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114TH CONGRESS
1ST SESSION

H. R. 2073

To provide for the establishment of a Home Energy Savings Retrofit Rebate Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 2015

Mr. MCKINLEY (for himself and Mr. WELCH) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To provide for the establishment of a Home Energy Savings Retrofit Rebate Program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Home Owner Managing Energy Savings Act of 2015’’ or the ‘‘HOMES Act’’.

SEC. 2. DEFINITIONS.

In this Act:

(1) BPI.—The term ''BPI'' means the Building Performance Institute.

(2) ENERGY AUDIT.—The term ''energy audit'' means an inspection, survey, and analysis of energy flows for energy conservation in a building, process, or system to reduce the amount of energy input into the system without negatively affecting the output. An energy audit is the first step in identifying opportunities to reduce energy expense and carbon footprints.

(3) ELECTRIC UTILITY.—The term ''electric utility'' means any company, person, cooperative, State, or Indian tribe agency that delivers or sells electric energy at retail, including nonregulated utilities, utilities that are subject to State or Indian tribe rate regulation, and Federal power marketing administrations.

(4) FEDERAL REBATE PROCESSING SYSTEM.—The term ''Federal Rebate Processing System'' means the Federal Rebate Processing System established under section 3(b).

(5) HOME.—The term ''home'' means a residential dwelling unit in a building with no more than 4 dwelling units that—

(A) is located in the United States;

(B) was constructed before the date of enactment of this Act; and

(C) is occupied at least six months out of the year.

(6) HOME ENERGY SAVINGS RETROFIT REBATE PROGRAM.—The term ''Home Energy Savings Retrofit Rebate Program'' means the Home Energy Savings Retrofit Rebate Program established under section 3(a).

(7) HOMEOWNER.—The term ''homeowner'' means the owner of an owner-occupied home or a tenant-occupied home.

(8) INDIAN TRIBE.—The term ''Indian tribe'' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(9) NATURAL GAS UTILITY.—The term ''natural gas utility'' means any company, person, cooperative, State or local governmental agency or instrumentality, or Indian tribe that transports, distributes, or sells natural gas at retail.

(10) QUALIFIED CONTRACTOR.—The term ''qualified contractor'' means a residential energy efficiency contractor that meets minimum applicable requirements established under section 4.

(11) QUALIFIED HOME ENERGY EFFICIENCY RETROFIT.—The term ''qualified home energy efficiency retrofit'' means a retrofit described in section 8(d).

(12) QUALITY ASSURANCE PROGRAM.—The term ''quality assurance program'' means a program established under this Act, or recognized by the Secretary under this Act, to oversee the delivery of home efficiency retrofit programs to ensure that work is performed in accordance with standards and criteria established under this Act. Delivery of retrofit programs includes delivery of quality assurance reviews of rebate applications and field inspections. Individuals performing quality assurance work under a quality assurance program must be certified under an ANSI accredited quality control inspection certification designation.

(13) QUALITY ASSURANCE PROVIDER.—The term ''quality assurance provider'' means any entity that meets the minimum applicable requirements established under section 6(b).

(14) REBATE AGGREGATOR.—The term ''rebate aggregator'' means an entity that meets the requirements of section 5.

(15) RESNET.—The term "RESNET" means the Residential Energy Services Network, which is a nonprofit certification and standard setting organization for home energy raters that evaluate the energy performance of a home and Energy Smart Contractors that make energy improvements to the home.

(16) SECRETARY.—The term "Secretary" means the Secretary of Energy.

(17) STATE.—The term "State" means—

(A) a State;

(B) the District of Columbia;

(C) the Commonwealth of Puerto Rico;

(D) Guam;

(E) American Samoa;

(F) the Commonwealth of the Northern Mariana Islands;

(G) the United States Virgin Islands; and

(H) any other territory or possession of the United States.

SEC. 3. HOME ENERGY SAVINGS RETROFIT REBATE PROGRAM.

(a) IN GENERAL.—The Secretary shall establish the Home Energy Savings Retrofit Rebate Program.

