U.S. DEPARTMENT of ENERGY | Office of Critical Minerals and Energy Innovation

HOME ENERGY REBATES
U.S. DEPARTMENT OF ENERGY

Fraud, Waste, and Abuse Mitigation Plan

IRA Section 50122: Wisconsin High-Efficiency Electric Home Rebate Program

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Fraud, Waste, and Abuse Mitigation Plan

Background and Objectives

1. Describe how the Fraud, Waste, and Abuse (FWA) Mitigation Plan will be made readily accessible to all program participants affected by it, including implementers, retailers, distributors, participating contractors, third-party inspectors, eligible entities, and eligible entity representatives.

   The Public Service Commission of Wisconsin (PSCW), oversees the Home Energy Rebates Program (Program), delivered by Focus on Energy, which is administered by the Program Administrator (Administrator), and delivered by the Program Implementer (Implementer).

   The Administrator will make the Fraud, Waste, and Abuse Mitigation Plan publicly accessible on the Program's official website, https://focusonenergy.com/home-energy-rebates. All program participants will have access to download or request printed copies of the plan. The FWA Plan will include a version date to ensure participants can reference the most recent version.

2. Confirm that the state will execute agreements with participating contractors, retailers, and distributors in which the party agrees to comply with the FWA Mitigation Plan and procedures.

   Select all that apply:

   ☒ The state will execute agreements with participating contractors in which the party agrees to comply with the FWA Mitigation Plan and procedures.

   ☒ The state will execute agreements with participating retailers in which the party agrees to comply with the FWA Mitigation Plan and procedures. *(Note: Check this box only if your program will engage retailers.)*

   ☐ The state will execute agreements with participating distributors in which the party agrees to comply with the FWA Mitigation Plan and procedures. *(Note: Check this box only if your program will engage distributors.)*

   The Program will initiate the process of executing agreements with participating contractors and retailers upon DOE approval of the FWA Mitigation Plan.

3. Describe how the state will retain records related to their FWA Mitigation Plan processes and permit access to DOE upon request.

Note: The state must be sure to include their record retention policy for Quality Assurance (QA)/Quality Control (QC) inspections including sampling rates, findings, corrective actions taken, and verification of conformance to requirements.

All records related to fraud, waste, and abuse mitigation, including but not limited to complaints, concerns, sampling rates, findings, and corrective action, will be maintained by the Program for a minimum of six years. All records will be stored digitally and will be made available upon request.

Consumer Feedback

4. Describe the program's 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).

The Program will provide household consumers with the ability to file complaints, concerns, and issues via consumer hotlines, email, and webform. Consumers can contact the Program directly to ask general questions or issue a complaint or concern by sending an email to **iraher@focusonenergy.com**, or by calling the Program's customer service team at 800-762-7077. When a consumer reports an issue or makes an inquiry, Program staff will reach out within two business days.

Consumer feedback reporting mechanisms, documents, and other communications will meet ADA accessibility standards. The program will make documents available in Spanish and other languages, as appropriate.

Calls, emails, and webform responses received by the Program are recorded and stored as tickets in the program's contact center system. Each ticket will capture relevant information, including the name of the associated party, contact information, and location, as well as any submitted documentation related to the issue including photographs and PDF document uploads.

Consumers may also contact the PSCW's Fraud, Waste and Abuse Hotline which accepts tips and complaints about potential fraud, waste, abuse and mismanagement of federal grants. A professional staff member will review the information and determine the appropriate next steps. PSCW Fraud Hotline: 800-225-7729 or 608-266-2001 (Local).

5. Describe the program's procedures for addressing negative feedback, including how programs will communicate the feedback to affected contractors, retailers, or distributors.

The Program maintains procedures for receiving, tracking, and investigating negative feedback related to participating contractors and retailers. The Program is not currently working with distributors.

Program staff documents the feedback, evaluates the nature and severity of the issue, and determines whether additional investigation or corrective action is warranted. Contractors or aggregators are notified of substantiated concerns in writing and provided information regarding the identified issue, applicable program requirements, and any required corrective actions or remediation measures.

6. Describe how households who reside in a multifamily building but are not the direct program participant will have the opportunity to convey feedback. Include the consumer feedback process and corresponding directions for these non-direct participant households.

Households residing in multifamily buildings who are not the direct program participant have the opportunity to provide feedback through the same customer service channels available to all program participants. The Program's approach includes:

1. Requiring recipients of program funding to acknowledge and agree to Program Terms and Conditions.
2. Requiring property owners and managers to share Program contact information and consumer feedback resources with tenants.
3. Providing multiple feedback channels, including the Program website, consumer hotline, email, and webform.
4. Reviewing, documenting, and responding to feedback received from tenants and other household occupants.
5. Tracking feedback and resolution outcomes to identify recurring concerns and opportunities for program improvement.

All recipients of Program funding, including multifamily property owners and managers, are required to sign documentation acknowledging that they have read and agreed to the Program's Terms and Conditions. The State and Program Administrator will ensure that the Terms and Conditions include provisions requiring property owners and managers to share Program information with tenants, including how to access the Program website and submit feedback through the consumer hotline, email, or webform.

Feedback submitted by non-direct participant households is documented and reviewed through the Program's established consumer feedback process and is incorporated into Program quality assurance, complaint resolution, and continuous improvement activities.

Resolution Procedures

7. Describe how the program will implement existing state laws and regulations regarding conflict resolution procedure for how disputes will be resolved between homeowners/building owners and contractors/retailers/distributors.

   Note: The procedure may include protocols for a timely response, identification of responsible parties, documentation of corrective actions, results, and a means of identifying and addressing systemic issues. In accordance with Program Notice 26-2, Section 3.4, states are not required to implement dispute resolution procedures beyond existing state laws and regulations.

The Program implements several processes to resolve disputes between homeowners/building owners, contractors, and retailers, ensuring processes meet state regulations and existing laws for conflict resolution. The overall steps include:

1. The individual with a concern raises this through an access channel, either at the program level or through the state's website/phone number.
2. The administrator reviews the complaints and disputes and then documents them in a tracking system.
3. The administrator identifies responsible parties and determines next steps for investigation and resolution, developing a coordination plan with the implementer and any other parties.
4. The administrator identifies corrective actions and next steps.
5. The administrator provides the proposed solution to the individual with the concern.
6. The administrator documents the concern and resolution in the tracking record.
7. On a monthly basis, the administrator analyzes data from the concern tracking system for any trends and implements an improvement plan.

