



March 15, 2024

Denver Regional Council of Governments
1001 17th Street, Suite 700
Denver, CO 80202

RE: Letter of Support for Climate Pollution Reduction Implementation Grant (CPRG) - Decarbonize DRCOG Proposal

Energy Solutions is writing to express our enthusiastic support for “Decarbonize DRCOG,” the Climate Pollution Reduction Grant (CPRG) project proposal presented by the Denver Regional Council of Governments (DRCOG). The “Decarbonize DRCOG” initiative encompasses a transformative and holistic approach to regional building decarbonization, which aligns with Energy Solutions’ mission of creating large scale environmental impact through market-based solutions. Energy Solutions has been running Energy Efficiency programs in Colorado since 2015 and we have deep relationships with market actors across the state. A regionally consistent program design helps to reduce barriers to market actor participation and gives these critical stakeholders confidence to support and participate in the program. DRCOG proposes an approach for consistent regional and equitable decarbonization through market transformation principles and practices that Energy Solutions has employed successfully through our work with Colorado energy efficiency programs and TECH Clean California (TECH).

Achieving Colorado’s carbon reduction goals necessitates large scale and rapid building decarbonization. Successful market transformation must tackle several significant barriers to market adoption simultaneously and in an integrated manner. These barriers include building customer awareness, reducing upfront cost of measures through incentives, workforce training and development, and tackling localized barriers. DRCOG’s holistic and regional building decarbonization program is designed to advance solutions to all these barriers through a regionally coordinated approach that will drive market transformation. “Decarbonize DRCOG” mirrors many of the approaches that have been successful in California through the TECH program that Energy Solutions implements. TECH is an award-winning, \$265 million statewide market transformation initiative to accelerate the adoption of clean space and water heating technologies in California homes. TECH’s goals are to create an equitable pathway to install six million heat pumps across the state by 2030 and carbon free homes by 2045. Similar to “Decarbonize DRCOG,” TECH Clean California takes a three pronged approach to market transformation: 1) incentives, workforce training, and consumer education to energize the market and drive adoption; 2) a series of pilots and quick start grants that tackle major adoption barriers; and 3) rigorously measuring key metrics such as meter-based impacts, customer satisfaction and market dynamics to help inform the state’s long term investment plan and enable policymakers and stakeholders to make informed, data-driven decisions.

“Decarbonize DRCOG” employs an Innovation Fund, which deploys pilots to test solutions to market barriers impeding the adoption of heat pumps in the region. Energy Solutions strongly supports this initiative. Every state and region is likely to encounter unique barriers and challenges to heat pump market transformation. TECH’s Quick Start Grant Program¹ demonstrates the merit of this approach; it is a flexible, grant-based initiative which creates a vehicle to catalyze innovative ideas from the broader community to tackle specific barriers, and are completed within a short timeframe (less than 18 months). Over two years, TECH has awarded 19 quick start grants of up to \$350,000 each to projects throughout California, with over 75% of the projects explicitly focused on supporting disadvantaged communities. Recipients have expressed strong satisfaction with the process, because its flexible and nimble approach enabled applicants to develop creative

¹ For more information on the quick start grant process and a complete list of the 2022 and 2023 cohorts, visit:
<https://techcleanca.com/quick-start-grants/>.

solutions to achieve an outcome rather than employing prescriptive approaches. Two example projects include:

1. **Barnett Plumbing's Gas Water Heater "Loaner" Program** which loans customers a gas hot water heater during emergency water heater replacements so that customers can have hot water in the short term while going through the additional infrastructural requirements often necessary to install a heat pump water heater. With this innovative approach, Barnett Plumbing increased the rate of customer conversion from gas water heaters to heat pump water heaters from less than one percent to 17.1 percent. Based on the success of this pilot, the "loaner" program model has begun to be replicated by utilities and other efficiency programs in California.
2. **Revalue's West Oakland Career Training and Remediation Pilot** combines 1) remediation of home health hazards or code violations in low-income West Oakland households through electrification, and 2) provides training to contractors and apprentices to improve the diversity of the local HVAC workforce. The project team collaborated with other home rehabilitation programs to identify properties, perform needed repairs and remediation, and then electrify water heating, space heating and cooling, and cooking. By layering incentives from these home rehabilitation programs, Revalue rehabilitated and electrified 65 units. In addition, the team designed and led targeted, inclusive trainings on electrification for over 26 contractors and 46 electrification trainees in West Oakland. Revalue's work was featured in a [Canary Media article](#), and has seen significant interest from utilities in scaling this approach.

We strongly support DRCOG's approach to incorporate a quick start grant initiative, and plan to share key administration successes and lessons learned that will help them build on TECH's efforts and administer a successful, effective program that fosters creativity and generates meaningful results.

DRCOG's proposal outlines a thorough and transformative approach for building decarbonization and demonstrates a clear focus on prioritizing benefits for low-income and disadvantaged communities. This initiative will also propel the entire region towards the goals of promoting climate justice and reducing greenhouse gas emissions. As the lead implementer of many energy efficiency programs in Colorado, as well as TECH Clean California, Energy Solutions lauds DRCOG's regional and holistic approach and focus on transformational program structure specifically targeted to low-income and disadvantaged communities.

We look forward to contributing our expertise, experience, and resources to support the success of this initiative. Should you have any inquiries regarding our support for this funding application, please feel free to contact Alex MacCurdy at Energy Solutions.

Sincerely,



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