(b) FEDERAL REBATE PROCESSING SYSTEM.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with the Secretary of the Treasury, shall—

(A) establish a Federal Rebate Processing System which shall serve as a database and information technology system that will allow rebate aggregators to submit claims for reimbursement using standard data protocols;

(B) establish a national retrofit Web site that provides information on the Home Energy Savings Retrofit Rebate Program, including—

(i) how to determine whether particular efficiency measures are eligible for rebates; and

(ii) how to participate in the program; and

(C) make available model forms for demonstrating compliance with all applicable requirements of this Act, which shall be required to be submitted by—

(i) each qualified contractor on completion of an eligible home energy retrofit; and

(ii) each quality assurance provider on completion of field verification.

(2) MODEL FORMS.—In carrying out paragraph (1)(C), the Secretary shall convene a group of stakeholders that are directly and materially affected by the Program to develop the final forms.

SEC. 4. CONTRACTORS.

(a) CONTRACTOR QUALIFICATIONS.—A contractor may perform retrofit work under the Home Energy Savings Retrofit Rebate Program in a State if the contractor—

(1) meets all applicable contractor licensing requirements established by the State;

(2) is—

(A) accredited by—

(i) BPI as a BPI GoldStar Contractor;

(ii) RESNET as an Energy Smart Home Performance Team;

(iii) ACCA as a QA Home Performance Contractor;

(iv) a State-based certification program established to carry out State energy, clean air, or environmental programs; or

(v) an equivalent accreditation program approved by the Secretary for this purpose; or

(B) the general contractor, and—

(i) subjects the energy efficiency retrofit to a third-party review by a party approved by the Secretary and a quality assurance inspection authorized by the Secretary; and

(ii) employs, or utilizes subcontractors who employ, individuals to complete individual or comprehensive scopes of work related to the energy efficiency retrofit who are certified by—

(I) BPI;

(II) RESNET;

(III) NATE;

(IV) ACCA;

(V) LIUNA;

(VI) the Regional and State Department of Energy Weatherization Training Centers; or

(VII) other contractor or worker certification programs approved by the Secretary;

(3) holds insurance coverage of at least $1,000,000 for general liability, and for such other purposes and in such other amounts as required by the State;

(4) provides warranties to the homeowner that completed work will—

(A) be free of significant defects;

(B) be installed in accordance with the specifications of the manufacturer, and all applicable State and local codes; and

(C) perform properly for a period of at least 1 year after the date of completion of the work; and

(5) completes an energy audit to determine the impact of the proposed energy efficiency measures in accordance with an ANSI accredited energy auditing standard.

(b) AGREEMENT BETWEEN CONTRACTOR AND HOME OWNER.—A contractor who performs retrofit work under the Home Energy Savings Retrofit Rebate Program must sign a written or electronic contract with the homeowner that includes—

(1) an agreement to not increase the cost of the home improvement as a result of the rebates re-

ceived under this Act with respect to physical improvements made to the home;

(2) if the contractor and homeowner choose the transferable rebate option authorized under section 7, an agreement to provide the homeowner, before a contract is executed between the contractor and the homeowner covering the eligible work, a notice of the rebate amount the contractor intends to apply for with respect to eligible work under this Act; and

(3) a notice that the homeowner acknowledges that they—

(A) reviewed the national retrofit Web site for the program;

(B) understand the scope of work intended to be completed and that such work may be eligible for a rebate under the program; and

(C) understand that the rebate funds are fully subject to availability from the Department or Rebate Aggregator and not within the control of the contractor.

SEC. 5. REBATE AGGREGATORS.

(a) IN GENERAL.—The Secretary shall develop a network of rebate aggregators or a national rebate aggregator that can facilitate the delivery of rebates to participating homeowners or contractors by—

(1) reviewing the proposed rebate application for completeness and accuracy;

(2) reviewing measures for eligibility in accordance with this Act;

(3) providing data to the Federal Rebate Processing System consistent with data protocols established by the Secretary; and

(4) not later than 30 days after the date of receipt, distributing funds received from the Department of Energy to homeowners or contractors.