The Program conforms with existing Wisconsin laws and regulations governing consumer protection, contractor conduct, and dispute resolution, including Wis. Admin. Code ATCP 110 and other applicable state requirements. The Program does not establish a separate legal dispute resolution process beyond existing

state law. Instead, the Program requires participating contractors and aggregators to comply with applicable laws, Program participation requirements, and established complaint resolution procedures.

When a dispute is reported, Program staff document the complaint, identify the responsible parties, and coordinate resolution efforts. Complaints that are not resolved through initial communication are escalated to the appropriate Program staff and Program Administrator for review and follow-up. Corrective actions taken and resolution outcomes are documented and communicated to affected parties. Complaint records are maintained in Program's CRM and contact center systems and are periodically reviewed to identify recurring issues, contractor performance concerns, and potential systemic issues requiring corrective action or additional oversight.

Detailed complaint handling, remediation, contractor misconduct, and appeals procedures are maintained in the Program Operations Guide and contractor participation requirements.

8. Describe the program's remediation process to ensure that when deficiencies are detected through the quality assurance/quality control process, these results are communicated to the responsible party, and any remedial or punitive actions taken follow a pre-defined set of protocols.

   Note: States may 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 quality assurance/quality control procedures find an improper installation of a rebate funded measure. The remedies included for the program should make a consumer whole and provide some measure of deterrence against unacceptable practices. In accordance with Program Notice 26-2, Section 3.4, states are not required to implement dispute resolution procedures beyond existing state laws and regulations.

The Program implements a remediation process to ensure deficiencies identified through quality assurance and quality control activities are communicated to the party responsible and resolved in accordance with established program requirements. The overall steps include:

1. Program staff documents deficiencies identified through inspections, file reviews, complaint investigations, or other quality assurance activities.
2. The Administrator determines the appropriate corrective, remedial, or disciplinary action in accordance with Program requirements.
3. Implementer staff communicate the deficiency and corrective actions (when applicable) to the party responsible.

4. When applicable, the party responsible completes the required corrective actions or remediation activities.

5. The Implementer verifies completion of required corrective actions and documents the resolution.

6. The Administrator reviews quality assurance findings and remediation outcomes to identify recurring deficiencies and systemic issues.

The Program implements remediation requirements through established quality assurance, quality control, contractor participation, and complaint resolution procedures. When deficiencies are identified through inspections, file reviews, complaint investigations, or other quality assurance activities, the findings are documented and communicated to the responsible party. The Administrator evaluates the deficiency and determines the appropriate corrective action based on the nature and severity of the issue. Corrective actions and resolution outcomes are documented and tracked in the Program's customer relationship manager (CRM) system.

Where improper installations, noncompliance, contractor misconduct, fraud, or unfair business practices are identified, the Program may require corrective actions, additional oversight, remedial work, customer restitution, written warnings, suspension, or removal from Program participation. Remediation measures are intended to ensure deficiencies are corrected, consumers are made whole when warranted, and participating contractors are held accountable for compliance with Program requirements.

Detailed remediation, quality assurance, contractor misconduct, complaint resolution, and appeals procedures are maintained in the Program Operations Guide and supplemental procedures.

Data Review

9. Describe how the state will verify auditing tools and modeling software have basic data validation controls on inputs to ensure data quality for all projects.

The Program verifies that auditing tools and modeling software used to support rebate projects contain data validation controls that promote data quality and compliance with Program requirements by adhering to DOE approved modeling tools.

For single family and eligible multifamily properties where a BPI-1100/1200 assessment is applicable, the Program will allow the use of DOE approved BPI-2400 compliant modeling tools, as listed on the Program website (https://assets.focusonenergy.com/production/docs/ira/List_of_approved_tools_v2.pdf).

10. Certify that the state will conduct data or file review of all projects that verifies at a minimum:

    - The home assessment (if required) gathered the data required in PRAI Section 4.2.4;
    - The contracted scope of work was specified consistent with program requirements;
    - The address of the installation matches the address on the rebate reservation; and
    - The rebated amount aligns with the verified income category.

    ☒ Yes, the state confirms the above statement.

11. Describe how the state will verify the home assessment gathered the required data for each specific rebate.[1]

The Program will verify that home assessments collect the required data for each rebate pathway through a combination of desktop model reviews and other quality assurance activities such as on-site inspections.

Administrator and Implementer staff will conduct a desktop model review for 100 percent of reservation and rebate requests. Staff will follow the standardized data specifications and guidelines within the IRA Home Energy Rebates: Data and Tools Requirements Guide for data captured within the assessment to ensure data compatibility.

Onsite inspections to ensure validity of data submitted and confirm quality installation will be selected as follows:

1. The first five projects submitted for payment by any new Registered Contractor will receive a pre-payment, post-installation onsite inspection.
2. Following successful completion of the first five inspections, the State requires five percent of a Registered Contractor's projects to receive a pre-payment, post-installation onsite inspection on a yearly basis.
3. When deficiencies or discrepancies are found during the onsite inspection the Program may require additional onsite inspections over and above the required first five and five percent.

[1] The requirements for a home assessment can be found in Section 4.2.4 of the Home Energy Rebates Program Requirements & Application Instructions (PRAI) document.

Minimum desktop review and onsite inspection requirements are documented in the Program Operations Guide and supplemental procedures. The Implementer, Administrator, and State each maintain review requirements and quality control procedures appropriate to their respective levels of review.

12. Describe how the state will verify that the contracted scope of work specified was consistent with program requirements for all projects.

The State will verify that the contracted scope of work specified is consistent with program requirements for all projects by requiring 100 percent of projects to undergo a desktop review conducted by the Implementer, Administrator, and/or the State prior to payment.

Once an IRA Registered Contractor completes a project, there is a multistep review process that includes:

1. Initial review and validation of 100 percent of projects by the Program Implementer.
2. Secondary review of up to 100 percent of projects by the Program Administrator to ensure the scope of work was consistent with program measures and eligibility requirements.
3. Quality control review by the State, using a sampling approach based on risk, prior to payment approval.

