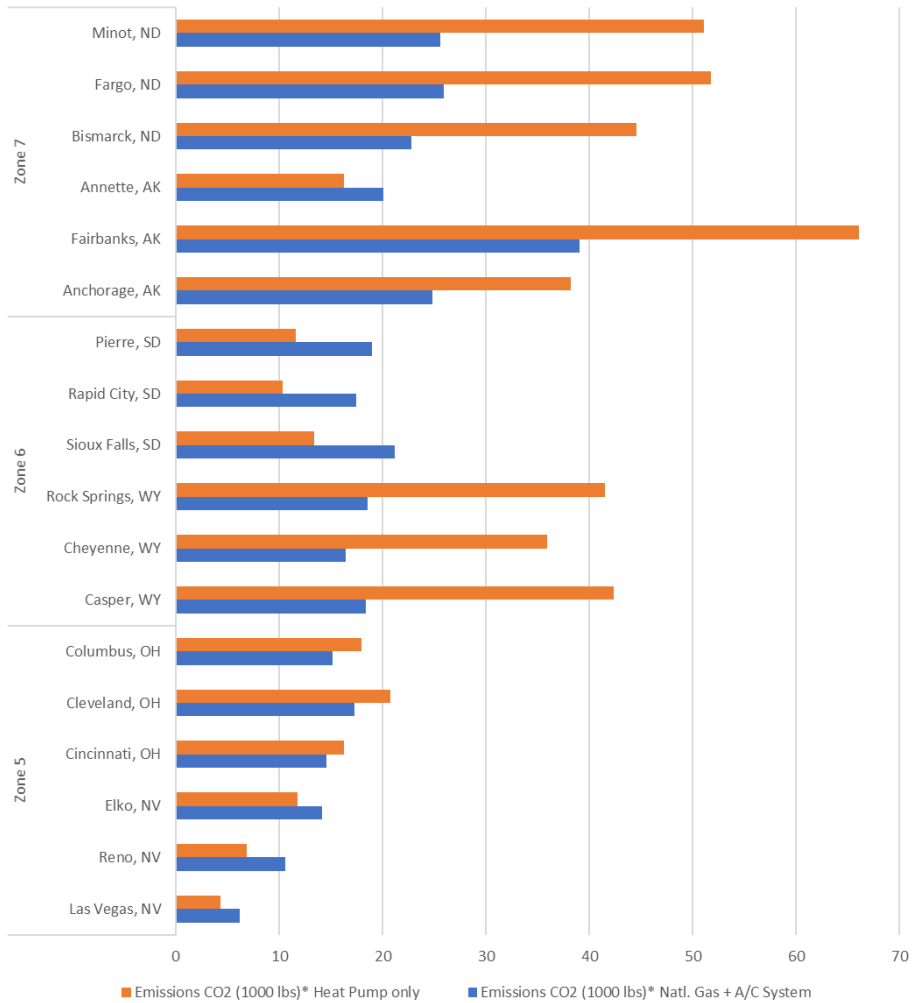
Comparison of CO2 Emissions: Natl. Gas + A/C System vs. Heat Pump



