

Regional Building Decarbonization Oversight Committee

Meeting date: February 14, 2025

Agenda Item #: 7 (Attachment D)

Incentives, Energy Advising and Low-Income and Disproportionately Impacted Community Programs

Agenda item type: Discussion

Summary

Overview of incentives, energy advising and low-income and disproportionately impacted community programs.

Background

The need for affordable home upgrades that add cooling and improve comfort and indoor air quality are increasingly needed by Coloradans. Currently, no unified resource guides households and businesses through the complexities of building upgrades in Colorado. Even highly motivated customers struggle to navigate the process of electrifying their homes or buildings and understanding the suite of incentives available to them. Local government staff routinely hear from households that heat pump choices were discouraged or highly variable proposals related to cost and installation were received. Additionally, many building owners and contractors are unaware of available incentives and tax credits that make these electrification investments more cost effective.

Meanwhile the demand for qualified contractors to install cold-climate heat pumps and related technologies is rising nationwide. Increased incentives from federal, state, and local governments, utilities, and the private sector have encouraged end-users to invest in heat pump technology. Consequently, the heating, ventilation, and air conditioning (HVAC) industry has experienced an influx of services, resources, incentives and programs dedicated to guiding contractors and consumers through the growing landscape of resources. However, this expansion has also led to an overload of administrative requirements and disjointed resources, creating barriers to efficient adoption for home and building owners and critically for the workforce supporting these upgrades.

To address these challenges, DRCOG is creating a centralized energy advising and incentives program designed primarily to support HVAC contractors and their workforce and guide home/building owners and tenants through the project process.

This program includes up to \$17.5 million to support energy advising and up to \$42.6 million for an incentive management program. Energy advising will provide free, data-driven, client-focused advice to help residential, multifamily, and commercial building owners decarbonize their buildings. Incentives will provide funding to mitigate costs, accelerate adoption of electrification measures, and spur market growth.



These programs will help Coloradans navigate a full suite of building upgrade opportunities, including, but not limited to, building efficiency measures and the replacement of heating, hot water, and cooking equipment with all electric options. The program will prioritize “HVAC contractors and clients first, technologies second,” recognizing that the needs and motivations of clients are often more important than ideal technical solutions, and that

1. HVAC contractors should be supported as the key participants that can either accelerate or hinder the adoption of cold-climate heat pumps and related technologies.
2. The program will serve a wide range of customers and project types, from replacing a single piece of equipment to developing longer-term building decarbonization plans or working with clients planning a major renovation.

The needs and goals of smaller buildings may be different than larger buildings with centralized systems, and the program must support both types of clients and varying property types, including both residential and commercial.

Action by others

None

Previous discussion/action

None

Recommendation

None

Attachment

Staff presentation

For more information

If you need additional information, please contact Mac Prather, Program Manager (Incentives, Advising, and Disadvantaged Communities) at mprather@drcog.org.





Market Transformation Programs

Incentives, Advising and Full-Service Solutions for Low Income and Disadvantaged Communities

