



***NARUC Staff Surge Call: Savings attribution for energy efficiency programs funded by IRA/BIL, Tuesday, October 8, 2024***

States are preparing to direct billions of dollars in federal funding from the Inflation Reduction Act (IRA) and Bipartisan Infrastructure Law (BIL) to improve efficiency in residential and commercial buildings. That funding can potentially build on energy efficiency programs that utilities already administer to deliver energy savings. The challenge is that much of this IRA and BIL funding will go to programs administered by state energy offices and not utilities. This creates challenges related to savings attribution, particularly where utilities are incentivized to invest in efficiency and have targets for energy savings under state law or regulation.

This Surge Call highlighted how states are handling attribution. Participants also discussed lessons learned on attribution methodology, utility cost-effectiveness tests, and collaboration between state energy offices, regulators, and utilities. This call featured both State Public Utility Commission and State Energy Office staff.<sup>1</sup>

NOTE: The Home Energy Rebates (HER or HOMEs) and Home Electrification and Appliance Rebates (HEARs) are the primary programs mentioned on this call. Both were passed under Section 50121 of the IRA. Since many participants used these acronyms or “IRA programs” interchangeably, the terms can be viewed as synonymous for this summary. For more specifics on each of the two programs, please see [DOE’s website](#).

## **Oregon**

The state’s energy office (the Oregon Department of Energy or “Department”) approach towards the attribution of energy savings allows the utilities to claim the savings in their regional planning for managing supply and meeting load demand. The Energy Trust of Oregon implements most investor-owned utilities’ energy efficiency programs in the State. The Department coordinates with utilities who help implement the programs. In the consumer-owned utility service territory,<sup>2</sup> The Oregon Department of Energy plans to launch an RFP to secure an implementer for EE programs to help create uniformity and reduce confusion among contractors.

The goal is to have consistent communication, standards, and reporting to ensure all service providers can claim energy savings. IRA programs will last around 6-7 years, but Oregon wants to ensure that these new programs expand the reach of energy efficiency programs and outlast the IRA funding period. Data-sharing requirements are still being developed for the new energy efficiency programs.

## **Kentucky**

The Kentucky Office of Energy (the state energy office) is collaborating with the utilities to ensure that the state can use IRA Home Energy Rebates to maximize the money that Kentucky receives

---

<sup>1</sup> NARUC gives a special thanks to the National Association of State Energy Offices (NASEO) for inviting its state energy office members.

<sup>2</sup> Oregon has several IOU and consumer owned electric utilities.

under the IRA to reduce the energy burden of Kentucky's most vulnerable citizens. Kentucky is still in the planning stages and has only recently begun engaging with stakeholders. Kentucky hopes to have the application submitted to DOE by the end of October. In addition to that, they hired an implementer to guide the Office of Energy through the process.

## **Wisconsin**

At the time of this surge call, the Wisconsin Office of Energy Innovation was in the process of releasing a memo addressing “Savings Attribution when Customers Stack Benefits from Focus on Energy and the Inflation Reduction Act Home Energy Rebate Programs.” The final memo can be found here: <https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=516582>

In addition, Wisconsin shared another memo on the topic of energy savings attribution:

- <https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=462440>

## **Arkansas**

The Arkansas Public Service Commission mentioned a recent Northeast Energy Efficiency Partnerships (NEEP)<sup>3</sup> Report about attribution frameworks to align IRA home energy rebates and state programs. The NEEP report mentions 4 different frameworks for states to align these incentives. Arkansas does not yet have a stakeholder process for energy attribution from federal programs, but it does have mature energy efficiency programs in the state. Arkansas's State Energy Office has contracted Deloitte to be a consultant for designing the IRA application and stakeholder process. In Arkansas, model savings or deemed savings approach (one of NEEP frameworks) has been used by investor-owned utilities. The co-ops are exempt from the efficiency programs and municipalities are not regulated by the Commission, but the energy office is likely going to have to distribute IRA funds to address the whole state. It's unclear how they will do that for the municipal and cooperative utilities and how savings will be determined.<sup>4</sup>

## **Questions from the discussion**

### **Who's in charge of measuring and verifying the savings? Are states trusting the utility to do Measurement and Verification (M&V)**

In Oregon, the Northwest Power and Conservation Council (NPCC) has regional technical forums that utilities use as the basis for M&V of their programs, especially in the consumer and utility space. The IRA programs have separate M&V requirements, so the NPCC will verify those programs separately. Oregon is not taking a “measured savings” approach for these programs because they saw issues getting projects off the ground before funding was available. Instead, Oregon utilizes a “modeled” approach that does not tie M&V to the incentives.