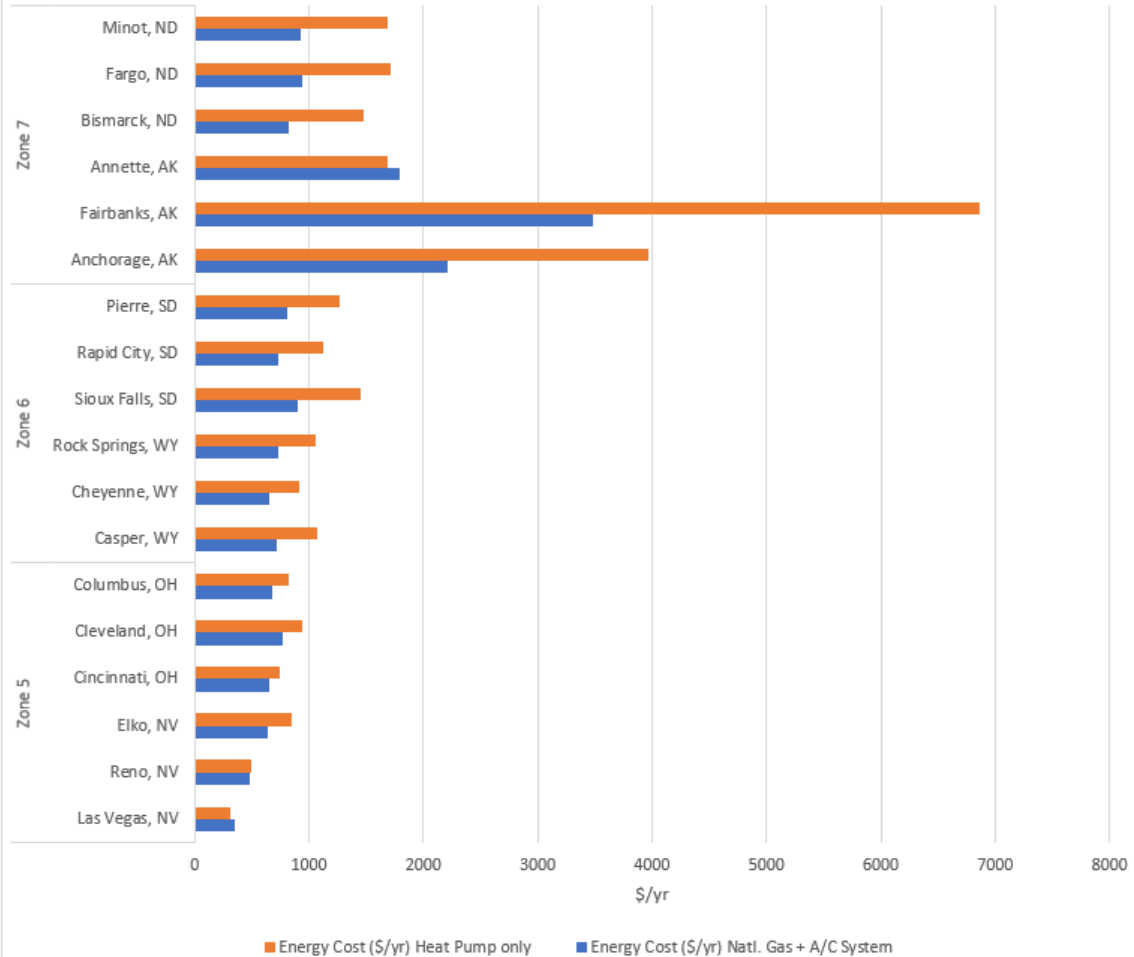
■ Emissions CO2 (1000 lbs)* Heat Pump only ■ Emissions CO2 (1000 lbs)* Natl. Gas + A/C System

* Emissions include source consumption, source to site consumption (transportation) and site consumption

Emissions Comparison: Gas Furnace + A/C System vs. Heat Pump



Energy Cost Comparison: AFUE 98% Gas Furnace + A/C vs. 20.5 SEER (13 HSPF) Heat pump.



- ✓ Eliminate the lifetime cap for an annual cap and expand the value of the credit to 30% up to \$1,200 without limitation on energy property type.
- ✓ Provide a credit of 30% up to at least \$1,200 for certain building envelope investments, such as insulation.
- ✓ Allow a credit for energy audits up to 30% and capped at \$150.
- ✓ Provide for inclusion of relevant labor costs.

45L:

- ✔ 45L, would raise the value of the credit for single-family and manufactured homes to \$2,500 when meeting the relevant Energy Star program requirements, or \$5,000 for those homes meeting the zero ready home certification. Multi-family is similarly tiered based on Energy Star and zero ready home, with a base credit of \$500 or \$1,000, and a bonus credit of \$2,500 or \$5,000 when meeting prevailing wage requirements. The 45L credit is extended for 10 years.

179D:

- ✔ 179D, the Commercial Building Deduction is an enhanced and broadened temporary deduction, lifting the life-time limit for a three-year cap, and would also include tax-exempt entities. The base deduction ranges from \$.50 to \$1.00 per sq. ft., with a bonus deduction of \$2.50 up to \$5.00 per sq. ft., which is available when meeting identified prevailing wage and apprenticeship requirements. Both deductions are measured based on the energy and power reductions of 25% or more as compared to existing buildings that meet relevant ASHRAE standards. An alternative deduction is also available, applying energy usage intensity.