(b) ELIGIBILITY.—To be eligible to apply to the Secretary for approval as a rebate aggregator, an entity shall be—

(1) a Home Performance with Energy Star program sponsor;

(2) an entity administering a residential or building energy efficiency retrofit program, solar program, or other such program impacting energy efficiency in homes established or approved by a State or local government;

(3) a Federal power marketing administration, an electric utility, or a natural gas utility that has—

(A) a residential energy efficiency retrofit program; and

(B) a quality assurance provider or provider network; or

(4) an entity that demonstrates to the Secretary that the entity can perform the functions of a rebate aggregator, without disrupting existing residential retrofits in the States that are incorporating the Home Energy Savings Retrofit Rebate Program, including demonstration of—

(A) the capability to provide electronic data to the Federal Rebate Processing System;

(B) a financial system that is capable of tracking the distribution of rebates to participating contractors; and

(C) coordination and cooperation by the entity with the appropriate State energy office regarding participation in the existing energy efficiency programs that will be delivering the Home Energy Savings Retrofit Rebate Program.

(c) PUBLIC UTILITY COMMISSION EFFICIENCY TARGETS.—The Secretary shall—

(1) develop guidelines for States and local governments to use to allow utilities participating as rebate aggregators to count the energy savings from

the participation of the utilities toward State and local level energy savings targets; and

(2) work with States and local governments to assist in the adoption of those guidelines for the purposes and duration of the Home Energy Savings Retrofit Rebate Program.

SEC. 6. QUALITY ASSURANCE PROVIDERS.

(a) QUALIFICATIONS.—An entity shall be considered a quality assurance provider under this Act only if the entity is qualified through—

(1) the BPI;

(2) RESNET; or

(3) any other entity designated by the Secretary such as a State, local government, or State-approved or local government-approved residential energy efficiency retrofit program.

(b) FUNCTIONS.—A quality assurance provider shall—

(1) be independent of the contractor;

(2) confirm that contractors or installers of home energy efficiency retrofits meet the qualification requirements of this Act; and

(3) perform field inspections to confirm the compliance of the retrofit work and the simulated

energy savings under the Home Energy Savings Retrofit Rebate Program.

SEC. 7. TRANSFERABILITY OF HOME ENERGY SAVINGS REBATE.

A homeowner may transfer the rebate provided under the Home Energy Savings Retrofit Rebate Program to the contractor performing the retrofit work if the contractor completes a form that accompanies the rebate form developed under section 3(b). This form, to be made publically available by the Secretary 90 days after the date of enactment of this Act, must be approved by paper signature or electronically by the homeowner and include—

(1) the amount of the rebate the contractor will submit for disbursement to the contractor;

(2) the level of energy use reduction of the home retrofit certified under section 8(e)(4), and assurance that the contractor will provide the certificate to the homeowner within 30 days of receipt from the Department of Energy;

(3) a documentation report of the retrofit performed and paid by the homeowner; and

(4) confirmation from the homeowner that they understand they have the right to submit directly for the rebate and have chosen to transfer the credit in full to the contractor.

SEC. 8. HOME ENERGY SAVINGS RETROFIT REBATE PROGRAM.

(a) IN GENERAL.—If a qualified home energy efficiency retrofit of a home is carried out after the date of enactment of this Act by a qualified contractor in accordance with this section, rebates shall be awarded for retrofits that achieve home energy savings in accordance with this Act.

(b) AMOUNT OF REBATES.—

(1) IN GENERAL.—Subject to subsection (e), the amount of a rebate provided to the owner of a home or a designee of the owner under this section shall be determined in accordance with the following formula:

(A) Retrofits that are projected to save at least 20 percent of energy use (Home Performance Retrofits) shall receive a rebate of $2,500.

(B) Retrofits that are projected to save at least 40 percent of energy use (Deep Home Performance Retrofits) shall receive a rebate of $5,000.

(2) REBATE PAYMENT.—

(A) IN GENERAL.—The rebate shall be paid, based on energy savings as calculated under subsection (e), within 60 days after—

(i) submission of the required rebate forms; and

(ii) the completion of any quality assurance assessment required under subparagraph (B).