In addition, the Program contracts with a compliance agent that conducts reviews at the request of the state to ensure all program requirements are met.

13. Describe how the state will verify the address of the installation matches the address on the rebate reservation for all projects.

The Program will verify that the address specified is consistent with program requirements for all projects by reviewing geo-locational data or contractor documentation for all projects to confirm the address of installation matches the address on the rebate reservation prior to paying out rebates. The Program's preferred method of installation address validation is by geo-locational data. Locational data could additionally be captured through various means such as GPS, or within photo/image locational meta data. If unavailable, the Program will require additional proof of address through contractor and customer coordination, or will perform onsite verification, as necessary. The Program will require acknowledgement that installation was performed at the claimed installation address by the contractor via a customer signed installation confirmation document (e.g., invoice).

The Program requires all projects to complete a desktop review conducted by the Implementer, Administrator, and/or the State prior to payment; and requiring onsite inspections for the first five heat pump projects from a Register Contractor and five percent of heat pump projects thereafter.

Once a Registered Contractor completes a project, there is a multistep review process that includes:

1. Initial review and validation of 100 percent of projects by the Program Implementer.
2. (Heat pump projects only) Pre-payment onsite inspection by the Program Implementer for selected heat pump projects.
3. Secondary review of up to 100 percent of projects by the Program Administrator to ensure the installation address is valid.
4. Quality control review by the State, using a sampling approach based on risk, prior to payment approval.

During desktop review and onsite inspections, Program staff will review all project documentation prior to rebate payment to confirm that the installation address matches the address listed on the rebate reservation. At a minimum, Program staff will verify that the installation address is consistent across all required program records, including the rebate reservation, contractor proposal, final invoice, customer application, assessment report, offer letter, and any other supporting documentation submitted with the rebate claim.

14. Describe how the state will verify the rebate amount aligns with the verified income category for all projects.

The Program will verify that the rebate amount aligns with the verified income category for all projects by requiring any party who wishes to receive incentives to submit an income qualification application. Desktop review on 100 percent of income applications, reservations, and rebate requests is conducted by the Implementer, Administrator, and/or the State prior to payment.

When the income qualification application is received:

1. The Implementer reviews and validates the household's or building's income level through desktop review of income documentation on 100 percent of income qualification applications.
2. Quality control is performed by senior Implementer staff on select income qualification applications using a sampling approach.

Once an IRA Registered Contractor completes a project, there is a multistep review process that confirms the rebate level on the application matches the income qualification level of the applicant. These steps include:

3. Initial review of the project and confirmation that rebate level matches the income qualification level of the applicant by the Program Implementer.

4. Secondary review of up to 100 percent of projects by the Program Administrator to ensure the selected rebate level aligns with the confirmed income level in the CRM system.

5. Additional quality control review by the State, using a sampling approach based on risk, prior to payment approval.

In addition, the program contracts with a compliance agent that conducts reviews at the request of the state to ensure all program requirements are met.

15. Confirm that the state will require program implementers retain all project data that is required as part of the Data & Tools Requirements Guide.

☒ Yes, the state confirms the above statement.

16. Describe how the state will require program implementers to retain post-installation photos of the appliances and applicable products installed as part of the project.

The Program will require post-installation photos of rebated appliances and applicable products for contractor-installed and post-purchase projects. In instances where all of the rebate is applied at the point of purchasing equipment (i.e., via a retailer or distributor), the state will collect and retain an agreement by the household receiving the rebated equipment to provide post-installation photos upon request.

These photos will include a picture of the product's model number, when the product is ENERGY STAR certified. The Program will use a custom-designed quality install tool developed by the Program Administrator to leverage meta data to verify location, date, and accuracy of image.

Program implementers will retain photos in accordance with standard record retention policies, for six years.

17. Describe how the state will require program implementers to retain project data on proof of combustion safety testing on fossil fuel equipment in all homes where fossil fuel systems have been impacted by the installation, in accordance with applicable state and/or municipal building code standards on health and safety testing.

Note: Combustion safety testing is strongly recommended when major atmospherically venting combustion appliances (i.e., HVAC systems and water

heaters) remain in place after heat pumps, heat pump water heaters, air sealing, and/or insulation that has an air sealing effect has been installed. For states that offer DIY options, DOE recommends making best practice installation procedures available to homeowners and building owners performing their own upgrades.

For projects impacting atmospherically venting combustion appliances, the State requires Registered Contractors complete combustion safety testing and provide a signed combustion safety testing form as part of the rebate request application documents.

The Program Implementer and State will retain proof of combustion safety testing for all projects in accordance with standard record retention policies, for six years.

18. Describe how the state will require program implementers to retain proof of commissioning testing on HVAC equipment in all homes where HVAC systems are installed.

The Program requires HVAC equipment to be installed by licensed HVAC Registered Contractors and requires these contractors to comply with applicable laws, codes, manufacturer installation requirements, program requirements, and quality assurance reviews. Program implementers will retain all documentation required under the Registered Contractor Participation Agreement and associated program procedures, including contractor credentials, project documentation, invoices, rebate application materials, and any records requested through program quality control processes.

Program implementers will retain the Quality Installation Tool as proof of commissioning testing on HVAC equipment in all homes where HVAC systems are installed in accordance with standard record retention policies, for six years.

19. Describe the training or credentials of the personnel conducting the data/file review.

Prior to conducting reviews independently, Program staff who will be completing desktop document review must complete program specific training covering rebate eligibility requirements, income verification procedures, documentation requirements, fraud prevention and detection, all DOE requirements, and use of the program's tracking and reporting systems and database of record. Staff will also receive refresher training whenever significant program changes occur and will participate in ongoing compliance and quality assurance training as needed. Staff members also receive public records training to ensure they understand when records can be disclosed.

Implementer quality control staff completing onsite inspections must hold at minimum a BPI-Building Science Professional or equivalent certification in addition to completing Program specific training.

Written review procedures, checklists, and supervisory oversight will be used to promote consistent application of program requirements and ensure that all file reviews are conducted in accordance with state and federal requirements. In cases requiring technical review of installed measures or energy modeling verification, the Program Implementer will ensure that appropriately trained staff are available to provide support, training, and guidance as needed.

