

**Melissa Bailey – Director of the State Energy Office at Public Service Dept.
Testimony to the House Energy and Digital Infrastructure Committee, 1/6/25**

PSD – represents the Public Interest in regulated utility matters and carries out Comprehensive Energy Planning for VT.

Also designated by the U.S. Dept. of Energy as SEO for VT and in that capacity we receive annual and one time DOE funds.

Within PSD the SEO is responsible for administering federal energy and climate funds from feds. This includes:

- Significant infusions of ARPA money in the **FY 22 and FY 23 budgets**.
- Funds under Infrastructure Investment and Jobs Act (2021), Inflation Reduction Act (2022)

Chair James asked me to speak about the status of federal funds specifically for Wz.

By way of context:

ARPA funds being deployed now (converted to GF)

- will be expended by end of year (*\$18M – initially \$35M intended for Mod Income*)

Next on the horizon are *Inflation Reduction Act funds*. IRA, passed in August 2022 contained 2 important programs HOME ENERGY REBATES:

Home Efficiency Rebates (HER or HOMES) – improve overall efficiency of residences

Home Electrification and Appliance Rebates (HEAR) – promote electrification (CCHP, HPWH, stoves)

- DOE Issued program guidance (July and Oct 2023)
- States applied in 2024 (had to apply by Jan 2025)
- HOMES (full award) September 2024
- HEAR (**conditional award**) December 2024 (intended to support New Const., Mod Income CCHP, OEO CCHP)

HOMES - PSD intends to grant full amount of HOMES to OEO/WAP

- PSD recognized that we had a successful existing program at OEO that works to deliver fossil fuel and cost savings and indoor air quality improvements.

Vermont is nearly ready to launch its HOMES program in 2026.

We've worked closely with OEO over the past 2+ years to ensure we can meet DOE requirements.

- Up to \$16K per household served.

- Two outstanding barriers to launch: **one specific and one general**
- 1. Software Approval -- OEO's software provider, Hancock Energy Systems, has not yet received approval from DOE for its software to be used in the HOMES program. Hoped this would be quick since software is used for current WAP program. Hancock has responded to SEO's inquiries saying it is on track for approval in January 2026.
- 2. Some risk of Award Withdrawal –

Aside from software approval, Vermont has met all of DOE's pre-launch requirements, we have a ready-to-sign grant agreement with OEO, and are working with OEO on developing a Program Guide to facilitate integration of the HOMES program with WAP operations. No guarantee that DOE will give the green light to launch.

- November 2025 meeting, the HOMES DOE Project Officer confirmed that no state with a full HOMES or HEAR award has received "Approval to Launch" by DOE since the change in administration at the federal level
- SEO staff asked when DOE would be deciding whether to launch "ready-to-launch" programs, as Vermont anticipates its program will soon be. The Project Officer could not give a time frame.
- Director of the Home Energy Rebate programs at DOE explained that DOE was working through its required **program review**, per direction from the administration.
- **OMB Memo, Jan. 27 required agencies to review programs for consistency with Administration priorities. That Program review is underway.**
- The review will determine which programs or projects are inconsistent with Administration priorities, potentially resulting in award cancellations, [similar to the cancellation of 321 awards, totaling \\$7.56 billion, announced October 2, 2025.](#)

A growing number of states are "ready-to-launch."

- NASEO anticipates DOE's review of programs will be complete in February or March, and after that we should get more clarity on HOMES and potentially even conditional awards.

As we *wait*, we are looking to avoid reduction in funds for low-income weatherization. At the very least – keep funding stable.

Doesn't change fundamental reality that we won't meet statutory goal w/out added funds.

Approach - use some of the TEPF efficiency dollars to fill the gap from declining fed funds (mod and low income). RGGI revenue has been higher in recent years – expect to continue

- DRP (Regulatory process to set EVT's 3-year budget) is underway. Looking at best use of **TEPF (RGGI) funds**. Proposals being considered– we are working out details.

- PSD proposed somewhat more for actual Wz work in addition to Home Repair.
Really focus on LI HH – those who need work the most.

TEPF funds won't make up for tapering federal funds. Funding problem will be worse if HOMES funds do not come through.

- Specific need for funds to cover “pre-weatherization work.” HOMES dollars cannot be used for repairs (or health and safety.)

Be cognizant that there are concerns around relying on electric ratepayer funds to support weatherization because that will drive up rates. Rate pressure undermines electrification.