(B) QUALITY ASSURANCE ASSESSMENTS.—The Secretary shall establish a schedule of required quality assurance assessments. In the first year of the program, the first 10 homes retrofit by each contractor and then 60 percent of all future homes shall be required to have a quality assurance assessment. The Secretary shall establish a cost effective schedule of required quality assurance assessments for subsequent years based on performance under the program.

(C) BONUS INCENTIVE.—Recipients of grants under section 9 and rebate aggregators are encouraged to present a proposal to the Secretary for an incentive bonus for contractors who have delivered services to consumers and who have achieved a 70 percent or greater realization rate for predicted gross energy cost savings achieved by their portfolio of participating customers. Bonus incentives under such a proposal may be up to 20 percent of the rebate paid to the homeowner.

(3) LIMITATION.—In no event shall the amount of rebates under this subsection exceed—

(A) $10,000 with respect to any individual; or

(B) 50 percent of the qualified home energy efficiency expenditures paid or incurred by the homeowner under subsection (c).

(c) QUALIFIED HOME ENERGY EFFICIENCY EXPENDITURES.—For purposes of this section, the term "qualified home energy efficiency expenditures"—

(1) means any amount paid or incurred by a homeowner for a qualified home energy efficiency retrofit, including the cost of diagnostic procedures, labor, reporting, and modeling; and

(2) does not include—

(A) improvements to swimming pools or hot tubs; or

(B) any amount paid or incurred to purchase or install a biomass, wood, or wood pellet furnace, boiler, or stove, unless the system—

(i) is designed to meet at least 70 percent of the heating demands of the home;

(ii) in the case of woodstoves, is certified by the Environmental Protection Agency;

(iii) in the case of a wood stove replacement, replaces an existing wood stove with a stove that is certified by the Environmental Protection Agency, if a voucher is provided by the installer or other responsible party certifying that the old stove has been removed and made inoperable;

(iv) in the case of a furnace or boiler, is in a home with a distribution system (such as piping, ducts, vents, blowers, or affixed fans) that allows heat from the furnace or boiler to reach all or most parts of the home; and

(v) is certified by an independent test laboratory approved by the Secretary as having—

(I) thermal efficiency (with a high heating value) of at least 75 percent for stoves and 80 percent for furnaces and boilers;

(II) particulate emissions of less than 3.0 grams per hour for wood stoves or pellet stoves; and

(III) less than 0.07 lbs per million BTU for outdoor boilers and furnaces.

(d) QUALIFIED HOME ENERGY EFFICIENCY RETROFIT.—

(1) IN GENERAL.—A qualified home energy efficiency retrofit is a retrofit that implements measures, during a rebate-eligible year in the existing principal residence of the homeowner which is located in the United States, intended to reduce the energy use of such residence. A qualified home energy efficiency retrofit shall—

(A) be implemented and installed by a qualified contractor;

(B) install a set of measures modeled to achieve a reduction in home energy use of 20 percent or more from the baseline established under subparagraph (C), using computer modeling software approved under paragraph (2);

(C) establish the baseline energy use as provided in subsection (e)(1)(C);

(D) implement a test-out procedure, following guidelines of the applicable accrediting program described in section 4(a)(2) (A), (B), or (C), or equivalent guidelines approved by the Secretary for this purpose, to ensure—

(i) the safe operation of all systems post retrofit; and

(ii) that, except as provided in paragraph (3), all improvements are included in, and have been installed according to—

(I) standards of the applicable accrediting program described in section 4(a)(2) (A), (B), or (C);

(II) manufacturers installation specifications; and

(III) all applicable State and local codes or equivalent standards approved by the Secretary for this purpose;

(E) include only measures that have an average estimated life of 5 years or more as determined by the Secretary;

(F) not include any amount which is paid or incurred in connection with any expansion of the square footage of the residence; and

(G) not include improvements to swimming pools or hot tubs or any other expenditure specifically excluded by the Secretary.

(2) APPROVED MODELING SOFTWARE.—The contractor shall use modeling software certified by RESNET as following the software verification test suites in section 4.2.1 of RESNET Publication No. 13–001, or under equivalent standards approved by the Secretary for this purpose, and shall have the ability at a minimum to assess the savings associated with all the measures for Home Energy Savings Retrofit Rebate Program.

