

May 21, 2024

Sherri L. Golden  
Secretary of the Board  
44 South Clinton Avenue, 1st Floor  
PO Box 350  
Trenton, NJ 08625

**Re: Sealed Response to RFI on the Inflation Reduction Act Home Energy Rebates**

Dear Secretary Golden:

Thank you for the opportunity to respond to the New Jersey Board of Public Utilities (BPU) request for information on implementation of the Inflation Reduction Act (IRA) Home Energy Rebate Programs.

These comments are provided by Sealed, a climate tech company on a mission to stop home energy waste. Sealed is an aggregator in energy efficiency programs, providing software and solutions to contractors that enable them to install more home weatherization and electrification projects and grow their businesses. We are excited about the opportunity to participate as an aggregator in New Jersey's Home Efficiency Rebate (HOMES) Program and Home Electrification and Appliance Rebate (HEAR) Program.

As detailed in our comments below, **we are enthusiastic that the BPU plans to include both the measured and modeled pathways of the HOMES Program.** The measured pathway in particular has the potential to transform the market for home energy upgrades. This '[no regrets](#)' approach of offering both pathways had broad support from stakeholders during the BPU's Technical Conference as well as in public comments on the IRA rebates.

**However, we are deeply concerned that the BPU's plan excludes single family homes from being eligible for HOMES rebates at all, as well as allocating very little HEAR funding to single family homes.** This would effectively exclude single family homes from participating in IRA Home Energy Rebates generally, and measured savings programs specifically. We view this as a significant missed opportunity to spur market transformation in the single family sector above and beyond existing and planned programs, which currently do not include a measured savings approach.

**We urge the BPU to revise the plan to allow single family homes to be eligible for HOMES rebates.** Comments from the Building Performance Association (BPA) as

well as the Energy Efficiency Alliance of New Jersey (EEA-NJ) and other organizations also support HOMES funding for single family homes. **We recommend the BPU allocate 50% of HOMES funding for single family homes to better align with the housing make up in the state considering that single family homes represent 80% of homes and 92% of greenhouse gas emissions in New Jersey.** This allocation would still provide ~5x the amount of required funding for the multi-family sector, enabling significant progress in this important and challenging sector.

Including a meaningful allocation of single family HOMES funding will provide the following benefits:

- Bolster equity for low- and moderate-income single family households.
- Provide an opportunity to pilot innovative, measured savings program designs for single family homes that can act as a “downpayment” on virtual power plants (VPPs).
- Reduce greenhouse emissions from single family homes, which account for 92% of total residential emissions in New Jersey.
- Spur market transformation across housing sectors, including by helping to align contractors with New Jersey public policy goals and getting contractors more invested in high efficiency equipment.
- More quickly stand up the HOMES Program as single family programs are likely to be quicker and easier to implement.
- Ensure broad accessibility of IRA rebates across the state by offering all households at least an opportunity to benefit from the popular and well-publicized IRA rebate programs.

Thank you again for the opportunity to comment, and we look forward to working with the BPU and other New Jersey stakeholders to successfully roll out these important programs.

Sincerely,

David Kolata  
Vice President of Policy  
Sealed Inc.

## **BPU RFI Questions**

### ***How well does this approach align with the goals of HER, HEAR, and the IRA more broadly?***

The IRA HOMES Program is a significant opportunity to unlock market transformation and bolster equity across housing types in New Jersey. Sealed is enthusiastic about the BPU's plan to include both the measured and modeled pathways of the HOMES Program as a mechanism for achieving these goals. Specifically, for the single family sector, Sealed believes that the BPU should offer both the measured and modeled pathways at the start of the program to ensure the best blend of accessibility, accountability, and market transformation.