Onsite Inspection

Note: HEEHR projects that received a home assessment (all projects that include an electric heat pump for space heating and cooling) must follow the home inspection requirements outlined in PRAI Section 4.2.5 and below.

20. For projects that received a home assessment, describe how the state will conduct independent onsite inspections on a minimum of the first five projects of new contractors and five percent of projects thereafter for each contractor (provided no issues are found).

The Program will verify that home assessments collect the required data through a combination of desktop model reviews and other quality assurance activities such as onsite inspections.

Program staff will conduct a desktop model review for 100 percent of reservation and rebate requests. Staff will follow the standardized data specifications and guidelines within the IRA Home Energy Rebates: Data and Tools Requirements Guide for data captured within the assessment to ensure data compatibility.

Onsite inspections to ensure validity of data collected and confirm quality installation will be selected as follows:

1. The first five projects submitted for payment by any new Primary Contractor will receive a pre-payment, post installation onsite inspection.

2. Following successful completion of the first five inspections, the State requires five percent of a Primary contractor's projects to receive a pre-payment, post installation onsite inspection on a yearly basis.

3. When deficiencies or discrepancies are found during the onsite inspection the Program may require additional onsite inspections over and above the required first five and five percent.

Minimum desktop review and onsite inspection requirements are documented in the Program Operations Guide and supplemental procedures. The Implementer, Administrator, and State each maintain review requirements and quality control procedures appropriate to their respective levels of review.

21. Describe the training, credentials, and/or qualifications that the state will require of independent inspectors and identify how these qualifications do/do not align with those included in the state's IRA Section 50123 Contractor Training Grants program.

Prior to conducting reviews independently, independent inspectors who will be completing desktop document review must complete program specific training covering rebate eligibility requirements, income verification procedures, documentation requirements, fraud prevention and detection, all DOE requirements, and use of the program's tracking and reporting systems and database of record. Staff will also receive refresher training whenever significant program changes occur and will participate in ongoing compliance and quality assurance training as needed. Staff members also receive public records training to ensure they understand when records can be disclosed.

Implementer QC staff completing onsite inspections must hold at minimum a BPI-Building Science Professional or equivalent certification in addition to completing Program specific training.

Written review procedures, checklists, and supervisory oversight will be used to promote consistent application of program requirements and ensure that all file reviews are conducted in accordance with state and federal requirements. In cases requiring technical review of installed measures or energy modeling verification, the Program Implementer will ensure that appropriately trained staff are available to provide support, training, and guidance as needed.

It also should be noted that Wisconsin's IRA Section 50123 Contractor Training Grant Award remains in a conditional status with U.S. DOE.

22. Describe the onsite inspection protocol for qualified projects that require a home assessment. The protocol must include a minimum of:

- A visual inspection of the site and work conditions.
- Verification that the installed 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).

- Compliance with E-Sign or prohibition of the use of electronic devices and signatures to enter into the contract if not E-Sign compliant.[2]

The Implementer QC team will conduct onsite quality assurance on the first five projects completed by each HVAC Registered Contractor that is new to the Focus on Energy Program or has not received onsite inspections as part of the Focus on Energy Program.

Following successfully satisfying the onsite quality assurance requirement for the first five projects, Implementer QC staff will conduct random pre-payment post installation onsite inspections of five percent of an HVAC Registered Contractor's projects.

Implementer staff will also conduct onsite quality assurance inspections based on homeowner or building owner concerns.

The onsite quality assurance/quality control will include a minimum of:

- A visual inspection of the site and work conditions;
- Verification that the installed measures match the contracted scope of work and any change orders have been appropriately documented;
- Verification that diagnostic test results are accurate; and
- Verification that installation quality aligns with the standards.

Through manual review, Program staff will compare documentation and data submitted across contractors and aggregators to detect outliers and potential problems with installations.

The Program will verify that contractors using electronic contracts and signatures maintain E-Sign compliant processes, including customer consent, retention of electronic records, and provision of executed contract copies to customers. Contractors that do not utilize E-Sign compliant systems must use paper-based contracting and signatures.

23. Identify if the state will elect to conduct virtual post-install inspections and if so, describe the process. If used, the process also must include:

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

[2] 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 the 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.

☒ No, the state will not conduct virtual inspections.

☐ Yes, the state will conduct virtual inspections (describe below).

24. Confirm that if program participants decline virtual recording of their home, an onsite inspection must be used.

☒ N/A. The state will not conduct virtual inspections.

☐ The state confirms it will require onsite inspections if program participants decline virtual recording of their home.

Contractors and Other Partners

25. Describe how the program will initially develop the qualified contractor list.

The Program initially ensured cooperation and information sharing between the Focus on Energy Program and IRA Programs by leveraging existing relationships with Focus on Energy Trade Allies and utilized those connections to develop the IRA Registered Contractor Network.

The Program had extensive outreach efforts with industry groups early in the program to raise awareness and inform program decision making. The Program regularly presents at industry conferences and partners with different community organizations to enhance recruitment efforts for new IRA Registered Contractors.

Contractor types include:

- Energy Assessors
- Insulation, Air Sealing, and Ventilation Installers

- HVAC installers
- Plumbers
- Electricians
- Appliance Installers
- Retailers

The contractors must also meet the State's minimum licensing, insurance, and labor standards to qualify for program enrollment.

26. Describe which qualification(s) contractors will be held to, potentially including but not limited to home performance industry credentials, training requirements, business insurance and licensure, skills standards, and labor standards.

The Program requires all Registered Contractors to meet minimum business, training, and trade-specific qualification requirements before being approved to participate. At the time of registration, contractors must provide a W-9, proof of business insurance, proof of Wisconsin business registration, proof of applicable Wisconsin licenses, and attestation of successful completion of approved Program training. Contractors must also ensure that employees performing rebate-funded work hold the licenses, registrations, certifications, or credentials applicable to their trade in compliance with applicable Wisconsin State Statutes.

The Administrator maintains trade-specific credential requirements for contractors performing energy assessments, insulation and air sealing, HVAC installations, electrical work, window and door installations, appliance installations, and other eligible services. Detailed contractor qualification, training, licensing, insurance, enrollment, and compliance requirements are maintained in the Registered Contractor Network Participation Application Terms and Conditions (Participation Application, RCPA).