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Residential Efficiency and Electrification Rebates and Workforce Outlook

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AnnDyl Policy Group and Building Performance
Association

Midwest Energy Efficiency Alliance Federal Update
November 18, 2021



**BUILDING
PERFORMANCE**
ASSOCIATION



The Building Performance Association is a membership-driven 501(c)6 industry association dedicated to advancing the home and building performance industry. Built upon three decades of experience, the Association is well-positioned to provide industry support through key areas including advocacy, education, programs, networking, publications, and community.

We represent almost 10,000 members who work to deliver improved energy efficiency, health, safety, and environmental performance to people in their homes across the United States and Canada. For more information, please visit www.Building-Performance.org.

Agenda

- ▶ HOPE for HOMES status
- ▶ Budget Reconciliation Drill Down – Residential Efficiency and Electrification Rebates
- ▶ Workforce Outlook

Big Picture HOPE for HOMES Update

▶ **Bipartisan Infrastructure Package - Passage**

- \$250 million INSULATE (audits and retrofits) + \$40 million competitive grants
- \$3.5 billion WAP
- Both are complementary to HOPE for HOMES

▶ **Budget Reconciliation**

- \$3.5 trillion budget resolution NOW \$1.75 trillion budget reconciliation
- Senate legislation not yet released, but some pre-conferencing with House
- HOPE for HOMES dropped from \$9.5B to \$6.25B

Budget Reconciliation – Residential Efficiency and Electrification Rebates

- ▶ House reconciliation package: HOPE for HOMES in 10/28 House Budget Reconciliation at **\$6.25 billion through 2031**
 - ▶ \$360 million in Home On-line Performance-Based Energy Efficiency (HOPE) Contractor Training Grants
 - ▶ \$5.89 billion in Home Owner Managing Energy Savings (HOMES) Rebates
 - ▶ 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
 - ▶ HOPE for HOMES is paired with a **\$6.25 billion High-Efficiency Electric Home Rebate Program** to provide homeowners rebates for electric systems/appliances. “Zero Emissions Homes Act” inclusion.
- ▶ The Senate has yet to release bill text, but HOPE for HOMES is expected to be included.

Home On-line Performance-Based Energy Efficiency (**HOPE**)

- ▶ **\$360 million** in Home On-line Performance-Based Energy Efficiency (HOPE) Contractor Training Grants
- ▶ Grants to States through the State Energy Program to partner with nonprofit organizations and provide training courses and opportunities to support home energy efficiency upgrade construction services to train workers, both on-line and in-person, to support and provide for home energy efficiency retrofits, including contractor certification, auditing, insulation, and residential electrification conversion training.
- ▶ *The Senate has yet to release bill text, but HOPE is expected to be included.*

Home Owner Managing Energy Savings (HOMES) Rebates

- ▶ **\$5.89 billion** in Home Owner Managing Energy Savings (HOMES) Rebates
- ▶ 85 percent of funds must be used for energy efficiency upgrades of single-family homes, providing up to \$2,000 for a single- or multi-family unit retrofit that achieves at least 20 percent modeled energy savings and \$4,000 for a retrofit that achieves at least 35 percent modeled energy savings, and for measured energy savings, a payment per kilowatt hour saved, or kilowatt hour-equivalent saved, equal to \$2,000 for a 20 percent reduction of energy use.
- ▶ Single or multi-family homes occupied by residents at 80 percent of the area median income are eligible for \$4,000 for a home retrofit that achieves at least 20 percent modeled energy savings and \$8,000 for a retrofit that achieves at least 35 percent modeled energy savings, providing for measured energy savings, a payment per kilowatt hour saved, or kilowatt hour-equivalent saved, equal to \$4,000 for a 20 percent reduction of energy use. (Multifamily 200K cap)
- ▶ States may use no less than 25% of their funding in each bucket: single family, multi-family, moderate income.
- ▶ *The Senate has yet to release bill text, but HOMES is expected to be included.*

High-Efficiency Electric Home Rebate Program

- ▶ House: “The Secretary Shall Establish within the Department” (*Byrd)
- ▶ **\$6.25 billion High-Efficiency Electric Home Rebate Program** to provide homeowners rebates for electric systems/appliances. “Zero Emissions Homes Act” inclusion.
- ▶ Rebates up to \$10,000 including 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.
- ▶ The Senate has yet to release bill text, but an electrification rebate is expected to be included.