However, we are disappointed that the BPU's proposed approach excludes single family housing from being eligible for HOMES funding, which we believe is not aligned with the goals of the program and the IRA more broadly. **We urge the BPU to modify its proposed approach to include single family housing to better align with the goals of the IRA.**

Single family homes make up approximately 80% of the housing stock in New Jersey.<sup>1</sup> We therefore recommend that the BPU allocate 50% of the HOMES funding for single family homes, with a strong preference for targeting low- and moderate-income households. Including single family homes in the HOMES Program will provide the following benefits:

- **Spur market transformation in the single family sector.** The overall goal of the HOMES Program is to spur market transformation across housing sectors, including single family homes, to increase the uptake of home energy retrofit projects long after IRA funding is expended. In other words, the HOMES Program is an opportunity for New Jersey to use federal funding to try out innovative program designs not currently offered by utility programs to transform the market. *Today, there are no measured programs offered in New Jersey.* By modifying the proposed approach to allocate HOMES funding for single family housing, the BPU can accelerate market transformation in this sector by allowing these households to access measured rebates. The HOMES Program can also be an opportunity for the BPU to demonstrate to the utilities that measured programs are effective so they can begin shifting to performance-based programs.

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<sup>1</sup> The U.S. Department of Energy's HOMES Measured Path Incentive Calculator states that there are 2.695 million single family homes and .699 million multifamily homes in New Jersey.

Additionally, robust contractor participation in programs is an important measure of [market transformation](#). Today, contractors face a lot of [friction](#) when participating in single family energy efficiency programs, which creates soft costs for contractors, consumers, and programs—and ultimately hurts adoption. Soft costs can include the administrative time contractors spend to complete paperwork for programs as well as the cash flow impacts as a result of waiting for rebate payments. The BPU can maximize the number of contractors that participate in the HOMES program by launching both the measured and modeled pathways for single family homes. The measured pathway will provide a “simple option” for contractors to participate in the program that do not have experience with BPI 2400 modeling software and/or prefer providing rebates via the measured savings pathway.

In addition, the measured pathway will drive demand for high-quality contractors in the single family sector as rebates are provided based on actual energy savings. In other words, contractors are incentivized to help customers achieve higher energy savings, creating a “race to the top” as contractors compete over who can do the best projects and get the best overall results. Therefore, including a single family measured savings HOMES Program can drive market transformation by helping to align contractors with New Jersey public policy goals and getting contractors more invested in high efficiency equipment.

- **Reduce greenhouse gas emissions and improve grid reliability.** In New Jersey, single family homes make up 80% of the housing stock and account for approximately 92% of total residential emissions in the state.<sup>2</sup> By including single family homes in the HOMES Program, the BPU will have a significant opportunity to tackle emissions from the residential sector. The measured approach will reduce emissions from single family homes particularly well given that rebates are only provided based on actual energy savings.

The measured pathway will also assist with grid reliability issues as PJM and grid operators require that both demand-side and supply-side resources be measured and verified. The measured pathway can thus be a [downpayment](#) on the robust participation of residential energy efficiency in VPPs. Maximizing the value of VPPs, in turn, is a critical component of New Jersey maintaining and improving both grid reliability and affordability going forward.

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<sup>2</sup> Methodology for calculating greenhouse gas emissions from single family homes can be found [here](#).

More specifically, we believe that given the complexities involved and that the multi-family sector is a “tough nut to crack,” multifamily contractors will likely leverage the modeled pathway. Without single family eligibility, therefore, New Jersey will not have the opportunity to take advantage of the market transformation and grid reliability benefits of the measured pathway.

- **Bolster equity and consumer protection in single family homes.** Allowing single family homes to be eligible for HOMES rebates will bolster equity given that many low- and moderate-income (LMI) households live in single family homes. Additionally, the measured pathway will work particularly well for bolstering equity in single family homes by almost always providing higher rebates than the modeled pathway, especially for low-income households pursuing weatherization and electrification retrofits. In New Jersey, we estimate that the measured pathway will provide average rebates of approximately \$18,400 for LMI homes with the highest energy usage (such as poorly insulated, leaky homes with average energy usage above 130% of the state’s average), whereas the modeled approach will provide rebates up to \$8,000.<sup>3</sup> Including the measured pathway is an essential strategy for improving LMI affordability, particularly for combined weatherization and electrification projects.
- **Single family households are expecting IRA rebates.** The IRA Home Energy Rebates have been highly publicized and are coveted by households across the state, including single family households. Excluding single family homes from HOMES funding will lead to disappointment from many. Amending the BPU’s proposed approach to ensure that single family households can access HOMES funding will ensure broad accessibility across the state. In addition, we encourage the BPU to consider providing at least some funding to single family market-rate households to unlock market transformation in this sector.

