

113TH CONGRESS
1ST SESSION

H. R. 2128

To provide for the establishment of a Home Energy Savings Retrofit Rebate Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2013

Mr. MCKINLEY (for himself and Mr. WELCH) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for the establishment of a Home Energy Savings Retrofit Rebate Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Home Owner Man-
5 aging Energy Savings Act of 2013” or the “HOMES
6 Act”.

7 **SEC. 2. DEFINITIONS.**

8 In this Act:

1 (1) BPI.—The term “BPI” means the Building
2 Performance Institute.

3 (2) ELECTRIC UTILITY.—The term “electric
4 utility” means any company, person, cooperative,
5 State, or Indian tribe agency that delivers or sells
6 electric energy at retail, including nonregulated utili-
7 ties, utilities that are subject to State or Indian tribe
8 rate regulation, and Federal power marketing ad-
9 ministrations.

10 (3) FEDERAL REBATE PROCESSING SYSTEM.—
11 The term “Federal Rebate Processing System”
12 means the Federal Rebate Processing System estab-
13 lished under section 3(b).

14 (4) HOME.—The term “home” means a resi-
15 dential dwelling unit in a building with no more than
16 4 dwelling units that—

17 (A) is located in the United States;

18 (B) was constructed before the date of en-
19 actment of this Act; and

20 (C) is occupied at least 6 months out of
21 each of the 2 years immediately preceding the
22 application for a rebate under this Act.

23 (5) HOME ENERGY SAVINGS RETROFIT REBATE
24 PROGRAM.—The term “Home Energy Savings Ret-
25 rofit Rebate Program” means the Home Energy

1 Savings Retrofit Rebate Program established under
2 section 3(a).

3 (6) HOMEOWNER.—The term “homeowner”
4 means the owner of an owner-occupied home or a
5 tenant-occupied home.

6 (7) INDIAN TRIBE.—The term “Indian tribe”
7 has the meaning given the term in section 4 of the
8 Indian Self-Determination and Education Assistance
9 Act (25 U.S.C. 450b).

10 (8) NATURAL GAS UTILITY.—The term “nat-
11 ural gas utility” means any company, person, coop-
12 erative, State or local governmental agency or in-
13 strumentality, or Indian tribe that transports, dis-
14 tributes, or sells natural gas at retail.

15 (9) QUALIFIED CONTRACTOR.—The term
16 “qualified contractor” means a residential energy ef-
17 ficiency contractor that meets minimum applicable
18 requirements established under section 4.

19 (10) QUALIFIED HOME ENERGY EFFICIENCY
20 RETROFIT.—The term “qualified home energy effi-
21 ciency retrofit” means a retrofit described in section
22 8(d).

23 (11) QUALITY ASSURANCE PROGRAM.—The
24 term “quality assurance program” means a program
25 established under this Act, or recognized by the Sec-

1 retary under this Act, to oversee the delivery of
2 home efficiency retrofit programs to ensure that
3 work is performed in accordance with standards and
4 criteria established under this Act. Delivery of ret-
5 rofit programs includes delivery of quality assurance
6 reviews of rebate applications and field inspections.

7 (12) QUALITY ASSURANCE PROVIDER.—The
8 term “quality assurance provider” means any entity
9 that meets the minimum applicable requirements es-
10 tablished under section 6(b).

11 (13) REBATE AGGREGATOR.—The term “rebate
12 aggregator” means an entity that meets the require-
13 ments of section 5.

14 (14) RESNET.—The term “RESNET” means
15 the Residential Energy Services Network, which is a
16 nonprofit certification and standard setting organi-
17 zation for home energy raters that evaluate the en-
18 ergy performance of a home and Energy Smart Con-
19 tractors that make energy improvements to the
20 home.

21 (15) SECRETARY.—The term “Secretary”
22 means the Secretary of Energy.

23 (16) STATE.—The term “State” means—

24 (A) a State;

25 (B) the District of Columbia;

- 1 (C) the Commonwealth of Puerto Rico;
2 (D) Guam;
3 (E) American Samoa;
4 (F) the Commonwealth of the Northern
5 Mariana Islands;
6 (G) the United States Virgin Islands; and
7 (H) any other territory or possession of the
8 United States.

9 **SEC. 3. HOME ENERGY SAVINGS RETROFIT REBATE PRO-**
10 **GRAM.**

11 (a) IN GENERAL.—The Secretary shall establish the
12 Home Energy Savings Retrofit Rebate Program.

13 (b) FEDERAL REBATE PROCESSING SYSTEM.—

14 (1) IN GENERAL.—Not later than 180 days
15 after the date of enactment of this Act, the Sec-
16 retary, in consultation with the Secretary of the
17 Treasury, shall—

18 (A) establish a Federal Rebate Processing
19 System which shall serve as a database and in-
20 formation technology system that will allow re-
21 bate aggregators to submit claims for reim-
22 bursement using standard data protocols;

23 (B) establish a national retrofit Web site
24 that provides information on the Home Energy
25 Savings Retrofit Rebate Program, including—

1 (i) how to determine whether par-
2 ticular efficiency measures are eligible for
3 rebates; and

4 (ii) how to participate in the program;
5 and

6 (C) make available model forms for dem-
7 onstrating compliance with all applicable re-
8 quirements of this Act, which shall be required
9 to be submitted by—

10 (i) each qualified contractor on com-
11 pletion of an eligible home energy retrofit;
12 and

13 (ii) each quality assurance provider on
14 completion of field verification.

