**DOE WAP Fuel-Switching Policy Optional Template**

*[Grantees are invited to use this as a template by which to develop their own policy regarding sub-grantee fuel-switch proposals. Words in brackets are instructional in nature and intended to be altered or deleted by the Grantee when formulating a final fuel-switching policy]*

Fuel-switching policy references:

* [10 CFR Part 440](https://www.ecfr.gov/current/title-10/chapter-II/subchapter-D/part-440?toc=1), Weatherization Assistance Program (WAP) for Low-Income Persons
* Energy Audit Guidance (currently [Weatherization Program Notice (WPN) 23-06](https://www.energy.gov/scep/wap/articles/weatherization-program-notice-23-6-revised-energy-audit-approval-procedures))
* Non Energy Impacts (currently [WPN 22-10](https://www.energy.gov/sites/default/files/2022-10/WPN-22-10-Revised-NEI_0.pdf)) - If an approved Social Cost of Carbon (SCC) adjustment to fuel costs has been implemented by the Grantee.
* Incidental Repair Guidance (currently [WPN 19-5](https://www.energy.gov/node/4291953))

Policy:

*[The Grantee]* has been granted Department of Energy (DOE) approval to conduct Grantee-administered fuel-switching requests for Weatherization Assistance Program (WAP) clients. Subgrantees must adhere to this policy as it relates to any fuel-switching measures included in a WAP funded project (heating systems, water heaters, etc.).

Fuel-switching is allowed for either of two reasons:

1. As an Energy Conservation Measure (ECM), when a site-specific energy audit demonstrates the cost effectiveness of the fuel-switch over the life of the measure as indicated by the Savings to Investment Ratio (SIR) of 1.0 or greater.
2. As a Health and Safety (H&S) measure, in compliance with the current DOE-approved Health and Safety Plan.

ECM fuel-switch requests:

1. The SIR for the proposed fuel-switch must:
   1. Be based on a site-specific energy model in which all relevant shell measures (insulation, air sealing, etc.) are also being evaluated for cost-effectiveness.
   2. Be determined using the total material and labor cost for installation including all permits, fees, repairs, and upgrades (e.g., electrical upgrades, duct system improvements). The total measure cost may exclude Incidental Repair measures (IRMs) that satisfy the definition of an IRM per DOE Incidental Repair Guidance. All IRMs must be clearly noted, priced, and justified by the energy audit.
   3. Be based on Grantee-approved fuel costs.
2. If the audit software does not directly provide the SIR for the fuel-switch, then multiple audits may be required to determine the SIR. It is essential in this case, that the audits model the identical house - as it will be after the completion of all shell weatherization measures – except for the difference between the existing and proposed HVAC systems.
3. If a heat pump or other combined heating-and-cooling system is to replace a heating-only system, no savings will be attributed to the previously non-existent cooling system, but the operating costs of the new system throughout the year must be accounted for and included in the audit and Savings to Investment Ratio (SIR) calculation.
4. \*If the Subgrantee is utilizing the Social Cost of Carbon (SCC) fuel price modifier, then the energy audit must ensure that the net out of pocket utility costs do not increase for this dwelling because of the fuel-switch. This will entail using actual fuel costs, without the modifier included, to estimate the client’s utility costs with the new system installed. This secondary evaluation does not require an SIR of 1.0 or greater. It only requires that the estimated utility costs do not increase solely because of the fuel-switch.
   1. \*Only applicable if a Social Cost of Carbon (SCC) modifier is applied to the fuel costs as approved in writing by DOE.

H&S fuel-switch requests:

1. Fuel-switching for H&S reasons must align with the [*Grantee’s*] current program year DOE-approved H&S plan. The most common H&S reason is due to unsafe combustion systems existing in the home, however any fuel-switch made using H&S funds must not increase the client’s utility costs as a result. For this reason, an energy model must still be used to estimate the dwelling’s utility costs after Weatherization to verify that the net out of pocket utility costs do not increase for this dwelling because of the fuel-switch. The energy model should also be used to evaluate the fuel-switch to determine if it meets the SIR of 1.0 or greater to be treated as an ECM before selecting the replacement as a H&S measure.

Subgrantee fuel-switch request submission:

The following documentation is required to be submitted to the [*Grantee*] for each fuel-switch request. All documents and responses, including approval or denial of the request, must be maintained in the client file.

* A written explanation detailing why this fuel-switch is being considered and whether the intention of the fuel-switch is for health & safety or energy conservation purposes.
* H&S fuel-switch requests must reference the relevant sub-section of the current Health and Safety Plan and include supporting documentation.
* A copy of the complete modeled audit, including input report, recommended measures, fuel cost libraries, key parameters, and any other relevant details. PDF copies are acceptable. Preference is for a copy of the actual energy model [*for example, a WDZ file for NEAT/MHEA, or a BLG file for REM*]
* All relevant notes and footprint diagrams to confirm the accuracy of the energy model.
* Utility bills and any other documents by which fuel costs were determined.
* Exterior photos of the home.
* Photos of all appliance(s) that will be replaced if the fuel-switch is approved. Photos must include a legible image of the manufacturer’s tag or a photo showing that the tag is missing.
* Details of the proposed replacement appliance(s) including brand, model number, capacity, and efficiency. This must also include the total material and labor cost for installation including all permits, fees, repairs and upgrades (e.g., electrical upgrades, duct system improvements).

Review Process

Once all submitted documents have been received, the documentation will be assessed for accuracy and adherence to the above methodology. A written approval will be issued if it is demonstrated that the fuel-switch proposal satisfies the requirements relevant to the reason for the fuel-switch proposal, whether it be for cost-effectiveness or for health and safety reasons.

If the fuel-switch is denied, an explanation will be provided. If the denial is due to errors, omissions, or discrepancies found in the submission, this will be communicated to the Subgrantee. The Subgrantee will have the opportunity to correct the relevant items and resubmit in part or whole, as required for reconsideration of the fuel-switch request.

Final inspection and monitoring

Quality control inspections will follow the same protocol as with all other DOE-funded weatherization. Monitoring of completed units where fuel-switching occurs will be prioritized by the [*Grantee*].