



# Home Energy Rebates (Inflation Reduction Act Sections 50121 & 50122): Required Elements of a Consumer Protection Plan

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## Background and Objectives

Consumer Protection utilizing Quality Assurance (QA), Quality Control (QC), and other measures is an essential component of Home Energy Rebate programs and is necessary to deliver high-quality products and services to all program participants. Each state and territory<sup>1</sup> must submit and receive DOE approval for a Consumer Protection Plan for each separate rebate program award (the Home Efficiency Rebates / Inflation Reduction Act (IRA) Section 50121 **and** the Home Electrification and Appliance Rebates / IRA Section 50122) prior to receiving DOE's approval for program launch, which is generally understood as the first date that the state begins to accept rebate claims.

States must prepare and implement a DOE-approved Consumer Protection Plan in accordance with the requirements as stated within Section 3.2.5 and Section 4.2.5 of the [Home Energy Rebate Program Requirements and Application Instructions](#). The Consumer Protection Plan is a part of the State Implementation Blueprint. If a state chooses to submit the Consumer Protection Plan after receipt of an award, the plan must be submitted a minimum of 60 days prior to the state's intended program launch date.

The state's Consumer Protection Plan **must** meet the following requirements:

- Be readily accessible (e.g., on the program's website) to all program participants affected by it. States should also consider how they can make the Consumer Protection Plan accessible to households that lack internet access, such as by providing a paper copy of the plan upon request or a "Consumer Rights" fact sheet to every household that receives a rebate.
  - For Home Efficiency Rebates (Section 50121), program participants include implementers, participating contractors, third-party inspectors, aggregators, homeowners, and building owners.
  - For Home Electrification and Appliance Rebates (Section 50122), program participants include implementers, retailers, distributors, participating contractors, third-party inspectors, eligible entities, and eligible entity representatives.
- Identify what proactive steps the state will take to identify, mitigate, and reduce fraud, waste, or abuse.
- States or their program implementers must execute agreements with participating aggregators (Section 50121), retailers/distributors (Section 50122), and contractors in which the party agrees to comply with required QA/QC processes.
- States must retain records related to their QA/QC processes and permit DOE to access the records upon request. See the Data Review Section of this document for details.

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<sup>1</sup> For the purposes of this document, "states" means, collectively or individually, the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.

- A state must review its Consumer Protection Plan at least every two years, adjust based on lessons learned, and communicate changes to contractors, aggregators (Section 50121), retailers/distributors (Section 50122), third-party inspectors, and DOE.
- A state must provide DOE with information regarding the state’s monitoring, review, and revision of the plan based on program performance, with the reporting frequency subject to agreement with DOE but should be set as a minimum of every 2 years.

The state’s Consumer Protection Plan must also include consideration of required elements that fit within the following categories:

- Consumer Feedback
- Resolution Procedures
- Data Review
- Onsite and Virtual Inspection
- Contractors and Other Partners
- Installation
- Continuous Improvement, including:
  - Addressing any proliferation of Unfair Business Practices<sup>2</sup>
  - Improving Poor Program Function for Consumers
- Additional requirements for owners of low-income rental housing

## Consumer Feedback

To meet the requirements for the Consumer Feedback element, a state must have a system for collecting and responding to consumer feedback that:

- Allows households to file complaints, concerns, and issues directly to the implementer(s) (e.g., a consumer hotline and/or email).
- Contains procedures for addressing negative feedback, including how programs will communicate the feedback to affected contractors, aggregators (Section 50121), eligible entity representatives (Section 50122), and/or distributors/retailers (Section 50122).
- Includes a requirement that a consumer satisfaction survey be sent to the household at least three months and no more than six months after the project’s completion date. At a minimum, the survey must include the questions listed in “Appendix B: Consumer

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<sup>2</sup> In this document, this refers to an unfair practice as understood in a state’s consumer protection laws. For example, see <https://delcode.delaware.gov/title6/c025/sc02/index.html>.

Satisfaction Questions” in the Home Energy Rebates Requirements and Application Instructions.<sup>3</sup> States may also include additional questions based on their local needs.

In this section, a state should also describe how it will incorporate consumer feedback into future updates of its rebates program design and its Consumer Protection Plan.