15 (2) MODEL FORMS.—In carrying out paragraph
16 (1)(C), the Secretary shall consider the model forms
17 developed by the National Home Performance Coun-
18 cil, Inc. If the Secretary does not adopt these forms,
19 the Secretary shall convene a group of stakeholders
20 that are directly and materially affected by the Pro-
21 gram to develop the final forms.

22 **SEC. 4. CONTRACTORS.**

23 (a) CONTRACTOR QUALIFICATIONS.—A contractor
24 may perform retrofit work under the Home Energy Sav-

1 ings Retrofit Rebate Program in a State if the con-
2 tractor—

3 (1) meets all applicable contractor licensing re-
4 quirements established by the State;

5 (2) is—

6 (A) accredited by—

7 (i) BPI as an Accredited Contractor;

8 (ii) RESNET as an Energy Smart
9 Home Performance Team;

10 (iii) the Air Conditioning Contractors
11 of America as a QA Home Performance
12 Contractor;

13 (iv) a State-based certification pro-
14 gram established to carry out State energy,
15 clean air, or environmental programs; or

16 (v) an equivalent certification program
17 approved by the Secretary for this purpose;
18 or

19 (B) the general contractor, that—

20 (i) subjects the energy efficiency ret-
21 rofit to a review and quality assurance in-
22 spection by a third party approved by the
23 Department of Energy for performing
24 quality assurance inspections; and

1 (ii) employs, or otherwise utilizes sub-
2 contractors who employ, individuals to
3 complete individual or comprehensive
4 scopes of work related to the energy effi-
5 ciency retrofit who are certified by—

6 (I) BPI;

7 (II) RESNET;

8 (III) North American Technical
9 Excellence;

10 (IV) the Air Conditioning Con-
11 tractors of America;

12 (V) the Laborers International
13 Union of North America;

14 (VI) a regional or State Depart-
15 ment of Energy Weatherization Train-
16 ing Center; or

17 (VII) other contractor or worker
18 certification programs approved by
19 the Secretary;

20 (3) holds insurance coverage of at least
21 \$1,000,000 for general liability, and for such other
22 purposes and in such other amounts as required by
23 the State; and

24 (4) provides warranties to the homeowner that
25 completed work will—

1 (A) be free of significant defects;

2 (B) be installed in accordance with the
3 specifications of the manufacturer, and all ap-
4 plicable State and local codes; and

5 (C) perform properly for a period of at
6 least 1 year after the date of completion of the
7 work.

8 (b) AGREEMENT BETWEEN CONTRACTOR AND
9 HOMEOWNER.—A contractor who performs retrofit work
10 under the Home Energy Savings Retrofit Rebate Program
11 must sign a written or electronic contract with the home-
12 owner that includes—

13 (1) an agreement to not increase the cost of the
14 home improvement as a result of the rebates re-
15 ceived under this Act with respect to physical im-
16 provements made to the home;

17 (2) if the contractor and homeowner choose the
18 transferable rebate option authorized under section
19 7, an agreement to provide the homeowner, before a
20 contract is executed between the contractor and the
21 homeowner covering the eligible work, a notice of the
22 rebate amount the contractor intends to apply for
23 with respect to eligible work under this Act; and

24 (3) an acknowledgement that the homeowner—

1 (A) has reviewed the national retrofit Web
2 site for the program;

3 (B) understands the scope of work in-
4 tended to be completed and that such work may
5 be eligible for a rebate under the program; and

6 (C) understands that the rebate funds are
7 fully subject to availability from the Depart-
8 ment or Rebate Aggregator and not within the
9 control of the contractor.

10 **SEC. 5. REBATE AGGREGATORS.**

11 (a) IN GENERAL.—The Secretary shall develop a net-
12 work of rebate aggregators or a national rebate aggregator
13 that can facilitate the delivery of rebates to participating
14 homeowners or contractors by—

15 (1) reviewing the proposed rebate application
16 for completeness and accuracy;

17 (2) reviewing measures for eligibility in accord-
18 ance with this Act;

19 (3) providing data to the Federal Rebate Proc-
20 essing System consistent with data protocols estab-
21 lished by the Secretary; and

22 (4) as soon as practicable but not later than 30
23 days after the date of receipt, distributing funds re-
24 ceived from the Department of Energy to home-
25 owners or contractors.