27. Describe the process by which contractors will be added to the qualified contractor list.

Note: The process should include how implementers will review and consider contractors trained under IRA 50123 if applicable.

The program has a multistep process to vet new contractors to the program:

1. Contractor submits an application to the program through the website.

2. Administrator staff review documentation.
3. Implementer staff verify contractor credentials.
4. PSCW staff checks to ensure the potential contractor is not in U.S. Department of Treasury's Do Not Pay (DNP) database.
5. If the application is approved, the contractor attends program training.
6. Once program training is complete, the contractor is added to the IRA Registered Contractor list on the website.

The Administrator will review all submitted documentation and conduct due diligence to verify contractor eligibility prior to approval. Verification will include validation of business registrations, state licenses, insurance coverage, and industry certifications through publicly available databases and credential verification tools (if needed).

Additionally, all contractors will be searched for in the U.S. Department of Treasury's (Treasury) "Do Not Pay" (DNP) database. If a positive response is returned, the contractor will be required to provide proof that they are not associated with the party listed on the DNP database before moving forward. The Program will only accept proof from a verifiable third party such as the Internal Revenue Service, bank or lawyer.

The list will be maintained by the Program Implementer with oversight from the Program Administrator. Quarterly audits of Registered Contactor listings will ensure the accuracy and quality of the Registered Contractor Network. Listings will be updated on a regular basis as new contractors are approved or existing contractors voluntarily leave the program or are removed for cause.

28. Please confirm the following:

- Confirm that state will apply to access the U.S. Department of Treasury's (Treasury) "Do Not Pay" (DNP) database.

☒ Yes, the state confirms the above statement.

- Confirm that the state will use the "Do Not Pay" database to vet potential contractors before they are added to its Qualified Contractor List, which will help to reduce fraud, waste, and abuse.

☒ Yes, the state confirms the above statement. The state will use the "Do Not Pay" database to vet potential contractors before they are added to its Qualified Contractor List.

29. Describe how the state will perform due diligence on contractors that will be on their Qualified Contractor List and how they will prevent the listing of fraudulent or illegitimate entities.

    Note: In accordance with Program Notice 26-2, Section 3.4, states are required to apply to access and use the "Do Not Pay" database to vet potential contractors to be added to their Qualified Contractor List, in order to reduce fraud, waste and abuse.

    The Program has several processes to check if a contractor is fraudulent or illegitimate. These include:

    A. Using Focus on Energy's well established contractor network, which often includes significant prior history on the contractor, when a contractor was an existing Focus on Energy trade ally.

    B. Checking the contractor credentials against available databases, including the state licensing database.

    C. Checking the contractor in the federal Do Not Pay Database

    The Program will perform due diligence on its contractors that will be on its qualified contractor list by requiring contractors seeking to participate in the program to complete and submit a participation agreement, agree to the IRA Home Energy Rebates – Registered Contractor Network Participation Application Terms and Conditions, and provide all required documentation demonstrating compliance with program requirements.

    Program staff will review all submitted documentation and conduct due diligence to verify contractor eligibility prior to approval. Verification will include validation of business registrations, state licenses, insurance coverage, and industry certifications through publicly available databases and credential verification tools (if needed).

30. Describe the conditions that would lead to a contractor being delisted and the process by which a contractor would be delisted.

    Contractor Delisting Conditions and Process

    Contractors may be removed from the Registered Contractor Network (RCN) for any of the following reasons:

    - Failure to adhere to program requirements or the Participation Agreement.

- Failure to adhere to the program's conflict resolution or remediation processes.
- Receipt of multiple customer complaints for the same issue and failure to take corrective action after the issue has been identified.
- Any other reason deemed necessary by the Program.

The Program will use, when appropriate, a progressive corrective action process before delisting a contractor:

- First Confirmed Offense
    - The contractor will receive a written warning identifying the Program requirement(s) that were violated.
    - The Program may issue a notice to cure, require additional onsite inspections, and/or require other corrective actions as deemed appropriate
- Second Confirmed Offense of the Same Nature
    - After completion of any required corrective actions associated with the first offense, a subsequent confirmed offense of the same nature may result in an indefinite suspension from the Program.

Egregious behavior, as deemed by Program leadership, may result in immediate removal from the RCN.

A Registered Contractor who is removed from the Program for cause will not be allowed to reapply. Further, a Registered Contractor's material breach of the Program's Terms and Conditions may result in rescission of any rebate reimbursement, recovery of funds paid to or on behalf of the Registered Contractor under this Program, withholding of future rebate Program awards, or other legal or equitable remedies provided by law.

Registered Contractors may choose to withdraw from the Program at any time. The Registered Contractor must notify the Program representatives in writing of its decision to withdraw. If there are pending projects, the Registered Contractor will be required to either complete those projects or arrange for another Registered Contractor, subject to Program Implementer approval, to complete the projects before the Program representatives will remove them from the RCN.

The detailed procedures governing contractor suspension, removal, and delisting, including notification, review, corrective action requirements, and record retention, are maintained in the Program Operations Guide.

31. Describe how the state will 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 contractor.

    Note: States should communicate clearly to their residents that (1) an entity's qualified status only indicates program participation and minimal vetting; and that (2) the qualified status is not an endorsement or approval of those entities by the state or the U.S. Department of Energy.

    The Qualified Contractor list is publicly available on the program website that will take the customer to the 'Find a Contractor' tool. The tool will include the contractors that have completed the requirements to be listed as an IRA Registered Contractor with the program.

    If a customer has issues with the 'Find a Contractor' Tool, they will be able to receive assistance directly from the program by contacting the program through the Focus on Energy toll free number (800) 762-7077 and via email (IRAHer@focusonenergy.com).

    The Program's Term and Conditions and program application process communicate that the program makes no assurance of the quality of the contractor and that minimal vetting has been done.

32. Confirm the following:

    - The state will require electric heat pumps for space heating and cooling be installed by a contractor on the qualified contractor list.

    ☒ Yes, the state confirms the above statement.