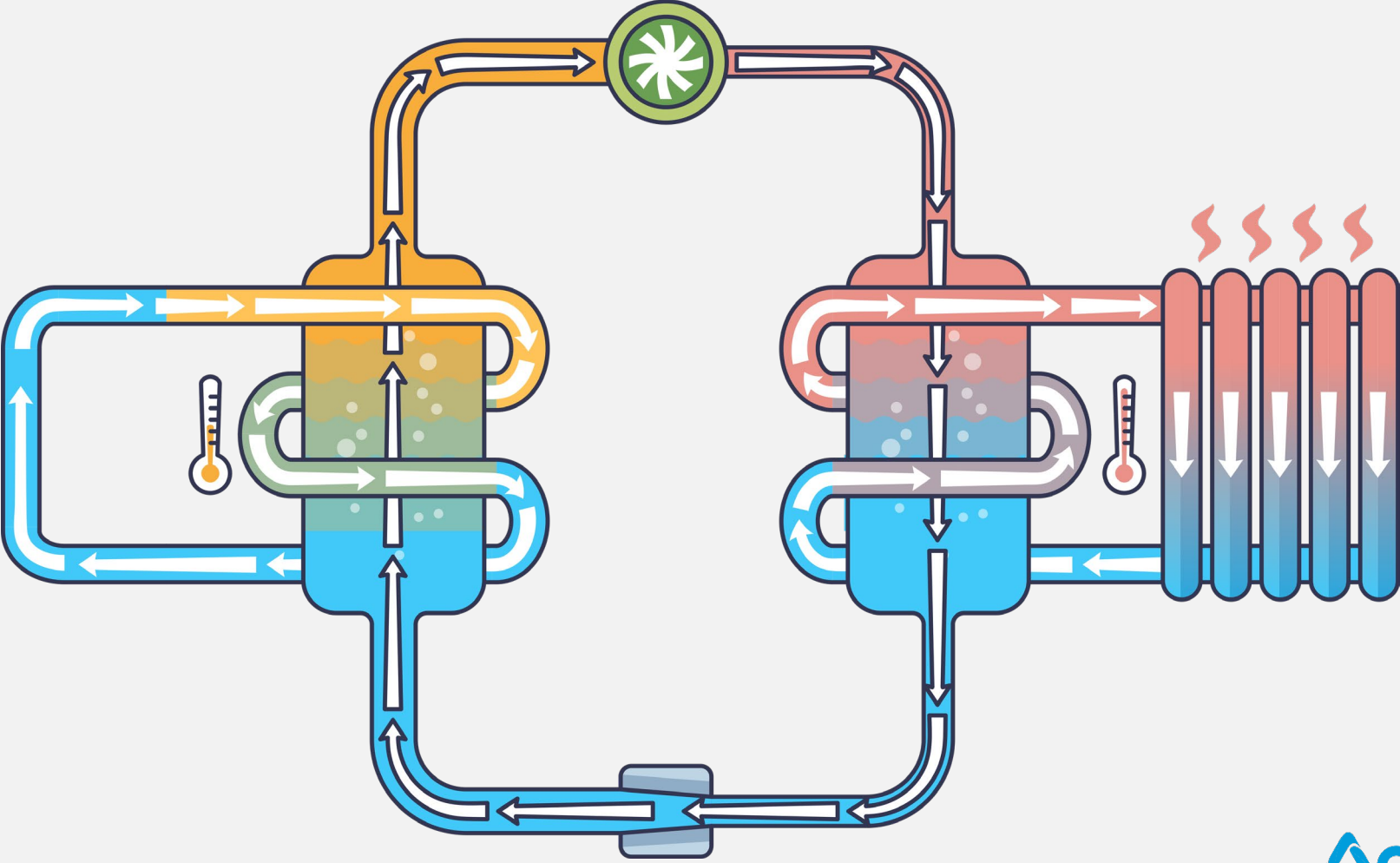


What is a heat pump?

- A Heat Pump is **just like AC**, but better.
- **Cold Climate** air source heat pumps have made big advancements.
- Better **health, clean air, and comfort.**



But... What is a heat pump?



Efficiency is critical!

- Buildings **are systems**.
- Heat pumps work better in buildings with a **tight envelope**.
- **Efficiency is the first fuel.**
 - Effective pollution reduction.
 - Saves money.
 - Has positive health impacts.

Overview of incentives, advising and low-income and disadvantaged communities (LIDAC) programs

Goals

- Highly efficient, all-electric buildings are status quo.
- Building upgrades are easily navigable by all.
- Incentives to promote better and more efficient technologies with a simple consolidated application designed with contractors.
- Advising to support customers in planning and executing projects (in coordination with workforce navigation hub).
- Programs to support limited income and vulnerable households with the best technologies.

Incentives and energy advising (\$43+17 million)

- Support customers in choosing **cold climate heat pumps** and similar highly efficient all-electric technologies.
- Act as a benefit to HVAC contractors, their businesses and workforce.
- Support customers in making easy, informed decisions.



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Incentives

Why incentives?

Complexity: Home upgrade projects are hard and expensive for home and building owners!

More Complexity! Huge demands and HVAC installers, companies and employees.





For homeowners

Incentives help reduce first costs, making more efficient equipment a more accessible choice.

Incentives signal the better/best choices for consumers.

Provide a single list of approved contractors, in coordination with Xcel, CEO and other programs, with a focus on quality installations.

For contractors

Support sales and installs of higher efficiency equipment and cold climate heat pumps to build these technologies into contractor's processes.

Create a single simple application for incentives with ample support.

Coordinate with the Contractor Navigation Hub to offer a full suite of services.