1 (b) ELIGIBILITY.—To be eligible to apply to the Sec-
2 retary for approval as a rebate aggregator, an entity shall
3 be—

4 (1) a Home Performance with Energy Star pro-
5 gram sponsor;

6 (2) an entity administering a residential or
7 building energy efficiency retrofit program, solar
8 program, or other such program impacting energy
9 efficiency in homes established or approved by a
10 State or local government;

11 (3) a Federal power marketing administration,
12 an electric utility, or a natural gas utility that has—

13 (A) a residential energy efficiency retrofit
14 program; and

15 (B) a quality assurance provider or pro-
16 vider network; or

17 (4) an entity that demonstrates to the Sec-
18 retary that the entity can perform the functions of
19 a rebate aggregator, without disrupting existing resi-
20 dential retrofits in the States that are incorporating
21 the Home Energy Savings Retrofit Rebate Program,
22 including demonstration of—

23 (A) the capability to provide electronic
24 data to the Federal Rebate Processing System;

1 (B) a financial system that is capable of
2 tracking the distribution of rebates to partici-
3 pating contractors; and

4 (C) coordination and cooperation by the
5 entity with the appropriate State energy office
6 regarding participation in the existing energy
7 efficiency programs that will be delivering the
8 Home Energy Savings Retrofit Rebate Pro-
9 gram.

10 (c) PUBLIC UTILITY COMMISSION EFFICIENCY TAR-
11 GETS.—The Secretary shall—

12 (1) develop guidelines for States and local gov-
13 ernments to use to allow utilities participating as re-
14 bate aggregators to count the energy savings from
15 the participation of the utilities toward State and
16 local level energy savings targets; and

17 (2) work with States and local governments to
18 assist in the adoption of those guidelines for the
19 purposes and duration of the Home Energy Savings
20 Retrofit Rebate Program.

21 **SEC. 6. QUALITY ASSURANCE PROVIDERS.**

22 (a) QUALIFICATIONS.—An entity shall be considered
23 a quality assurance provider under this Act only if the en-
24 tity is qualified through—

25 (1) the BPI;

1 (2) RESNET; or

2 (3) any other entity designated by the Secretary
3 such as a State or local government or a residential
4 energy efficiency retrofit program approved by a
5 State or local government.

6 (b) FUNCTIONS.—A quality assurance provider
7 shall—

8 (1) be independent of the contractor;

9 (2) confirm that contractors or installers of
10 home energy efficiency retrofits meet the qualifica-
11 tion requirements of this Act; and

12 (3) perform field inspections to confirm the
13 compliance of the retrofit work and the simulated
14 energy savings under the Home Energy Savings Ret-
15 rofit Rebate Program.

16 **SEC. 7. TRANSFERABILITY OF HOME ENERGY SAVINGS RE-**
17 **BATE.**

18 A homeowner may transfer the rebate provided under
19 the Home Energy Savings Retrofit Rebate Program to the
20 contractor performing the retrofit work if the contractor
21 completes a form that accompanies the rebate form devel-
22 oped under section 3(b). This form, to be made publically
23 available by the Secretary 90 days after the date of enact-
24 ment of this Act, must be approved by paper signature
25 or electronically by the homeowner and include—

1 (1) the amount of the rebate the contractor will
2 submit for disbursement to the contractor;

3 (2) the level of energy use reduction of the
4 home retrofit certified under section 8(e)(4), and as-
5 surance that the contractor will provide the certifi-
6 cate to the homeowner within 30 days of receipt
7 from the Department of Energy;

8 (3) a documentation report of the retrofit per-
9 formed and paid by the homeowner; and

10 (4) confirmation from the homeowner that they
11 understand they have the right to submit directly for
12 the rebate and have chosen to transfer the credit in
13 full to the contractor.

14 **SEC. 8. HOME ENERGY SAVINGS RETROFIT REBATE PRO-**
15 **GRAM.**

16 (a) **IN GENERAL.**—If a qualified home energy effi-
17 ciency retrofit of a home is carried out after January 1,
18 2014, by a qualified contractor in accordance with this
19 section, rebates shall be awarded for retrofits that achieve
20 home energy savings in accordance with this Act.

21 (b) **AMOUNT OF REBATES.**—

22 (1) **IN GENERAL.**—Subject to subsection (e),
23 the amount of a rebate provided to the owner of a
24 home or a designee of the owner under this section
25 shall be—

1 (A) \$2,000 for a 20–24 percent reduction
2 in home energy use;

3 (B) \$3,000 for a 25–29 percent reduction
4 in home energy use;

5 (C) \$4,000 for a 30–34 percent reduction
6 in home energy use;

7 (D) \$5,000 for a 35–39 percent reduction
8 in home energy use;

9 (E) \$6,000 for a 40–44 percent reduction
10 in home energy use;

11 (F) \$7,000 for a 45–49 percent reduction
12 in home energy use; and

13 (G) \$8,000 for a 50 percent or more re-
14 duction in home energy use.

15 (2) REBATE PAYMENT.—

16 (A) IN GENERAL.—The rebate shall be
17 paid, based on energy savings as calculated
18 under subsection (e), within 60 days after—

19 (i) submission of the required rebate
20 forms; and

21 (ii) the completion of any quality as-
22 surance assessment required under sub-
23 paragraph (B).