    - The state will follow state and local qualification requirements for installation of the following technologies: air sealing, electrical wiring, and electrical load service center.

    ☒ Yes, the state confirms the above statement. The state and its implementers have identified the state and local qualification requirements for installers in their jurisdiction.

33. Describe how the state will educate contractors and building owners to invest in envelope improvements before investments are made in mechanical equipment.

    The Program will educate contractors and building owners to prioritize investment in envelope improvements that have the greatest impact on energy savings such as air-sealing and insulation to reduce air leaks, thus reducing costs. Contractors will receive training with this information when they join the qualified contractors

list and will be encouraged to communicate the benefits of envelope improvements prior to mechanical equipment upgrades to building owners. The Program will encourage contractors to run at least one comparative model that includes envelope improvements to demonstrate how different options are likely to affect energy use and utility bills. The Program will also encourage contractors to provide standard information regarding how a home's conditions interrelate and how envelope can affect comfort, moisture, etc.

34. Describe how the program will initially develop the participating retailer and distributor partner list.

☐ N/A. The state will not offer rebates through retailers or distributors and instead will provide point-of-sale rebates through contractors.

The Program performed outreach to industry groups early in the program design process. This engagement revealed there were no retailers initially able to deliver the dynamic instant discount coupon that is required for the HEAR program. One big box retailer was able to comply, though coverage across the state was limited. For this reason, the Program pursued the post-purchase retail pathway. Interested retailers may be listed on the Find a Contractor tool (https://www.clearesult.com/partner-hub/find-contractor/focus-ira) if they agree to: 1. Train sales staff on program requirements 2. Stock the rebated appliances 3. Conduct business in an honest and ethical manner
These requirements are listed in our Retailer Participation Acknowledgement Form, available upon request. Additional aspects of this Acknowledgement Form are noted in Question 35 response.

35. Describe the requirements to which participating retailer and distributor partners will be held, including, at a minimum, the following:

- Listed partners must make available for sale eligible appliances for qualified projects.
- Listed partners have systems capable of providing rebates for qualifying equipment rebates.

- Listed partners commit to submit rebate requests to the implementer(s).

☐ N/A. The state will not offer rebates through retailers or distributors and instead will provide point-of-sale rebates through contractors.

Rebate applicants can access a list of approved retailers and contractors, however these lists will serve as resource and not a recommendation or to advocate for a specific firm, service provider, or business entity.

Instant Discount Coupons
Retailers will be required to produce reference documentation for their employees on the qualifying products the business sells that can be offered with a rebate at point-of-sale. Participating businesses will also be required to have the capability with their business systems to provide instant rebates to customers at the point-of-sale and capture the required data documenting the purchase for both submission to the state and to the consumer, in accordance with the rules and incentive amounts affiliated with the program.

Retailers will report on rebates issued on a monthly basis to ensure program integrity measures are met and the state system and DOE Rebate Tracking and Reporting Tool are updated accurately. These reports will be utilized by the state to verify repayment of the rebates offered by the business.

Post-Purchase Rebates
Retailers may be listed on the Find a Contractor tool if they agree to the Retailer Participation Acknowledgement Form. Requirements include:

1. Staff Training
   Retailer shall ensure relevant store personnel are trained on Program requirements, including but not limited to:
   - Eligibility criteria for Program rebates
   - Procedures for Customer engagement and rebate redemption
   - Identification of qualified products
   - Use of Program-provided tools or portals
   - Training materials will be provided to the Participating Retailer
2. Product Stocking
   Participating Retailer agrees to stock and make available for sale the products they carry that are designated as eligible products under the Program. These products must be:

- Clearly labeled to indicate eligibility in accordance with Program guidelines, including but not limited to, the ENERGY STAR label.
- Available in sufficient quantities during the promotion period.
- Maintained in a manner that ensures visibility and accessibility to customers.
- The eligible product types include ENERGY STAR® certified electric heat pump water heaters, electric heat pump clothes dryers, and electric stoves, cooktops, or ranges. The list of eligible product types may be updated at any time at the discretion of Focus on Energy.

3. In-Store Marketing and Signage
Retailer may display Program marketing materials in-store, including but not limited to:

- A placard or sign indicating participation in the Program.
- Point-of-purchase (POP) signage for eligible products.
- Any additional promotional materials provided or approved by Focus on Energy.
- All marketing materials must be approved in writing by Focus on Energy prior to public display and must be maintained in good condition throughout the promotion period.

4. Code of Conduct Requirements
The Participating Retailer agrees to conduct business in an honest and ethical manner as follows:

A. Representing Focus on Energy in a manner that does not adversely affect Focus on Energy's business, operations, reputation, or goodwill. This includes:

- Treating Program Customers respectfully during all interactions.
- Being truthful in all dealings with Program Customers.

Misrepresenting the Program requirements will not be tolerated. This includes, but is not limited to:

- Misrepresenting oneself or one's company as being an employee of, representative of, or contracting with Focus on Energy.
- Falsifying a rebate reimbursement request.

B. Maintaining respect in communications and interactions with Focus on Energy and its Program representatives.

36. Describe the process by which retailer and distributor partners will be added to the participating retailer and distributor list.

☐ N/A. The state will not offer rebates through retailers or distributors and instead will provide point-of-sale rebates through contractors.

Instant Discount Coupons

Coordinating and approving retailers for the dynamic instant discount coupon path is a complex and lengthy process. As additional retailers declare their ability and interest in offering dynamic instant discount coupons, the program will engage those retailers and add them to the participating retailer list, as well as the instant discount coupon application in the customer portal.

Post-Purchase Rebates

The Program has an established procedure for the intake of new retailers wishing to participate in the program. This process includes:

- The retailer completes and signs the Retailer Participation Acknowledgement Form.
- The Administrator locates the retailer's account in the program database, uploads the Acknowledgement Form, and ensures all listed retail locations are present on the retailer's account in the program database.
- The Administrator shares the completed Acknowledgement Form with the Program Implementer.
- The Administrator contacts the retailer to provide program materials.
- The Implementer creates an account for the retailer in the Salesforce rebate application intake data system.

37. Describe the conditions that would lead retailer and distributor partners to being delisted from the participating retailer and distributor list.