(3) EXCEPTION.—For purposes of paragraph (1)(D)(ii), installation of gas-fired appliances shall comply with requirements of the National Fuel Gas Code (ANSI Z223.1/NFPA 54) and applicable installation requirements in lieu of performance of combustion tests outside those required by the National Fuel Gas Code (2012 Edition) and the International Fuel Gas Code (2012 Edition).

(e) ENERGY USE REDUCTION.—

(1) DETERMINATION OF ENERGY USE REDUCTION.—

(A) IN GENERAL.—The reduction in energy use for any residence shall be determined by modeling the annual predicted percentage reduction in total energy consumption or costs for heating, cooling, hot water, and permanent lighting. It shall be modeled using computer modeling software approved under subsection (d)(2) and calibrated according to subparagraph (C) of this paragraph.

(B) ENERGY COSTS.—For the purposes of subparagraph (A), the energy cost per unit of fuel for each fuel type shall be determined by dividing the total actual energy bill (subtracting taxes and fees) for the residence for that fuel type for the most recent available 12-month period by the total energy units of that fuel type used over the same period.

(C) BASELINE ENERGY USE.—For the purposes of subparagraph (A), the software model that establishes the baseline energy use and predicted energy savings shall be calibrated according to the procedures set forth in sections 3 and 4 of ANSI/BPI Standard BPI–2400–S–2012: Standard Practice for Standardized Qualification of Whole-House Energy Savings Predictions by Calibration to Energy Use History, or an equivalent standard approved by the Secretary for this purpose.

(2) DOCUMENTATION.—The percent improvement in energy consumption calculated under this section shall be documented through modeling software described in subsection (d)(2).

(3) MONITORING.—The Secretary—

(A) shall periodically evaluate the software packages used for determining rebates under this section;

(B) shall monitor and compare the predictions to the real energy data, and based on the results, create performance criteria to allow or disallow the software; and

(C) may disallow the use of software programs that improperly assess energy savings.

(4) CERTIFICATE OF RETROFIT PERFORMANCE.—The Secretary shall establish a system for distribution of a certificate of performance in accordance with BPI–2101–S–2013: Standard Requirements for a Certificate of Completion for Residential Energy Efficiency Upgrades with the issuance of a rebate that certifies the predicted level of energy use reduction achieved by the retrofit. The certificate shall be provided to the rebate recipient.

If the recipient is the contractor under the terms of section 7, the contractor shall remit the certificate to the homeowner, to be delivered or postmarked not later than 30 days after the contractor's receipt of the certificate.

(5) EXCEPTION.—The Secretary shall not utilize the authority provided under this Act to—

(A) develop, adopt, or implement a public labeling system that rates and compares the energy performance of one home with another; or

(B) require the public disclosure of an energy performance evaluation or rating developed for any specific home.

Nothing in this paragraph shall preclude the computation, collection, or use, by the Secretary, rebate aggregators, or quality assurance providers, or the States or Indian tribes, for the purposes of gathering information on the rating and comparison of the energy performance of homes with and without energy efficiency retrofits.

(f) QUALIFICATION FOR REBATE.—On submission of a claim for a retrofit rebate by a rebate aggregator to the system established under section 5, the Secretary shall provide reimbursement to the rebate aggregator, if—

(1) the retrofit is a qualified home energy efficiency retrofit;

(2) the amount of the reimbursement is not more than the amount described in subsection (b);

(3) documentation required to verify the claim is transmitted with the claim; and

(4) any quality assurance assessment required by the Secretary or the rebate aggregator has been completed.

(g) AUDITS.—

(1) IN GENERAL.—On making payment for a submission under this section, the Secretary shall review rebate requests to determine whether program requirements were met in all respects.

(2) INCORRECT PAYMENT.—On a determination of the Secretary under paragraph (1) that a payment was made incorrectly to a party, not later than 3 years after the payment was provided the Secretary shall—

(A) recoup the amount of the incorrect payment; or

(B) withhold the amount of the incorrect payment from the next payment made to the party pursuant to a subsequent request.