24 (B) QUALITY ASSURANCE ASSESSMENTS.—

25 The Secretary shall establish a schedule of re-

1 required quality assurance assessments. In the
2 first year of the program, the first 10 homes
3 retrofit by each contractor and then 60 percent
4 of all future homes shall be required to have a
5 quality assurance assessment. The Secretary
6 shall establish a cost effective schedule of re-
7 quired quality assurance assessments for subse-
8 quent years based on performance under the
9 program.

10 (3) LIMITATION.—In no event shall the amount
11 of rebates under this subsection exceed—

12 (A) \$10,000 with respect to any individual;

13 or

14 (B) 50 percent of the qualified home en-
15 ergy efficiency expenditures paid or incurred by
16 the homeowner under subsection (c).

17 (c) QUALIFIED HOME ENERGY EFFICIENCY EX-
18 PENDITURES.—For purposes of this section, the term
19 “qualified home energy efficiency expenditures”—

20 (1) means any amount paid or incurred by a
21 homeowner for a qualified home energy efficiency
22 retrofit, including the cost of diagnostic procedures,
23 labor, reporting, and modeling; and

24 (2) does not include—

1 (A) improvements to swimming pools or
2 hot tubs; or

3 (B) any amount paid or incurred to pur-
4 chase or install a biomass, wood, or wood pellet
5 furnace, boiler, or stove, unless the system—

6 (i) is designed to meet at least 70 per-
7 cent of the heating demands of the home;

8 (ii) in the case of woodstoves, is cer-
9 tified by the Environmental Protection
10 Agency;

11 (iii) in the case of a wood stove re-
12 placement, replaces an existing wood stove
13 with a stove that is certified by the Envi-
14 ronmental Protection Agency, if a voucher
15 is provided by the installer or other respon-
16 sible party certifying that the old stove has
17 been removed and made inoperable;

18 (iv) in the case of a furnace or boiler,
19 is in a home with a distribution system
20 (such as piping, ducts, vents, blowers, or
21 affixed fans) that allows heat from the fur-
22 nace or boiler to reach all or most parts of
23 the home; and

1 (v) is certified by an independent test
2 laboratory approved by the Secretary as
3 having—

4 (I) thermal efficiency (with a
5 high heating value) of at least 75 per-
6 cent for stoves and 80 percent for fur-
7 naces and boilers;

8 (II) particulate emissions of less
9 than 3.0 grams per hour for wood
10 stoves or pellet stoves; and

11 (III) less than 0.07 lbs per mil-
12 lion BTU for outdoor boilers and fur-
13 naces.

14 (d) QUALIFIED HOME ENERGY EFFICIENCY RET-
15 ROFIT.—

16 (1) IN GENERAL.—A qualified home energy ef-
17 ficiency retrofit is a retrofit that implements meas-
18 ures, during a rebate-eligible year in the existing
19 principal residence of the homeowner which is lo-
20 cated in the United States, intended to reduce the
21 energy use of such residence. A qualified home en-
22 ergy efficiency retrofit shall—

23 (A) be implemented and installed by a
24 qualified contractor;

1 (B) install a set of measures modeled to
2 achieve a reduction in home energy use of 20
3 percent or more from the baseline established
4 under subparagraph (C), using computer mod-
5 eling software approved under paragraph (2);

6 (C) establish the baseline energy use as
7 provided in subsection (e)(1)(C);

8 (D) implement a test-out procedure, fol-
9 lowing guidelines of the applicable accrediting
10 program described in section 4(a)(2) (A), (B),
11 or (C), or equivalent guidelines approved by the
12 Secretary for this purpose, to ensure—

13 (i) the safe operation of all systems
14 post retrofit; and

15 (ii) that all improvements are included
16 in, and have been installed according to—

17 (I) standards of the applicable
18 accrediting program described in sec-
19 tion 4(a)(2) (A), (B), or (C);

20 (II) manufacturers installation
21 specifications; and

22 (III) all applicable State and
23 local codes or equivalent standards
24 approved by the Secretary for this
25 purpose;

1 (E) include only measures that have an av-
2 erage estimated life of 5 years or more as deter-
3 mined by the Secretary;

4 (F) not include any amount which is paid
5 or incurred in connection with any expansion of
6 the square footage of the residence; and

7 (G) not include improvements to swimming
8 pools or hot tubs or any other expenditure spe-
9 cifically excluded by the Secretary.

10 (2) APPROVED MODELING SOFTWARE.—The
11 contractor shall use modeling software certified by
12 RESNET as following the software verification test
13 suites in section 4.2.1 of RESNET Publication No.
14 13–001, or under equivalent standards approved by
15 the Secretary for this purpose, and shall have the
16 ability at a minimum to assess the savings associ-
17 ated with all the measures for Home Energy Savings
18 Retrofit Rebate Program.

19 (3) EXCEPTION.—For purposes of paragraph
20 (1)(D)(ii), installation of gas-fired appliances shall
21 comply with requirements of the National Fuel Gas
22 Code (ANSI Z223.1/NFPA 54) and applicable in-
23 stallation requirements in lieu of performance of
24 combustion tests outside those required by the Na-

1 tional Fuel Gas Code (2012 Edition) and the Inter-
2 national Fuel Gas Code (2012 Edition).