Energy advising



Why energy advising?

All building upgrade projects are challenging. Heat pumps are not yet the norm.

- **Trust:** Home and building owners need a trusted third-party resource.
- **Simplicity:** Challenging projects require many decisions over the long term.
- **Quality:** Promote high quality installers.



Full Service LIDAC Program

Full service LIDAC program (\$48 Million)

- Supporting Vulnerable Households and populations and meeting material needs.
- What risks will be addressed? Climate and extreme heat, energy security indoor air quality and health, safe and secure housing.
- From community feedback: Access to cooling, health and indoor air quality, utility bills, safe and secure housing are timely and critical needs.



Full service LIDAC program - Innovations

- Neighborhood-scale projects.
- Health and indoor air quality focus.
- Focus on workforce opportunities.

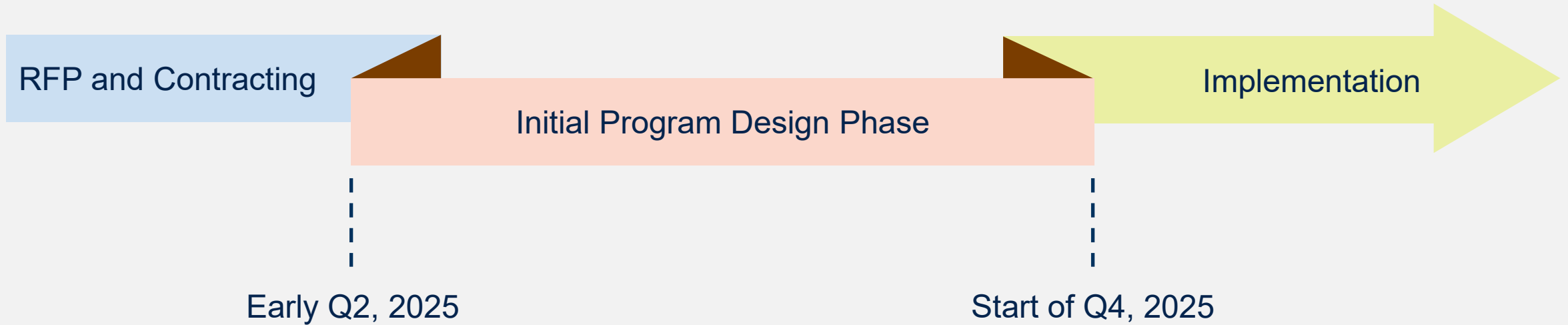
Innovation pilot program (\$6 Million)

- Award an average of **\$200,000 per subaward to entrepreneurial businesses and technologies** with high potential to accelerate electrification and energy efficiency adoption.
 - Demonstrate scalable solutions to key market barriers via regional pilot projects.
 - Inform decarbonization decision-making with public data, analyses, and case studies.
- Target small businesses, especially ones that are minority- and women-owned.
- Oversight Committee will evaluate grant criteria and selections.