***What would be the best analytical approach – measured or modeled – for calculating energy savings in multifamily buildings? Are there scenarios where one would work better than the other?***

While the measured approach can work in different housing sectors, it will provide the most market transformation benefits for single family homes.

**Does this approach address the unique needs of our state in terms of:**

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<sup>3</sup> Data from Sealed’s [HOMES incentive model](#) which uses methodology that is in line with the DOE’s [HOMES Measured Path Incentive Payment Calculator](#). However, DOE’s calculator may result in slightly different incentive estimates.

- a. the need for efficiency and electrification upgrades in multi-family buildings?**
- b. the need for efficiency and electrification upgrades in low- to moderate-income households?**

The BPU's proposed approach does not adequately address the need for efficiency and electrification upgrades in LMI single family homes. There is a significant opportunity to use HOMES funding to encourage efficiency and electrification upgrades in LMI single family households. The measured approach will work particularly well for LMI single family homes given that rebate values are higher. In New Jersey, we estimate that the measured pathway will provide average rebates of approximately \$18,400 for LMI homes with the highest energy usage, whereas the modeled approach will provide rebates up to \$8,000.

**2. Do you believe the proposed budget allocations for the M-RISE Program and the CP-HEAR Program are appropriate?**

No, we do not believe that the proposed budget allocations for the M-RISE Program is appropriate. Sealed encourages the BPU to allocate 50% of the HOMES funding to single family households to better align the funding with the housing make up in the state which includes 80% single family housing.

**3. Do you have any other concerns regarding this approach or additional ideas for consideration?**

While we understand that the BPU hopes to use HOMES funding to fill gaps in current utility programs, focusing solely on multifamily buildings will likely lead to lengthy implementation timelines due to the complexities of the sector. Given that many existing programs have more experience with single family homes, it may be quicker for the BPU to focus on standing up a single family program more immediately while the "kinks" are worked out for standing up a multifamily program.

Additionally, the BPU should consider launching a simpler, "pilot version" of a single family HOMES Program to more quickly start the program. As described in the graphic below, under this simpler design, aggregators are responsible for finding qualified projects and handling all project processing, i.e. collecting all required documentation. Aggregators are also responsible for collecting energy data and calculating energy savings by comparing monthly bill data, with the program implementer conducting QA and rebates are based on simple \$/kWh rates.

On the other end of the spectrum, a more "advanced version" of the program could include program implementer(s) targeting projects and setting up APIs for

qualifying eligibility and processing projects. New Jersey could work with utilities to access hourly interval energy usage data to measure energy savings. In addition, energy savings calculations can be conducted by the program implementer and rebate rates based on robust calculation that include time, location, and/or greenhouse gas emissions.

<b>Component</b>	<b>Pilot version</b>	<b>Advanced version</b>
<b>Project sourcing</b>	Aggregators as project developers	+ Implementers doing targeting
<b>Project qualification</b>	Aggregators handle qualification	+ Implementers set up APIs
<b>Project processing</b>	Aggregators handle processing (i.e., collecting all required documentation)	+ Implementers set up APIs
<b>Payment rates (\$/kWh_e)</b>	Defined \$/kWh_e rates	Rates based on robust calculations that include time / location / GHG
<b>Payment terms (to Aggregators)</b>	Rebate reservations at submission, clear payment schedule	+ Flex upfront payments based on insurance and past program performance
<b>Data access</b>	Aggregators collect pre- and post- energy bills (e.g., monthly level bill data)	Direct utility historicals integration at the hourly interval level
<b>Energy savings calculations</b>	Conducted by Aggregator	Conducted by Implementer
<b>Project QA and tracking</b>	In-field and virtual (savings calculations) QA on select projects	+ Ability to track status and savings of all projects during measurement period

In the field, it will also be easier for contractors to participate in single family programs. The DOE's guidance on the HOMES Program requires contractors to collect 193 data points for multifamily buildings. On the other hand, single family buildings only require 44 data points (and 79 recommended data points) for modeled and 54 for measured.