3 (e) ENERGY USE REDUCTION.—

4 (1) DETERMINATION OF ENERGY USE REDUC-
5 TION.—

6 (A) IN GENERAL.—The reduction in en-
7 ergy use for any residence shall be determined
8 by modeling the annual predicted percentage re-
9 duction in total energy consumption or costs for
10 heating, cooling, hot water, and permanent
11 lighting. It shall be modeled using computer
12 modeling software approved under subsection
13 (d)(2) and calibrated according to subpara-
14 graph (C) of this paragraph.

15 (B) ENERGY COSTS.—For the purposes of
16 subparagraph (A), the energy cost per unit of
17 fuel for each fuel type shall be determined by
18 dividing the total actual energy bill (subtracting
19 taxes and fees) for the residence for that fuel
20 type for the most recent available 12-month pe-
21 riod by the total energy units of that fuel type
22 used over the same period.

23 (C) BASELINE ENERGY USE.—For the
24 purposes of subparagraph (A), the software
25 model that establishes the baseline energy use

1 and predicted energy savings shall be calibrated
2 according to the procedures set forth in sections
3 3 and 4 of ANSI/BPI Standard BPI-2400-S-
4 2012: Standard Practice for Standardized
5 Qualification of Whole-House Energy Savings
6 Predictions by Calibration to Energy Use His-
7 tory, or an equivalent standard approved by the
8 Secretary for this purpose.

9 (2) DOCUMENTATION.—The percent improve-
10 ment in energy consumption calculated under this
11 section shall be documented through modeling soft-
12 ware described in subsection (d)(2).

13 (3) MONITORING.—The Secretary—

14 (A) shall periodically evaluate the software
15 packages used for determining rebates under
16 this section;

17 (B) shall monitor and compare the pre-
18 dictions to the real energy data, and based on
19 the results, create performance criteria to allow
20 or disallow the software; and

21 (C) may disallow the use of software pro-
22 grams that improperly assess energy savings.

23 (4) CERTIFICATE OF RETROFIT PERFORM-
24 ANCE.—The Secretary shall establish a system for
25 distribution of a certificate of performance with the

1 issuance of a rebate that certifies the predicted level
2 of energy use reduction achieved by the retrofit. The
3 certificate will be provided to the rebate recipient. If
4 the recipient is the contractor under the terms of
5 section 7, the contractor shall remit the certificate to
6 the homeowner, to be delivered or postmarked not
7 later than 30 days after the contractor's receipt of
8 the certificate.

9 (5) EXCEPTION.—The Secretary shall not uti-
10 lize the authority provided under this Act to—

11 (A) develop, adopt, or implement a public
12 labeling system that rates and compares the en-
13 ergy performance of one home with another; or

14 (B) require the public disclosure of an en-
15 ergy performance evaluation or rating developed
16 for any specific home.

17 Nothing in this paragraph shall preclude the com-
18 putation, collection, or use, by the Secretary, rebate
19 aggregators, or quality assurance providers, or the
20 States or Indian tribes, for the purposes of gath-
21 ering information on the rating and comparison of
22 the energy performance of homes with and without
23 energy efficiency retrofits.

24 (f) QUALIFICATION FOR REBATE.—On submission of
25 a claim for a retrofit rebate by a rebate aggregator to the

1 system established under section 5, the Secretary shall
2 provide reimbursement to the rebate aggregator, if—

3 (1) the retrofit is a qualified home energy effi-
4 ciency retrofit;

5 (2) the amount of the reimbursement is not
6 more than the amount described in subsection (b);

7 (3) documentation required to verify the claim
8 is transmitted with the claim; and

9 (4) any quality assurance assessment required
10 under subsection (b)(2)(B) has been completed.

11 (g) HOMEOWNER COMPLAINTS.—

12 (1) IN GENERAL.—A homeowner may make a
13 complaint under the quality assurance program dur-
14 ing the 1-year warranty period that compliance with
15 the quality assurance requirements of this section
16 has not been achieved.

17 (2) VERIFICATION.—

18 (A) IN GENERAL.—The quality assurance
19 program shall provide that, on receiving a com-
20 plaint under paragraph (1), an independent
21 quality assurance provider shall conduct field
22 verification on the retrofit work performed by
23 the contractor.

1 (B) ADMINISTRATION.—A verification
2 under this paragraph shall be corrected in ac-
3 cordance with subsection (f)(4).

4 (h) AUDITS.—

5 (1) IN GENERAL.—On making payment for a
6 submission under this section, the Secretary shall re-
7 view rebate requests to determine whether program
8 requirements were met in all respects.

9 (2) INCORRECT PAYMENT.—On a determination
10 of the Secretary under paragraph (1) that a pay-
11 ment was made incorrectly to a party, the Secretary
12 may—

13 (A) recoup the amount of the incorrect
14 payment; or

15 (B) withhold the amount of the incorrect
16 payment from the next payment made to the
17 party pursuant to a subsequent request.