(h) INCENTIVES.—The amount of incentives that the Secretary may provide to quality assurance providers and rebate aggregators under this Act shall be—

(1) $50 for each rebate review and submission provided under the program;

(2) $250 for each field inspection conducted under the program; or

(3) such other amounts as the Secretary considers necessary to carry out the quality assurance provisions of this Act.

SEC. 9. GRANTS TO STATES AND INDIAN TRIBES.

(a) IN GENERAL.—A State or Indian tribe that receives a grant under subsection (d) shall be permitted to use the grant for—

(1) administrative costs;

(2) oversight of quality assurance plans;

(3) development of a quality assurance program;

(4) establishment and delivery of financing pilots in accordance with this Act;

(5) coordination with existing residential retrofit programs and infrastructure development to assist deployment of the Home Energy Savings Retrofit Rebate Program; and

(6) the costs of carrying out the responsibilities of the State or Indian tribe under the Home Energy Savings Retrofit Rebate Program.

(b) INITIAL GRANTS.—Not later than 60 days after receipt of a completed application for a grant under this section, the Secretary shall either make the grant or provide to the applicant an explanation for denying the grant.

(c) INDIAN TRIBES.—The Secretary shall reserve an appropriate amount of funding to be made available to carry out this section for each fiscal year to make grants available to Indian tribes under this section.

(d) STATE ALLOTMENTS.—From the amounts made available to carry out this section for each fiscal year remaining after the reservation required under subsection (c), the Secretary shall make grants available to States in accordance with section 15.

(e) QUALITY ASSURANCE PROGRAMS.—

(1) IN GENERAL.—A State or Indian tribe may use a grant made under this section to carry out a quality assurance program that is—

(A) operated as part of a State or local government approved energy conservation plan established under part D of title III of the Energy Policy and Conservation Act (42 U.S.C. 6321 et seq.);

(B) managed by the office or the designee of the office that is—

(i) responsible for the development of the plan under section 362 of that Act (42 U.S.C. 6322); and

(ii) to the maximum extent practicable conducting an existing energy efficiency program; and

(C) in the case of a grant made to an Indian tribe, managed by an entity designated by the Indian tribe to carry out a quality assurance program or a national quality assurance program manager.

(2) NONCOMPLIANCE.—If the Secretary determines that a State or Indian tribe has not provided or cannot provide adequate oversight over a quality assurance program to ensure compliance with this Act, the Secretary may—

(A) withhold further quality assurance funds from the State or Indian tribe; and

(B) require that quality assurance providers operating in the State or by the Indian tribe be overseen by a national quality assurance program manager selected by the Secretary.

(f) IMPLEMENTATION.—A State or Indian tribe that receives a grant under this section may implement a quality assurance program through the State, the Indian tribe, or a third party designated by the State or Indian tribe, including—

(1) an energy service company;

(2) an electric utility;

(3) a natural gas utility;

(4) a third-party administrator designated by the State or Indian tribe; or

(5) a unit of local government.

(g) PUBLIC-PRIVATE PARTNERSHIPS.—A State or Indian tribe that receives a grant under this section is encouraged to form partnerships with utilities, energy service companies, and other entities—

(1) to assist in marketing a program;

(2) to facilitate consumer financing;

(3) to assist in implementation of the Home Energy Savings Retrofit Rebate Program, including installation of qualified home energy efficiency retrofits; and

(4) to assist in implementing quality assurance programs.

(h) COORDINATION OF REBATE AND EXISTING STATE-SPONSORED PROGRAMS.—

(1) IN GENERAL.—A State or Indian tribe shall, to the maximum extent practicable, prevent duplication through coordination of a program authorized under this Act with—

(A) the Energy Star appliance rebates program authorized under the American Recovery and Reinvestment Act of 2009 (Public Law 111–5; 123 Stat. 115); and

(B) comparable programs planned or operated by States, political subdivisions, electric and natural gas utilities, Federal power marketing administrations, and Indian tribes.

(2) EXISTING PROGRAMS.—In carrying out this subsection, a State or Indian tribe shall—

(A) give priority to—

(i) comprehensive retrofit programs in existence on the date of enactment of this Act, including programs under the supervision of State utility regulators; and

(ii) using funds made available under this Act to enhance and extend existing programs; and

(B) seek to enhance and extend existing programs by coordinating with administrators of the programs.