High-Efficiency Electric Home Rebate Program

Qualified Electrification Projects (additions for LMI)

- Heat Pump Water Heater = \$1250
- Heat Pump HVAC
 - ❖ \$3000, not less than 27,500 BTU
 - \$4000, E* cold climate
 - ❖ \$1500 less than 27500 BTU
 - \$2000 E* cold climate
 - ❖ \$250 additional if insulation and air sealing within 6 months
- Electric load or service center panel = \$3000
- Insulation and air sealing = \$800

Limitations

- Maximum rebate = \$10,000/home or 50% of the total cost of QEP (for LMI \$14K and 100%)
 - ❖ Not more than 50% of the labor costs may be included in the 50%
- Certified Contractors
- Can be new construction (3)(B)(ii)

Labor Requirements

▶ HOPE for HOMES

- Single Family no labor requirements outside training
- Multifamily Labor Practice Requirements

▶ Electrification Rebates

- \$250-500 for companies for certain labor practices

Workforce Outlook

- **Traditional channels of funding for workforce development are not reaching small residential energy efficiency companies.**
- Some requirements associated with registered apprenticeship programs and other traditional workforce development channels have the **unintended consequence of shutting out small, local businesses and are limiting access to opportunities**, rather than advancing workforce equity and diversity.
- Workforce development channels – need to make funds available for small energy efficiency businesses.
 - This funding should **include flexibility for on-the-job training** as well as **existing external training programs** and should support small businesses by allowing them to use funding to cover a portion of their employee’s wages during training.
 - There should be an emphasis on **expanding employment and career advancement opportunities for diverse and disadvantaged communities.**

Workforce Legislation

- ▶ Enacting the Blue Collar to Green Collar Jobs Act (H.R. 156, 117th Congress) would create a vital **Energy Workforce Grant Program** (Section 202, H.R. 156) to provide grants directly to small businesses, among others, to support on-the-job training to a number of industries, **including new and existing employees in energy efficiency.**
- ▶ **Not Expected in Budget Reconciliation**

Thank you!

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BPA Upcoming Conferences: www.building-performance.org

[The Clean Energy for Homes Conference & Trade Show](#) – February 9-10, 2022 | Saratoga Springs, NY

[2022 National Home Performance Conference & Trade Show](#) – April 11-14, 2022 | Nashville, TN

[Upper Midwest Regional Home Performance Conference & Trade Show](#) – Postponed until 2022

Update on Federal Appliance Efficiency Standards for MEEA Federal Policy Webinar

Marianne DiMascio
Appliance Standards Awareness Project
November 18, 2021

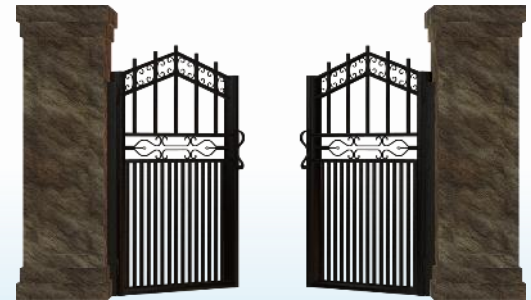
President issues Inauguration Day Executive Order

- Pres. Biden commits to reverse harmful rules from prior administration by December 31, 2021
- Specifies review of the 'process' rule by June 30
- In [Feb memo](#), DOE identifies 11 additional rules to reverse



Three key rules

- Light bulbs (2 parts)
 - 45 lumens per watt backstop standard
 - Definition
- Process rule (2 parts)
 - Gating issue for all rules
- Gas products interpretive rule
 - Gating issue for furnaces and water heaters



Where do the reversals stand?