18 (i) INCENTIVES.—The amount of incentives that the
19 Secretary may provide to quality assurance providers and
20 rebate aggregators under this Act shall be—

21 (1) \$25 for each rebate review and submission
22 provided under the program;

23 (2) \$250 for each field inspection conducted
24 under the program; or

1 (3) such other amounts as the Secretary con-
2 siders necessary to carry out the quality assurance
3 provisions of this Act.

4 **SEC. 9. GRANTS TO STATES AND INDIAN TRIBES.**

5 (a) IN GENERAL.—A State or Indian tribe that re-
6 ceives a grant under subsection (d) shall be permitted to
7 use the grant for—

8 (1) administrative costs;

9 (2) oversight of quality assurance plans;

10 (3) development of a quality assurance pro-
11 gram;

12 (4) establishment and delivery of financing pi-
13 lots in accordance with this Act;

14 (5) coordination with existing residential ret-
15 rofit programs and infrastructure development to as-
16 sist deployment of the Home Energy Savings Ret-
17 rofit Rebate Program; and

18 (6) the costs of carrying out the responsibilities
19 of the State or Indian tribe under the Home Energy
20 Savings Retrofit Rebate Program.

21 (b) INITIAL GRANTS.—Not later than 60 days after
22 receipt of a completed application for a grant under this
23 section, the Secretary shall either make the grant or pro-
24 vide to the applicant an explanation for denying the grant.

1 (c) INDIAN TRIBES.—The Secretary shall reserve an
2 appropriate amount of funding to be made available to
3 carry out this section for each fiscal year to make grants
4 available to Indian tribes under this section.

5 (d) STATE ALLOTMENTS.—From the amounts made
6 available to carry out this section for each fiscal year re-
7 maining after the reservation required under subsection
8 (c), the Secretary shall make grants available to States
9 in accordance with section 15.

10 (e) QUALITY ASSURANCE PROGRAMS.—

11 (1) IN GENERAL.—A State or Indian tribe may
12 use a grant made under this section to carry out a
13 quality assurance program that is—

14 (A) operated as part of a State or local
15 government approved energy conservation plan
16 established under part D of title III of the En-
17 ergy Policy and Conservation Act (42 U.S.C.
18 6321 et seq.);

19 (B) managed by the office or the designee
20 of the office that is—

21 (i) responsible for the development of
22 the plan under section 362 of that Act (42
23 U.S.C. 6322); and

1 (ii) to the maximum extent practicable
2 conducting an existing energy efficiency
3 program; and

4 (C) in the case of a grant made to an In-
5 dian tribe, managed by an entity designated by
6 the Indian tribe to carry out a quality assur-
7 ance program or a national quality assurance
8 program manager.

9 (2) NONCOMPLIANCE.—If the Secretary deter-
10 mines that a State or Indian tribe has not provided
11 or cannot provide adequate oversight over a quality
12 assurance program to ensure compliance with this
13 Act, the Secretary may—

14 (A) withhold further quality assurance
15 funds from the State or Indian tribe; and

16 (B) require that quality assurance pro-
17 viders operating in the State or by the Indian
18 tribe be overseen by a national quality assur-
19 ance program manager selected by the Sec-
20 retary.

21 (f) IMPLEMENTATION.—A State or Indian tribe that
22 receives a grant under this section may implement a qual-
23 ity assurance program through the State, the Indian tribe,
24 or a third party designated by the State or Indian tribe,
25 including—

- 1 (1) an energy service company;
- 2 (2) an electric utility;
- 3 (3) a natural gas utility;
- 4 (4) a third-party administrator designated by
- 5 the State or Indian tribe; or
- 6 (5) a unit of local government.

7 (g) PUBLIC-PRIVATE PARTNERSHIPS.—A State or
8 Indian tribe that receives a grant under this section is en-
9 couraged to form partnerships with utilities, energy serv-
10 ice companies, and other entities—

- 11 (1) to assist in marketing a program;
- 12 (2) to facilitate consumer financing;
- 13 (3) to assist in implementation of the Home
- 14 Energy Savings Retrofit Rebate Program, including
- 15 installation of qualified home energy efficiency retro-
- 16 fits; and
- 17 (4) to assist in implementing quality assurance
- 18 programs.

19 (h) COORDINATION OF REBATE AND EXISTING
20 STATE-SPONSORED PROGRAMS.—

- 21 (1) IN GENERAL.—A State or Indian tribe
- 22 shall, to the maximum extent practicable, prevent
- 23 duplication through coordination of a program au-
- 24 thorized under this Act with—

1 (A) the Energy Star appliance rebates pro-
2 gram authorized under the American Recovery
3 and Reinvestment Act of 2009 (Public Law
4 111–5; 123; Stat. 115); and

5 (B) comparable programs planned or oper-
6 ated by States, political subdivisions, electric
7 and natural gas utilities, Federal power mar-
8 keting administrations, and Indian tribes.