☐ N/A. The state will not offer rebates through retailers or distributors and instead will provide point-of-sale rebates through contractors.

Retailer Delisting Conditions and Process

Retailers may be removed from the Retailer List for any of the following reasons:

- Failure to adhere to program requirements or the Participation Agreement.
- Failure to adhere to the program's conflict resolution or remediation processes.
- Receipt of multiple customer complaints for the same issue and failure to take corrective action after the issue has been identified.
- Any other reason deemed necessary by the Program.

The Program will use, when appropriate, a progressive corrective action process before delisting a retailer:

- First Confirmed Offense
    - The retailer will receive a written warning identifying the Program requirement(s) that were violated.
- Second Confirmed Offense of the Same Nature
    - After completion of any required corrective actions associated with the first offense, a subsequent confirmed offense of the same nature may result in an indefinite suspension from the Program.

Egregious behavior, as deemed by Program leadership, may result in immediate removal from the Retailer List.

Retailer may choose to withdraw from the Program at any time. The Retailer must notify the Program representatives in writing of its decision to withdraw.

The detailed procedures governing retailer suspension, removal, and delisting, including notification, review, corrective action requirements, and record retention, are maintained in the Program Operations Guide.

Installation

38. Describe the quality installation standards that the state will use for its HEEHR program, including links and references to existing industry standards (e.g., ANSI/ACCA 9, BPI, ENERGY STAR, etc.).

The Program will require all HEEHR measures to be installed in accordance with applicable program requirements, manufacturer installation instructions, local codes and permitting requirements, and recognized industry standards. Registered Contractors must comply with Focus on Energy Materials and Installation (M&I) Standards, applicable combustion safety requirements, and nationally recognized standards, including ACCA quality installation and load calculation standards, ANSI/BPI standards, ENERGY STAR® installation requirements, and other industry standards adopted by the Program. For HVAC projects, contractors must complete required load calculations, equipment sizing, commissioning, and verification activities consistent with Program requirements.

Compliance with installation quality standards is documented through contractor certifications, project documentation reviews, and quality control inspections. Contractors must certify that installed measures meet all applicable Program requirements and maintain supporting documentation, as applicable to the project, including scopes of work, quality assurance records, commissioning reports, combustion safety testing results, HVAC load calculations, equipment specifications, and installation documentation.

The Program will continue to evaluate whether additional quality installation standards are appropriate as program implementation evolves.

39. Describe how the state will document that the installation of energy efficiency upgrades is aligned with the required installation quality standards.

The Program will require Registered Contractors to use the Program's Quality Install Tool (https://focusonenergy.jotform.com/251053567147861) to ensure and document quality installation of all upgrades.

The Program requires that energy efficiency upgrades are installed in accordance with all applicable laws, ordinances, regulations, and codes governing the installation of materials and equipment. The Program's approach to verifying this includes:

1. Requiring Registered Contractors to document completed work and certify compliance with Program requirements.

2. Implementer QC staff conduct onsite inspections for select projects to ensure quality and compliance.

3. Administrator staff confirm that all required program documentation including inspection reports are uploaded to the project in the CRM system.

40. Describe the quality assurance/quality control processes that the state will use to verify that quality installation standards have been met.

Quality installation starts with training, which will be required of all participating contractors. The Program's quality assurance and quality control protocols will include the following elements to verify that quality installation standards have been met:

- Standard data collection tools will be required to include data validation checks and constraints to minimize data entry mistakes.
- Every project will include a desk review by the implementer.
- For heat pump projects, the state will conduct third party on-site quality assurance on the first five projects completed by each qualified contractor.
- For heat pump projects, the state will regularly sample using a random sampling approach the lesser of five percent of all completed projects for on-site follow-up and verification of installed equipment and assessment data, as feasible.
- The Program will also conduct on-site quality assurance inspections based on homeowner or building owner concerns.
- Through automated data analytics (if resources allow) or more manual review, the state will compare documentation and data submitted across contractors and retailers/distributors to detect outliers and potential problems with installations. At a minimum, this will be conducted no later than one year after program launch.
- Contractors who are flagged due to installation concerns may be required to take additional training on quality installations and/or shadow other contractors to learn best practices.

41. Confirm that for every home energy upgrade project that is installed by a qualified contractor:

- The contractor completed all health and safety testing as required by state and/or municipal building codes and standards. If any health and safety

issues are identified, the issues will be remedied as required by the state or municipality.

- If a post-retrofit inspection was conducted, issues that resulted in a failed inspection will be remedied as required by the state or municipality.
- If the upgrade project impacted fossil fuel systems in the home, the contractor completed combustion safety testing and the state will retain proof of testing.
- If HVAC systems were installed in the home, the contractor completed commissioning testing on HVAC equipment and the state will retain proof of testing.
- The state will recapture rebate funds if any of the above requirements are not met, as required, and will update the reported project data to reflect the cancellation of the rebate project.

☒ The state confirms it will require all home energy upgrade projects installed by contractors have met the above requirements.

42. Confirm that the state will ensure that sales language and contract language are the same.

☒ The state confirms it will ensure that sales language and contract language are the same for projects that receive HEEHR rebates.

43. If financing is offered by a qualified contractor and/or participating retailer/distributor, describe how the state will 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.

☐ N/A. Qualified contractors and/or participating retailer/distributors will not offer financing to support home energy upgrades.

The Program has ensured when financing is offered by a Registered Contractor the calculation of the ability to pay does not include projected savings from an energy report.

Language in the Registered Contractor Participation Agreement states:

> *"If financing for the energy efficiency upgrade is provided to the property owner by the Registered Contractor, a written disclosure listing the number of payments, monthly payment amount, late fees, and other important payment terms is required. The Registered Contractor 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."

Retail financing is typically based on traditional credit approval and purchase amounts, not on expected utility bill reductions. For this reason, the Program does not envision a scenario in which a retailer would offer financing with an ability to repay determination based on the projected energy savings related to a product they sold to their customer.

44. If financing is offered by a qualified contractor and/or participating retailer/distributor, describe how the state will ensure a disclosure and cooling off period, including at a minimum:

- Clear, written advance disclosures, with a seven-day waiting period between the disclosure and the contract signing.[3] This waiting period should only be removed in a personal emergency (see Truth in Lending Act rules on this), where the homeowner, preferably 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 three-day right to cancel after the contract has been signed (such that the work is not done during that period).