Rules may need to go through a review at the Office of Management and Budget (OMB). Reviews can take 60-90 days

- Process rule, part 1
 - Final rule completed but has been at OMB since Sept 21
- Light bulbs
 - Proposed backstop rule is at OMB
- DOE has proposed actions for the other rules identified for potential reversal; final rules pending...
- Time to meet the Dec 31 deadline is running out

DOE playing catchup

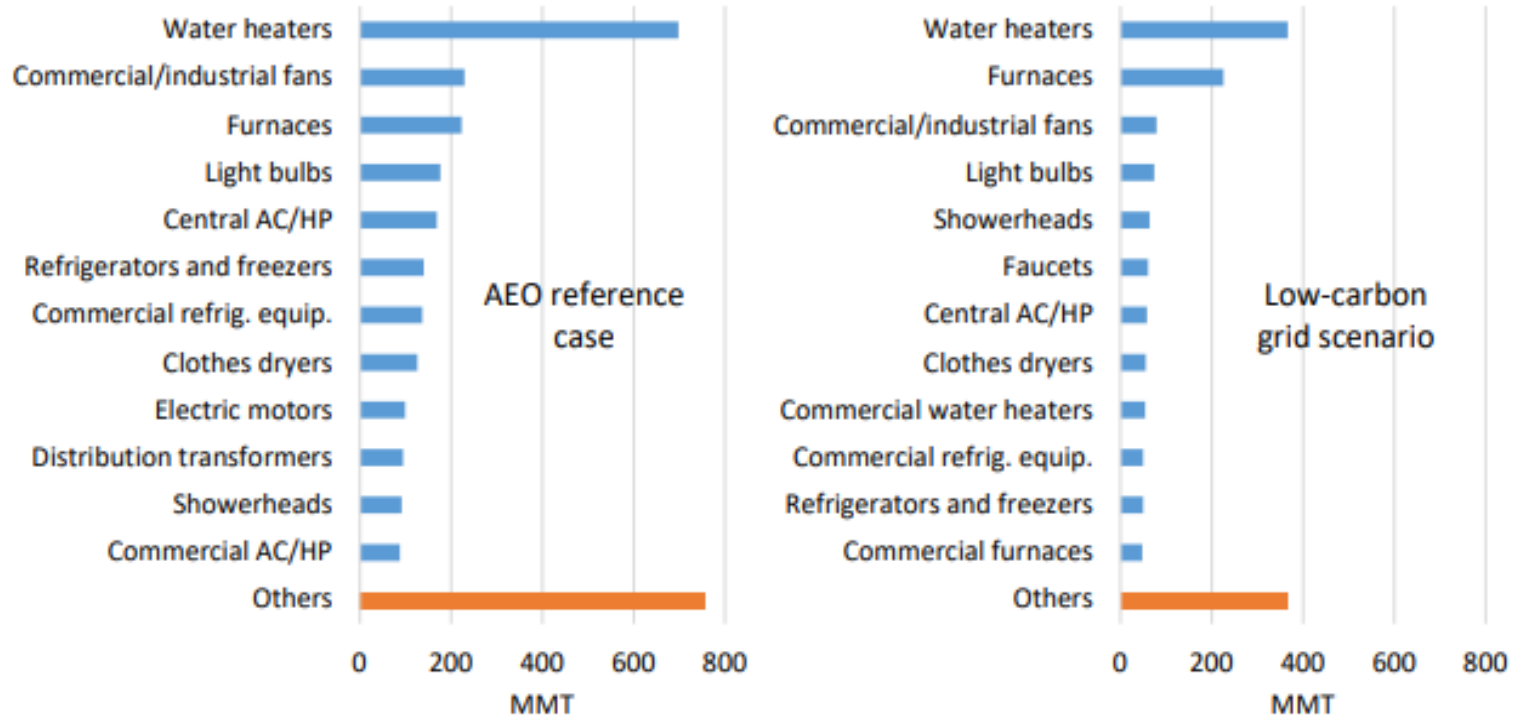
- As of January 20, 2021, DOE had [missed legal deadlines](#) for 28 standards
- DOE would need to set nearly **50 standards by the end of 2024** just to catch up on missed deadlines and stay on track with legally required reviews



DOE has been BUSY in 2021!

- Issued 20 notices for standards in 2021
 - Most are in the early stages
- Issued 30 notices for test procedures in 2021
 - Further along
 - 5 final rules, 13 proposed rules and 12 RFI
- Expected in 2022
 - Proposed rules for Room AC, refrigerators, clothes washers, dryers, residential furnaces, commercial water heaters

Potential cumulative CO2 reductions through 2050 for the top dozen products (and all others combined)*



*From ASAP/ACEEE [2020 report](#)

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