9 (2) EXISTING PROGRAMS.—In carrying out this
10 subsection, a State or Indian tribe shall—

11 (A) give priority to—

12 (i) comprehensive retrofit programs in
13 existence on the date of enactment of this
14 Act, including programs under the super-
15 vision of State utility regulators; and

16 (ii) using funds made available under
17 this Act to enhance and extend existing
18 programs; and

19 (B) seek to enhance and extend existing
20 programs by coordinating with administrators
21 of the programs.

22 **SEC. 10. QUALITY ASSURANCE PROGRAM.**

23 (a) IN GENERAL.—As part of a grant application de-
24 scribed in section 9(b), a State or Indian tribe shall submit
25 to the Secretary a plan to implement a quality assurance

1 program that covers all federally assisted residential effi-
2 ciency retrofit work administered, supervised, or spon-
3 sored by the State or Indian tribe.

4 (b) IMPLEMENTATION.—The State or Indian tribe
5 shall—

6 (1) develop a quality assurance program in con-
7 sultation with industry stakeholders, including rep-
8 resentatives of efficiency program managers, con-
9 tractors, and environmental, energy efficiency, and
10 labor organizations; and

11 (2) implement the quality assurance program
12 not later than 180 days after receipt of a grant
13 under section 9.

14 (c) COMPONENTS.—The quality assurance program
15 established under this section shall include—

16 (1) maintenance of a list of qualified contrac-
17 tors authorized to perform such retrofit work as de-
18 scribed in section 4; and

19 (2) non-binding targets and realistic plans
20 for—

21 (A) the recruitment of small minority-
22 owned or women-owned business enterprises;
23 and

24 (B) the employment of graduates of train-
25 ing programs that primarily serve low-income

1 populations with a median income that is below
2 200 percent of the poverty line (as defined in
3 section 673(2) of the Community Services
4 Block Grant Act (42 U.S.C. 9902(2)), including
5 any revision required by that section) by par-
6 ticipating contractors.

7 (d) NONCOMPLIANCE.—If the Secretary determines
8 that a State or Indian tribe has not taken the steps re-
9 quired under this section, the Secretary shall provide to
10 the State or Indian tribe a period of at least 90 days to
11 comply before suspending the participation of the State
12 or Indian tribe in the program.

13 **SEC. 11. EVALUATION REPORT TO CONGRESS.**

14 (a) IN GENERAL.—Not later than 1 year after the
15 date of enactment of this Act and annually thereafter until
16 the termination of the program under this Act, the Sec-
17 retary shall submit to the Committee on Energy and Nat-
18 ural Resources of the Senate and the Committee on En-
19 ergy and Commerce of the House of Representatives a re-
20 port on the use of funds under this Act.

21 (b) CONTENTS.—The report submitted under sub-
22 section (a) shall evaluate—

23 (1) how many eligible participants have partici-
24 pated in the program;

1 (2) how many jobs have been created through
2 the program, directly and indirectly;

3 (3) what steps could be taken to promote fur-
4 ther deployment of energy efficiency and renewable
5 energy retrofits;

6 (4) the quantity of verifiable energy savings,
7 homeowner energy bill savings, and other benefits of
8 the program;

9 (5) any waste, fraud, or abuse with respect to
10 such funds; and

11 (6) any other information the Secretary con-
12 siders appropriate.

13 (c) NONCOMPLIANCE.—The Secretary shall require
14 rebate aggregators, States, and Indian tribes to provide
15 the information required to enable the Secretary to carry
16 out this section. If the Secretary determines that a rebate
17 aggregator, State, or Indian tribe has not provided such
18 information on a timely basis, the Secretary shall provide
19 to the rebate aggregator, State, or Indian tribe a period
20 of at least 90 days to provide any necessary information,
21 subject to withholding of funds or reduction of future
22 grant amounts, or decertification of rebate aggregators.

23 **SEC. 12. ADMINISTRATION.**

24 (a) IN GENERAL.—Subject to section 15(b), not later
25 than 30 days after the date of enactment of this Act, the

1 Secretary shall provide such administrative and technical
2 support to rebate aggregators, States, and Indian tribes
3 as is necessary to carry out this Act.

4 (b) APPOINTMENT OF PERSONNEL.—Notwith-
5 standing the provisions of title 5, United States Code, gov-
6 erning appointments in the competitive service and Gen-
7 eral Schedule classifications and pay rates, the Secretary
8 may appoint such professional and administrative per-
9 sonnel as the Secretary considers necessary to carry out
10 this Act.

11 (c) RATE OF PAY.—The rate of pay for a person ap-
12 pointed under subsection (b) shall not exceed the max-
13 imum rate payable for GS–15 of the General Schedule
14 under chapter 53 of title 5, United States Code.

15 (d) CONSULTANTS.—Notwithstanding section 303 of
16 the Federal Property and Administrative Services Act of
17 1949 (41 U.S.C. 253), the Secretary may retain such con-
18 sultants on a noncompetitive basis as the Secretary con-
19 siders necessary to carry out this Act.