## Resolution Procedures

To meet the requirements for the Resolution Procedures element, a state must include the following in the Consumer Protection Plan:

- A written conflict resolution procedure that documents how disputes will be resolved between homeowners/building owners and contractors/aggregators/eligible entity representatives. The procedure shall include protocols for a timely response, identification of responsible parties, documentation of corrective actions, results, and a means of identifying and addressing systemic issues.
- A remediation process to ensure that when deficiencies or unfair business practices are detected through the inspection process, these results are communicated to the responsible party and any remedial or punitive actions taken follow a pre-defined set of protocols. States must describe the specific remedies and penalties for deficiencies or unfair business practices that it will utilize in its rebates program if fraud or unfair business practice is detected or if an inspection finds improper installation of a rebate funded measure. At minimum, the remedies included for the program must make a consumer whole and provide some measure of deterrence against unacceptable practices.
- A requirement to maintain records on QC inspections including sampling rates, findings, corrective actions taken, and verification of conformance to requirements.
- Contracts cannot contain mandatory arbitration clauses.
- Ensure inclusion of the holder-in-due course rule so consumer protections are not lost just because the contract is assigned to a third-party creditor.

## Data Review

To meet the requirements for the Data Review element, a state must include a requirement for the state to conduct data or file review of all projects that verifies the following, at a minimum:

- **Validation that appropriate auditing and modeling tools are used.** This step must include a process for confirming that auditing tools and modeling softwares have basic data validation controls on inputs to ensure data quality. Note that the auditing and modeling tools that will be used in a state’s program must be approved by DOE prior to program launch.

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<sup>3</sup> The Home Energy Rebates Requirements and Application Instructions can be accessed at <https://www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions>.

- **Validation that appropriate home assessments are conducted.** This step must ensure that the home assessment gathered the data required for each specific rebate. The Data & Tools Requirements Guide<sup>4</sup> provides detailed information regarding home assessment requirements (e.g., data collection, data reporting, diagnostics) for both types of rebate programs. Note that for Home Electrification and Appliance Rebates (Section 50122), home assessments are only required for projects that include an electric heat pump for space heating and cooling.
- **Validation that the claimed scope of project is correct.** This step must ensure that the contracted scope of project was specified consistent with program requirements, including customer notification of potential bill impacts. States must explain how they will verify that the description of the project (either on the contractor invoice or store receipt) matches the installed measures approved for rebate funding. States must also explain how they will prevent incorrect claims from being processed and how they will remedy or rectify instances of failed verification.
- **Validation that the evidence of project installation is true and that the address of the installation matches the address on the rebate coupon.** This step must also verify that the address on the rebate coupon is legitimate and matches the current household information, and if a geocoded photo is used to match the address of the installation, verify that the photo is not fake. A state must briefly describe how this verification will be made, and how the state will remedy and/or rectify instances of failed verification.
- **Validation that that the rebate amount is correct and aligns with verified income category, if applicable.** A state must briefly describe how this verification will be made, and how the state will remedy and/or rectify the instances of failed verification.

For Home Efficiency Rebates (Section 50121), a state must also verify that a household was provided the Post-Installation Certificate as specified in Section 3.2.6 of the Home Energy Rebates Requirements and Application Instructions (Home Electrification and Appliance Rebates do not need this certificate.)

In addition, for both Rebate Programs a state must retain documentation of all project data that is required as part of the Data & Tools Requirements Guide. These data points include, but are not limited to:

- Post-installation photos of major upgrades / the equipment included in each qualified electrification project for all homes.
- Proof of combustion safety testing on fossil fuel equipment in all homes where fossil fuel systems have been impacted by the installation.
- Proof of commissioning testing on HVAC and heat pump water heater equipment in all homes where HVAC systems are installed.

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<sup>4</sup> The Home Energy Rebates Data & Tools Requirements Guide can be accessed at <https://www.energy.gov/scep/articles/ira-home-energy-rebates-data-and-tools-requirements-guide>.

Finally, a state must include the following in its Data Review section:

- Its plan to maintain records on QC inspections including sampling rates, findings, corrective actions taken, and verification of conformance to requirements.
- A description of the training or credentials of the personnel who will conduct the data/file review.