---

<sup>3</sup> The full report can be found here: <https://neep.org/expanding-energy-savings-pie-attribution-frameworks-align-ira-home-energy-rebates-and-state>

<sup>4</sup> Oregon, for contrast, will have full attribution go to utilities.

Kentucky, similarly, has used a modeled approach for the HOMES program. Wisconsin also took the modeled approach to M&V and received feedback from DOE on its evaluation plan, which included using a third-party evaluator for M&V.

**What advice would you give to states further behind in the HOMEs/HERA process? What kind of lessons learned, if any, are useful?**

Kentucky mentioned the importance of staying in touch with the DOE project manager since the application process is complicated, and several questions may pop up. Oregon emphasized regional collaboration, e.g., “Alaska shares with Oregon that their DOE project manager gave such-and-such advice on program requirements;” coordinating and communication among SEOs is helpful. In Oregon, DOE has responded quickly to questions around compliance, filings, etc.

Coordination/collaboration can expand the reach of EE programs. For example, two Oregon utilities in the eastern and western parts of the state offer low-income programs. The utilities take the Bonneville Power Administration-supported efficiency programs, which have rigorous cost-effectiveness standards, and have a separate fund consisting of ratepayer dollars that is set aside for energy efficiency to support low-income programs. The utilities cover 100 percent of the cost of projects to meet low-income requirements. IRA funding will reduce the amount that utilities cover outside of the efficiency program and allow utilities to reach more residents. At the same time, the IRA programs will facilitate an equitable energy transition toward electrification.

Oregon also cooperates with urban housing or HUD agencies to help fund low-income projects. The state can use federal and state funds to fund a project, but those projects need to have different funding measures.

Kentucky mentioned how it is beneficial that HOMES funding can be braided with other sources or programs.

**How to measure IRA or energy efficiency programs separately, i.e., savings from one program vs another?**

Oregon plans to use the utilities’ existing reporting pathways to prevent double-counting of savings. Oregon will share information about which programs are being implemented in each of those service areas and which houses and customers are receiving rebates. It’s in the details of the data-sharing agreements where utilities claim the measure savings. The utilities in Oregon need to know specifically where the measure was installed and whether it met the existing conditions to be eligible for a prescriptive measure so they can claim savings.

Utilities in Oregon must ensure they have the level of detail required to estimate the energy savings to the same standard that is required to ensure a realistic estimation of load going forward in managing load growth and predicting demand increases.

For Wisconsin, an [ACEEE report](#) was helpful for its Commission in making a decision on which energy efficiency programs claimed each installed measures.

**How could states incentivize gas utilities to work with the electric utilities for electrification?**

Oregon does not allow utilities to promote fuel switching as part of these programs. However, there is an incentive for incremental savings. It compares to an electric baseline as the start of estimated savings that drive cost-effectiveness and metrics for incentivizing the installation of a new electric appliance or piece of equipment. The federal HOMES program only incentivizes electrification; thus, it is an incentive for only electric appliances.

In Arkansas, some Municipal or cooperative utilities do not use natural gas heating.

Kentucky is a fuel choice state. For HERS, the Energy Office will not push electrification or gas. Instead, they are considering other energy measures that are possible, including insulation and air sealing that will result in more significant savings for them than switching to an electric stove.

**On the role of the Commission and staff in partnering with State Energy Offices and utility commissions?**

In Wisconsin, the State Energy Office is a division within the Commission and can provide policy direction and oversight on IRA programs. For example, the two offices provided direction on allocating funds from IRA programs for low-to-moderate-income customers. The utility contracts with a third-party administrator.

In Oregon, the Energy Trust Fund was established over 25 years ago and established cost effectiveness, standards, tests, exceptions, and rules for IOU energy efficiency programs. However, with the new IRA programs, more coordination between the Energy Trust Fund, the Department of Energy, and the Commission will likely be needed to help braid funding sources and ensure the most savings for ratepayers. Oregon is also in close contact with neighboring states such as Alaska and Washington since they can share insights on how they are implementing programs and receiving guidance from DOE project officers.