SEC. 10. QUALITY ASSURANCE PROGRAM.

(a) PLAN.—As part of a grant application described in section 9(b), a State or Indian tribe shall submit to the Secretary a plan to implement a quality assurance program that covers all federally assisted residential efficiency retrofit work administered, supervised, or sponsored by the State or Indian tribe.

(b) IMPLEMENTATION.—The State or Indian tribe shall—

(1) develop a quality assurance program in consultation with industry stakeholders, including representatives of efficiency program managers, contractors, and environmental, energy efficiency, and labor organizations; and

(2) implement the quality assurance program not later than 180 days after receipt of a grant under section 9.

(c) COMPONENTS.—The quality assurance program established under this section shall include—

(1) maintenance of a list of qualified contractors authorized to perform such retrofit work as described in section 4; and

(2) nonbinding targets and realistic plans for—

(A) the recruitment of small minority-owned or women-owned business enterprises; and

(B) the employment of graduates of training programs that primarily serve low-income populations with a median income that is below 200 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by that section) by participating contractors.

(d) NONCOMPLIANCE.—If the Secretary determines that a State or Indian tribe has not taken the steps required under this section, the Secretary shall provide to the State or Indian tribe a period of at least 90 days to comply before suspending the participation of the State or Indian tribe in the program.

SEC. 11. EVALUATION REPORT TO CONGRESS.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act and annually thereafter until the termination of the program under this Act, the Secretary shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives a report on the use of funds under this Act.

(b) CONTENTS.—The report submitted under subsection (a) shall evaluate—

(1) how many eligible participants have participated in the program;

(2) how many jobs have been created through the program, directly and indirectly;

(3) what steps could be taken to promote further deployment of energy efficiency and renewable energy retrofits;

(4) the quantity of verifiable energy savings, homeowner energy bill savings, and other benefits of the program;

(5) any waste, fraud, or abuse with respect to such funds; and

(6) any other information the Secretary considers appropriate.

(c) NONCOMPLIANCE.—The Secretary shall require rebate aggregators, States, and Indian tribes to provide the information required to enable the Secretary to carry out this section. If the Secretary determines that a rebate aggregator, State, or Indian tribe has not provided such information on a timely basis, the Secretary shall provide to the rebate aggregator, State, or Indian tribe a period of at least 90 days to provide any necessary information, subject to withholding of funds or reduction of future grant amounts, or decertification of rebate aggregators.

SEC. 12. ADMINISTRATION.

(a) IN GENERAL.—Subject to section 15(b), not later than 30 days after the date of enactment of this Act, the Secretary shall provide such administrative and technical support to rebate aggregators, States, and Indian tribes as is necessary to carry out this Act.

(b) APPOINTMENT OF PERSONNEL.—Notwithstanding the provisions of title 5, United States Code, governing appointments in the competitive service and General Schedule classifications and pay rates, the Secretary may appoint such professional and administrative personnel as the Secretary considers necessary to carry out this Act.

(c) RATE OF PAY.—The rate of pay for a person appointed under subsection (b) shall not exceed the maximum rate payable for GS–15 of the General Schedule under chapter 53 of title 5, United States Code.

(d) CONSULTANTS.—Notwithstanding section 303 of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253), the Secretary may retain such consultants on a noncompetitive basis as the Secretary considers necessary to carry out this Act.

(e) CONTRACTING.—In carrying out this Act, the Secretary may waive all or part of any provision of the Competition in Contracting Act of 1984 (Public Law 98–369; 98 Stat. 1175), an amendment made by that Act, or the Federal Acquisition Regulation on a determination that circumstances make compliance with the provisions contrary to the public interest.

(f) INFORMATION COLLECTION.—The Secretary shall establish, and make available to a homeowner, or the homeowner's designated representative, seeking a rebate under this Act, release forms authorizing access by the Secretary, or a designated third-party representative to information in the utility bills of the homeowner. The form shall not include personal identifying information such as name, address, social security number or other identifying information as defined by the Secretary.