## Onsite and Virtual Home Inspections

A state must include the following requirements in their Consumer Protection Plan related to home inspections for projects that received a home assessment (this includes all Home Efficiency Rebate projects and all Home Electrification and Appliance Rebate projects that included an electric heat pump for space heating and cooling):

- A requirement to conduct independent onsite post-install inspections on a minimum of:
  - The first five projects of new contractors / contracting organizations; and
  - Five percent of projects thereafter for each contractor (provided no issues are found). A state should also describe an increased inspection approach and/or progressive discipline protocols for contractors if inspection failure rates exceed five percent or the state's acceptable range.
- A description of the training, credentials, and/or qualifications that the state will require of independent inspectors, and identification of how these qualifications do/do not align with those included in a state's IRA Section 50123 Contractor Training Grants program.
- A documented onsite inspection protocol that shall include a minimum of:
  - A visual inspection of the site and work conditions.
  - Verification that the installed measures/upgrades match the contracted scope of work and any change orders have been appropriately documented.
  - Verification that diagnostic test results are accurate (may be directly observed if the inspector is present at the time of testing or repeated by the inspector).
  - Ensures compliance with E-Sign or prohibits the use of electronic devices and signatures to enter into the contract if not E-Sign compliant.<sup>5</sup>

States may elect to conduct virtual post-install inspections instead of onsite inspections. If used, the plan must also include:

- A description of the methods used (e.g., video recording, interview with the site contact, photos taken during the virtual tour)

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<sup>5</sup> A written copy (in the person's primary or secondary language) should be provided even if there is also an electronic contract.

- A description of how installed equipment will be assessed
- A list of the additional information required, such as submitted project documentation (invoices, specification sheets, and calculation models)
- Requirements for qualifying virtual inspectors
- The tools and platforms that will be used for the virtual inspection
- A description of privacy agreements

If program participants decline virtual recording of their home, an onsite inspection must be used.

## Contractors and Other Partners

A qualified contractor list is a required element of a state’s Consumer Protection Plan. The list should offer a measure of quality assurance and help protect consumers against fraudulent entities or entities with a poor business record.

For both Home Efficiency and Home Electrification and Appliance Rebates, states must:

- Describe how the program will initially develop the qualified contractor list.
- Describe which qualification(s) that contractors will be held to, potentially including but not limited to industry-accepted home performance industry credentials, training requirements, business insurance and licensure, skills standards, and labor standards.
- Describe the process by which contractors will be added to the qualified contractor list, including how implementers will review and consider contractors trained under the Training for Residential Energy Contractors program (IRA Section 50123).<sup>6</sup>
- Describe the conditions that would lead to a contractor being delisted and the process by which a contractor would be delisted.
- Describe how the state will perform due diligence on contractor and distributor entities that will be on their lists and how they will prevent the listing of fraudulent or illegitimate entities. Examples could include investigating consumer complaints, checking against databases such as the “Do Not Pay” list<sup>7</sup> or matching the business credential against state business entity lists or other available public records to ensure that the business addresses are legitimate.
- Make the qualified contractor list public and include a description of how consumers applying for rebates will be informed on how to use the list to access a qualified and legitimate contractor.

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<sup>6</sup> More information on the Training for Residential Energy Contractors program is available at <https://www.energy.gov/scep/state-based-home-energy-efficiency-contractor-training-grants>.

<sup>7</sup> The “Do Not Pay” (DNP) system is a resource operated by the U.S. Department of Treasury dedicated to preventing and detecting improper payments. More information about DNP is available at <https://www.fiscal.treasury.gov/dnp/>.

For the Home Efficiency Rebates (Section 50121), a state must also:

- Describe how the state program will ensure energy savings are calculated using allowable methods according to the IRA 50121 statute language, including how approved tools/software will be identified, and how contractors will be alerted to these tools and trained on proper use.
- Describe how the state will educate contractors and building owners to invest in envelope improvements before investments are made in mechanical equipment.

For the Home Electrification and Appliance Rebates (Section 50122), a state must also:

- Require that the following technologies be installed by a contractor on the qualified contractor list:
  - Electric heat pump for space heating and cooling
  - Air sealing
  - Electrical wiring
  - Electrical load service center
- Establish a qualified retailer and distributor partnership list and describe how the program will initially develop the qualified retailer and distributor partner list.
- Describe the requirements to which these partners will be held, including, at a minimum, the following:
  - Listed partners must make available for sale eligible appliances for qualified electrification projects.
  - Listed partners have systems capable of providing rebates for qualifying equipment rebates.
  - Listed partners commit to submit rebate request to the implementer(s).
- Describe the process by which retailer and distributor partners will be added to the qualified contractor list and the conditions that would lead them to being delisted.