20 (e) CONTRACTING.—In carrying out this Act, the
21 Secretary may waive all or part of any provision of the
22 Competition in Contracting Act of 1984 (Public Law 98–
23 369; 98 Stat. 1175), an amendment made by that Act,
24 or the Federal Acquisition Regulation on a determination

1 that circumstances make compliance with the provisions
2 contrary to the public interest.

3 (f) INFORMATION COLLECTION.—The Secretary shall
4 establish, and make available to homeowners, or the home-
5 owner’s designated representative, seeking a rebate under
6 this Act, release forms authorizing access by the Sec-
7 retary, or the Secretary’s designated third party rep-
8 resentative, to information in the utility bills of the home-
9 owner. The form shall not include the homeowner’s name,
10 address, or social security number, or any other personal
11 identifying information designated by the Secretary.

12 **SEC. 13. TREATMENT OF REBATES.**

13 (a) IN GENERAL.—For purposes of the Internal Rev-
14 enue Code of 1986, rebates received for a qualified home
15 energy efficiency retrofit under this Act—

16 (1) shall not be considered taxable income to a
17 homeowner; and

18 (2) shall prohibit the consumer from applying
19 for a tax credit allowed under section 25C or 25D
20 of that Code for the same retrofit work performed
21 in the home of the homeowner, unless the work is
22 additional, and not included in the rebate baseline.

23 (b) NOTICE.—

24 (1) IN GENERAL.—A participating contractor
25 shall provide notice to a homeowner of the provisions

1 of subsection (a) before eligible work is performed in
2 the home of the homeowner.

3 (2) NOTICE IN REBATE FORM.—A homeowner
4 shall be notified of the provisions of subsection (a)
5 in the appropriate rebate form developed by the Sec-
6 retary, in consultation with the Secretary of the
7 Treasury.

8 **SEC. 14. PENALTIES.**

9 (a) IN GENERAL.—It shall be unlawful for any per-
10 son to violate this Act (including any regulation issued
11 under this Act), other than a violation as the result of
12 a clerical error.

13 (b) CIVIL PENALTY.—In addition to any penalty ap-
14 plicable under other Federal law for fraud or other crimes,
15 any person who commits a violation of this Act shall be
16 liable to the United States for a civil penalty in an amount
17 that is not more than the higher of—

18 (1) \$15,000 for each violation; or

19 (2) 3 times the value of any associated rebate
20 under this Act.

21 (c) ADMINISTRATION.—The Secretary may—

22 (1) assess and compromise a penalty imposed
23 under subsection (b); and

24 (2) require from any entity the records and in-
25 spections necessary to enforce this Act.

1 **SEC. 15. FUNDING.**

2 (a) **AUTHORIZATION OF APPROPRIATIONS.—**

3 (1) **IN GENERAL.—**There are authorized to be
4 appropriated to the Secretary to carry out this Act
5 \$500,000,000 for each of fiscal years 2014 through
6 2017, to remain available until expended.

7 (2) **MAINTENANCE OF FUNDING.—**Funds pro-
8 vided under this section shall supplement and not
9 supplant any Federal and State funding provided to
10 carry out energy efficiency programs in existence on
11 the date of enactment of this Act.

12 (b) **GRANTS TO STATES.—**

13 (1) **IN GENERAL.—**Of the amounts provided
14 under subsection (a), not more than 6 percent shall
15 be used to carry out section 9.

16 (2) **DISTRIBUTION TO STATE ENERGY OF-**
17 **FICES.—**Not later than 45 days after the date of en-
18 actment of this Act, the Secretary shall determine a
19 formula to provide funds described in paragraph (1)
20 to State energy offices, in accordance with the allo-
21 cation formula for State energy conservation plans
22 established under part D of title III of the Energy
23 Policy and Conservation Act (42 U.S.C. 6321 et
24 seq.).

25 (c) **TRACKING OF REBATES AND EXPENDITURES.—**

26 Of the amount provided under subsection (a), not more

1 than 2.5 percent are authorized to be appropriated to the
2 Secretary to be used for costs associated with tracking re-
3 bates and expenditures through the Federal Rebate Proc-
4 essing System under this Act, technical assistance to
5 States, and related administrative costs incurred by the
6 Secretary.

7 (d) PROGRAM REVIEW AND BACKSTOP FUNDING.—

8 (1) IN GENERAL.—Not later than 180 days
9 after the date of enactment of this Act, the Sec-
10 retary shall perform a State-by-State analysis and
11 review the distribution of Home Energy Savings
12 Retrofit Rebates under this Act.

13 (2) ADJUSTMENT.—The Secretary may allocate
14 technical assistance funding to assist States that
15 have not sufficiently benefitted from the Home En-
16 ergy Savings Retrofit Rebate Program.

17 (e) RETURN OF UNDISBURSED FUNDS.—If the Sec-
18 retary has not disbursed all the funds available for rebates
19 under the Home Energy Savings Retrofit Rebate Program
20 by September 30, 2017, any undisbursed funds shall be
21 returned to the Treasury.

○