SEC. 13. TREATMENT OF REBATES.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, rebates received for a qualified home energy efficiency retrofit under this Act—

(1) shall not be considered taxable income to a homeowner; and

(2) shall prohibit the consumer from applying for a tax credit allowed under section 25C or 25D of that Code for the same retrofit work performed in the home of the homeowner. If the work is additional, and not included in the rebate baseline, a homeowner may claim the credit.

(b) NOTICE.—

(1) IN GENERAL.—A participating contractor shall provide notice to a homeowner of the provisions of subsection (a) before eligible work is performed in the home of the homeowner.

(2) NOTICE IN REBATE FORM.—A homeowner shall be notified of the provisions of subsection (a) in the appropriate rebate form developed by the Secretary, in consultation with the Secretary of the Treasury.

SEC. 14. PENALTIES.

(a) IN GENERAL.—It shall be unlawful for any person to violate this Act (including any regulation issued under this Act), other than a violation as the result of a clerical error.

(b) CIVIL PENALTY.—In addition to any penalty applicable under other Federal law for fraud or other crimes, any person who commits a violation of this Act shall be liable to the United States for a civil penalty in an amount that is not more than the higher of—

(1) $15,000 for each violation; or

(2) 3 times the value of any associated rebate under this Act.

(c) ADMINISTRATION.—The Secretary may—

(1) assess and compromise a penalty imposed under subsection (b); and

(2) require from any entity the records and inspections necessary to enforce this Act.

SEC. 15. FUNDING.

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated to the Secretary to carry out this Act $250,000,000 for each of fiscal years 2016 through 2019, to remain available until expended.

(2) MAINTENANCE OF FUNDING.—Funds provided under this section shall supplement and not supplant any Federal and State funding provided to carry out energy efficiency programs in existence on the date of enactment of this Act.

(b) GRANTS TO STATES.—

(1) IN GENERAL.—Of the amounts provided under subsection (a), not more than 6 percent shall be used to carry out section 9.

(2) DISTRIBUTION TO STATE ENERGY OFFICES.—Not later than 45 days after the date of enactment of this Act, the Secretary shall determine a formula to provide funds described in paragraph (1) to State energy offices, in accordance with the allocation formula for State energy conservation plans established under part D of title III of the Energy

Policy and Conservation Act (42 U.S.C. 6321 et seq.).

(c) TRACKING OF REBATES AND EXPENDITURES.—Of the amount provided under subsection (a), not more than 2.5 percent are authorized to be appropriated to the Secretary to be used for costs associated with tracking rebates and expenditures through the Federal Rebate Processing System under this Act, technical assistance to States, and related administrative costs incurred by the Secretary.

(d) PROGRAM REVIEW AND BACKSTOP FUNDING.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary shall perform a State-by-State analysis and review the distribution of Home Energy Savings Retrofit Rebates under this Act.

(2) ADJUSTMENT.—The Secretary may allocate technical assistance funding to assist States that have not sufficiently benefitted from the Home Energy Savings Retrofit Rebate Program.

(e) RETURN OF UNDISBURSED FUNDS.—If the Secretary has not disbursed all the funds available for rebates under the Home Energy Savings Retrofit Rebate Program by September 30, 2019, any undisbursed funds shall be returned to the Treasury.

SEC. 16. PILOT PROGRAM.

(a) ESTABLISHMENT.—Notwithstanding any other provision of this Act, the Secretary shall establish a Residential Energy Efficiency Pay for Performance pilot program for States to encourage the use of measured energy savings, and financial payments for those energy savings, in the operation of residential energy efficiency programs. Not later than 180 days after the date of enactment of this Act, the Secretary shall provide common measurement criteria, developed with the input from home performance industry stakeholders, to ensure comparability among programs but allow flexibility in program design. The Secretary shall establish a competitive program with grants to be provided to no less than 5 State energy offices with a total authorization of appropriations of $100,000,000.

(b) DEFINITION.—In this section, the term ''State energy office'' means the office or agency of a State responsible for developing the State energy plan for the State under section 362 of the Energy Policy and Conservation Act (42 U.S.C. 6322).

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