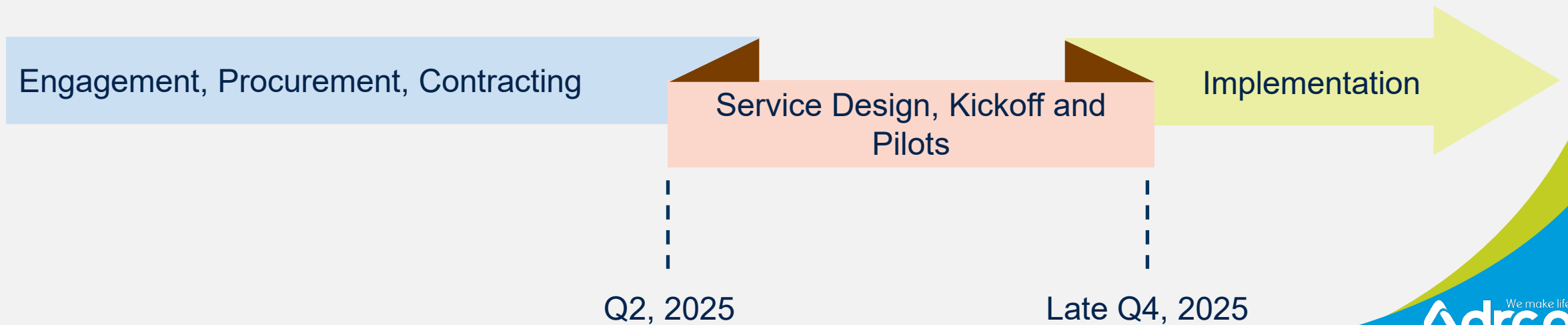


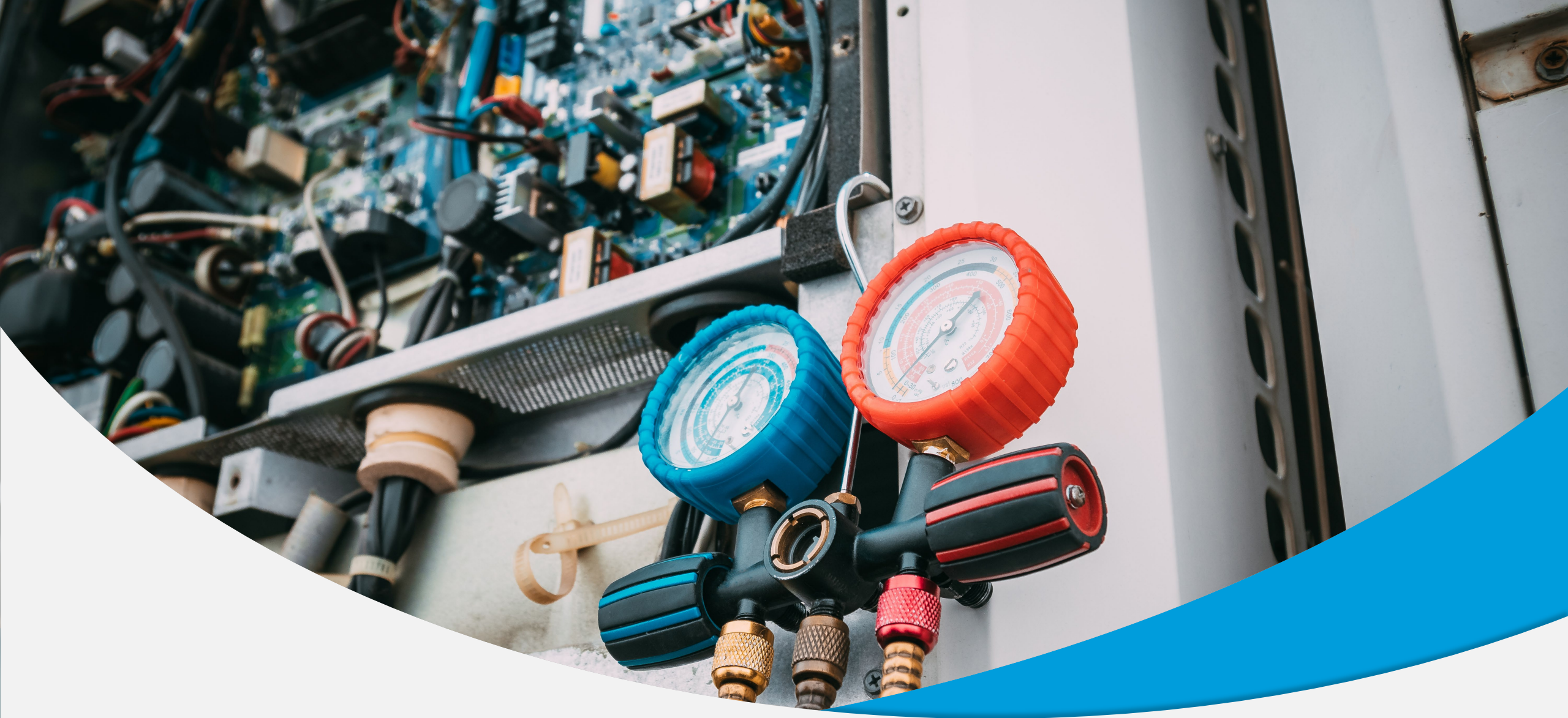
Timelines

Innovation, Incentives and Energy Advising



Full Service LIDAC Program





Committee's Roles

Committee's Roles

- Input on determining access and differentiation across county and utility boundaries.
- Policies on overall program design and performance.
- Connections to important contacts and connectors.
- Review of key performance indicators, stories and outcomes.
- Help us grow!!



Thank you!

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