## Installation

To meet the requirements for the Installation element, a state must:

- Identify installation standards with which installers must comply, including at a minimum, standards designed to:
  - Ensure work complies with local and state laws, permits, codes, and industry standards.
  - Establish minimum quality installation standards for rebated technologies that ensure proper function of the equipment that is being installed.
  - Promote use of standardized and sequenced procedures for developing a detailed project scope of work.

- Establish processes to enforce installation standards, including QA processes that allow the state to verify and document whether installation standards have been met.
- Ensure that sales language and contract language are the same.

If financing is involved, a state must:

- Ensure an ability to repay determination that does not include projected savings from an energy report because expected savings may not materialize due to household and market developments.
- Ensure a disclosure and cooling off period.
  - Clear, written advance disclosures should be required, with a 7-day waiting period between the disclosure and the contract signing. This waiting period should only be removed in a personal emergency (see Rule Concerning Cooling-Off Period for Sales Made at Homes<sup>8</sup>), where the homeowner, in their own handwriting, describes the emergency and the need for the emergency work and their understanding that they are waiving the waiting period.
  - In non-emergency circumstances, there should also be a 3-day right to cancel after the contract has been signed (such that the work is not done during that period).

## Continuous Improvement

Designing a program to achieve Continuous Improvement can prevent fraud, waste and abuse, unfair business practices and address poor program functions that are not optimized for a positive consumer experience. To meet the requirements for this element, a state must:

- Identify what proactive steps the state will take to identify, mitigate, and reduce fraud, waste, or abuse, as well as unfair business practices. Such steps could include:
  - Flagging and reviewing rebates applications that duplicate the same physical address or email addresses (or a slight variation) as potential attempts at fraud.
  - Verifying business addresses against public records before a contractor is added to the qualified contractor list.
  - Reviewing whether a contractor is listed in the “Do Not Pay” system before they are added to the qualified contractor list.
  - Requesting households to grant access to the state program to review tax records to ensure that income eligibility requirements were properly followed.
  - In cases where households do not grant access to tax records, using an alternative source of tax records such as a third-party service or tax data available to another state agency.

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<sup>8</sup> This rule is available at <https://www.ecfr.gov/current/title-16/chapter-I/subchapter-D/part-429>.

- Explain how the state will implement automation including QA flags to identify problem areas with program performance.
- Explain how the state will measure and evaluate the success of its QA systems.
- Describe how the QA systems will inform program improvements.
- For Home Electrification and Appliance Rebates (Section 50122), describe how home assessment data and results will be verified for accuracy.<sup>9</sup>
- Document roles and responsibilities associated with how the state will monitor the program's budget and financial performance to ensure that funds are being used efficiently and effectively.

## Additional Requirements for Owners of Low-Income Rental Housing

Certain elements of the Consumer Protection Plan will require different processes for renter-occupied low-income dwelling units compared with owner-occupied single-family homes and non-low-income rental buildings. States must distinguish in their plans which additional requirements will apply to owners of low-income rental housing.

States must describe how they will comply with the following requirements<sup>10</sup> for dwelling units occupied by low-income renters for at least two (2) years following the receipt of a rebate:

- The owner agrees to rent the dwelling unit to a low-income tenant. This is a minimum requirement and affordability requirements should be commensurate with total rebate amount awarded.
- The owner agrees not to evict a tenant to obtain higher rent tenants based upon the improvements.
- The owner agrees not to increase the rent of any tenant of the building as a result of the energy improvements with exception of increases to recover actual increases in property taxes and/or specified operating expenses and maintenance costs.
- The owner agrees that if the property is sold within two years of receipt of the rebates, the aforementioned conditions apply to the new owner and must be part of the purchase agreement.
- In the event the owner does not comply, the owner must refund the rebate.
- A specific and verifiable mechanism (e.g., addendum to the lease) is in place for providing tenants with written notice of their rights and their building owner's obligations.

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<sup>9</sup> Approaches for verifying home assessment data are included in the Home Energy Rebates [Evaluation Recommendations](#).

<sup>10</sup> These requirements come from Sections 3.1.3 and 4.1.3 of the Home Energy Rebates Requirements and Application Instructions.

- Enforcement and penalties are clear and sufficient to act as a deterrent for owner violations and provide for damages and attorney's fees recoverable by tenants.

