



Date: May 23, 2023

Honorable Mayor and Council Members:

Author and title: Sara Sherburne, Sustainability Program Analyst

Title: **Home Weatherization Rebate Matching with the Truckee Donner Public Utility District**

Jen Callaway, Town Manager

Recommended Action:

Increase the Town’s existing rebate amounts for building envelope improvements to match the Truckee Donner Public Utility District’s recently increased rebate amounts.

Discussion:

On May 24th, 2022, the Truckee Town Council approved a year-long partnership with the Truckee Donner Public Utility District (TDPUD) to pilot matching funds for their building envelope rebates. The partnership was created to address gaps in weatherization rebate eligibility. Due to constraints on utility funding, only customers with electric primary heating are eligible for TDPUD-funded rebates for building envelope improvements. Only 12 percent of occupied homes in Truckee have electric-primary heating, meaning the vast majority of households are ineligible for these rebates.¹ To address this disparity, the Town committed funding to make equivalent rebates available to homes with primary heating from other fuels (i.e. gas, propane, wood). These rebates became available in November 2022.

Since November, the TDPUD has received no rebate applications related to building envelope improvements except for a couple of window replacements for electric heat customers. Underutilization may be partially due to the date of program launch, coinciding with the end of building season. Another factor is likely the low rebate amounts, which were marginal compared to the cost of the measures they address. (For reference, a full building energy audit – including a retest – costs in the range of \$1400-\$2000 in Truckee, while the rebate offered was only up to \$150.) TDPUD increased their rebate amounts in April 2023, as shown in Table 1. Staff recommend matching the new amounts to maintain consistency and prevent customer confusion. With higher incentives and a more robust outreach campaign, it is possible that the rebates will garner greater community interest and participation.

Table 1: TDPUD original and revised building envelope rebates

Measure	Original Rebate	New Rebate
Building envelope air leak test	Up to \$75	Up to \$200
Central system duct leakage test	Up to \$75	Up to \$200
Building envelope air leakage mitigation	50% up to \$250	75% up to 500
Central air distribution system duct mitigation	50% up to \$250	75% up to 500
Residential envelope – efficient windows	\$2.50 per sq ft	\$3.5 per sq ft

While the higher rebate amounts may increase use of these incentives, staff believe there are broader program changes necessary to facilitate greater implementation of weatherization measures. These weatherization incentives lack supporting program structures to ease the customer burden. Currently, residents are responsible for finding and booking all contractors (which for weatherization alone could include an energy auditor, general contractor, window contractor and insulation contractor), navigating quotes, covering all costs, and then applying for rebates as a reimbursement. Additional support and structure should accompany rebate offerings to better facilitate building improvements.

To better assess and address these barriers to existing building retrofits, Town staff are working on a Building Decarbonization Roadmap as outlined in Town's Climate Action Plan Element, adopted as part of the General Plan Update on May 9, 2023. This Roadmap will examine the existing building stock and building energy use to recommend policies, programs, and incentives for building decarbonization efforts, including weatherization. A key part of this effort will be to examine gaps in existing incentive programs (such as the TDPUD and Town rebates) to ease customer burden and facilitate greater participation. This Roadmap will help the Town prioritize and target retrofit programs to more equitably, effectively, and quickly reduce GHG emissions from existing buildings.

Staff also recognize that weatherization of existing buildings is an urgent need in the community and are working to develop a turnkey weatherization service for low to middle income residents that will be presented to Council for consideration later in 2023. Additionally, the Truckee Tahoe Building Decarbonization Program (a project of the Climate Transformation Alliance) will provide a one-on-one coaching service to guide residents through the building decarbonization process, expected to launch by the end of 2023. In this same time frame, the rebates and tax incentives outlined in the Inflation Reduction Act are expected to come online. These can be stacked with utility rebates, further easing the cost barrier.

As an interim step, Staff recommend matching TDPUD's rebate amounts, with the understanding that more robust weatherization and building decarbonization programs are under development.

Priority:

<input type="checkbox"/> Enhanced Communication	<input checked="" type="checkbox"/> Climate and Greenhouse Gas Reduction	<input type="checkbox"/> Housing
<input type="checkbox"/> Infrastructure Investment	<input type="checkbox"/> Emergency and Wildfire Preparedness	<input type="checkbox"/> Core Service

Fiscal Impact:

The budget approved for the initial rebate partnership with TDPUD was \$40,000, which is included in the \$150,000 budgeted in FY 22/23 for a Housing Retrofit Pilot Program in CIP C1510. As no rebates have been requested, this amount remains intact. The proposed budget for CIP1510 for FY23/24 includes maintaining the \$40,000 funding commitment for rebates as a component of a \$200,000 allocation for the Housing Retrofit Pilot Program. The remainder of the proposed CIP funds would be available to support other retrofit programs currently under development by staff. The proposed budget will be considered for adoption in June,2023 as part of the FY23/24 budget adoption process.

Public Communication:

The need for a home energy retrofit program was first identified in outreach and workshops conducted for the development of the Town's Climate Action Plan Element in 2019 and 2020, and it was subsequently incorporated into the Council Workplan. Staff communicated extensively with TDPUD to a) identify the need for the program and b) develop the structure of the program. Outreach to other jurisdictions and energy experts in the area confirmed the importance of weatherization for home health and comfort, resilience, energy savings, and electric readiness. As described above, weatherization rebates will be accompanied by more robust assistance programs that are currently under development.

During the first phase of rebate matching, the Town performed outreach through Town and KTG social media, Town and KTG newsletters, press releases, a radio interview and ad series, flyers posted around

town, and brochures distributed to HOAs and businesses. The TDPUD posted the rebates on their website but postponed more robust outreach (through social media and direct emails to customers) due to high snow load during the winter season (when building envelope tests are inadvisable) and subsequently due to their plan to increase rebate amounts.

Once the Town has approved matching funds, the TDPUD and Town will launch a robust outreach campaign that includes direct emails to customers, TDPUD social outreach, tabling at Truckee Thursdays, and the aforementioned Town channels.

Attachments:

Attachment 1: Staff Report for Home Weatherization Rebate Expansion Program, May 24, 2022