☐ N/A. Qualified contractors and/or participating retailer/distributors will not offer financing to support home energy upgrades.

The Program requires that in the event financing is offered by a Registered Contractor, it must provide a disclosure and cooling off period. The following requirement provision is included in the Registered Contractor Participation Agreement:

"This disclosure must be provided to the customer in advance of contract signing, with a seven-day waiting period between disclosure and contract signing. The waiting period should only be removed in an emergency, in which the property owner, in their own handwriting, explains the emergency and the need for emergency work, and states they understand they are waiving the waiting period. In non-emergency situations, there should be at least a three-day period after the contract is signed and before work begins, in which the property owner has the right to cancel the contract."

[3] The seven-day waiting period requirement is deemed to be met for retail purchases of heat pump dryers and kitchen appliances that are subject to a store return policy that provides more than seven days, if the lender imposes no negative financial consequence (e.g., early repayment fee/penalty, interest accrued) to the borrower for returning the rebated item.

Continuous Improvement

45. Identify what proactive steps the state will take to identify fraud, waste, or abuse.

The Program uses proactive approaches to design our systems and monitor our systems for possible fraud, abuse, and waste. These approaches include:

- The PSCW created and regularly updates a proactive risk assessment. The state uses this risk assessment to identify and improve processes that have higher than desired risk.
- The Program follows the guidelines within the IRA Home Energy Rebates: Data & Tools Requirements Guide to collect the appropriate data to ensure compliance with established limitations on the rebate allowance per consumer.
- The Implementer uses the DOE Rebate Tracking System to ensure effective issuance of rebates, eliminate or dramatically reduce the possibility of duplicating rebates, and allow effective flow of information to the users as well as to our state, our implementer and DOE.
- The PSCW ensures third party entities, vendors (e.g., software vendors), and contractors are contractually obligated to notify the state of any data security incident involving malicious or unauthorized use of customer data for purposes of theft, fraud, identity theft, or similar purpose. Program policy requires any staff who suspects the confidentiality, integrity, or availability of customer information or their access to the program IT system or email to notify their respective Program Contractor Compliance Manager via email immediately upon discovery that an alleged breach may have occurred. The entities are required to investigate the cause and scope of the incident and take necessary action to prevent, contain, or mitigate the impacts. Third-parties and contractors will also be required to provide Proof of Substantial Cyber Security Insurance and Liability Insurance.
- The PSCW provides a hotline and contact form for consumers to anonymously report instances of suspected fraud, waste, or abuse. The

hotline and contact form will be made available to meet accessibility standards as well as the needs of non-English language speakers.

- The Administrator and PSCW, during their weekly payment reviews, proactively identify any unusual trends in data. If they identify these trends, they hold approval on these payments, pending further investigation.
- The Administrator and PSCW vets all new Registered Contractors who wish to do projects for the state through the federal Do Not Pay system
- To monitor for cost inflation, each quarter the State will randomly sample 25 percent of invoices submitted to compare costs to detect possible cost inflation. To establish an average cost the state reviews costs of invoices submitted to the IRA Home Energy Rebate programs, historical Focus on Energy costs when applicable, and average costs provided by relevant state agencies.
- The PSCW and the Administrator have a strong system of internal controls. These controls, such as segregation of duties, reduces the risk employee abuse or collusion.
- The PSCW has an independent fiscal agent to issue payments. This contactor has several controls in place, such as positive pay on bank transactions, to reduce the risk of payment fraud.

46. Explain how the state will implement automation to identify problem areas with program performance.

The State leveraged systems from their long-standing energy efficiency program to automate systems to identify problem areas with program performance. These approaches include:

- The Program uses standard interfaces to exchange data across systems, permitting automated data transfers and error alert mechanisms, where applicable to ensure, consistency, data accuracy and minimize errors. The State regularly checks and reconciles transactions between systems to ensure completeness of data transfers.
- The Program uses online forms with built-in logic to collect data from customers. By configuring form fields to limit user inputs the program has been successful in decreasing the overall number of incomplete or invalid submissions. Once the Program began to see an improvement in quality of online submissions, the Program began to encourage the online form to be the primary application method for customers. The Program

exclusively uses online forms with built in logic for IRA HER programs to ensure the data received is high quality.

- The Program uses automated workflows to monitor application processing, identify exceptions, flag discrepancies between project records and supporting documentation, and route applications requiring additional review. Automated reporting and dashboard tools are used to track application status, quality assurance findings, processing timelines, and error trends to help identify areas requiring corrective action or process improvements.

- The Program leverage business intelligence applications such as Power BI and has several program dashboards. These comprehensive dashboards include key metrics such as processing time, status and total paid projects. The Administrator reviews program performance with the Implementer on a weekly basis and reports any concerning trends to the state weekly. Once a month, the State reviews all metrics to monitor for performance opportunities.

47. Explain how the state will measure and evaluate the success of its quality assurance/quality control systems.

To measure and evaluate the success of its quality assurance/quality control systems, the State has several processes which include:

1. The PSCW measures and monitors performance against specific targets. The Administrator proposes targets during the annual business planning process. The Administrator reports on progress at weekly meetings with the State. Metrics monitored include error rates, inspection outcomes, remediation completion rates, and trends in contractor and project performance. The Program uses these metrics to assess the effectiveness of QA/QC processes and identify opportunities for continuous improvement. The Administrator also provides qualitative feedback to the State through discussions with IRA Registered Contractors, customers and other program partners. These quality monitoring approaches help identify areas for continuous improvement and oversight to mitigate fraud, abuse, and waste.

2. The PSCW will continuously evaluate the efficiency and effectiveness of its QA/QC systems and processes and will update procedures, training materials, review requirements, and quality control measures when process improvements are identified and validated. The results of these evaluations will be used to strengthen program oversight, improve consistency, and support the delivery of high-quality projects that meet program requirements.

3. Inspection results and quality assurance reviews will be analyzed to identify trends in installation quality, documentation deficiencies, eligibility determination errors, and other compliance issues. When recurring deficiencies or performance concerns are identified, the State may implement corrective actions such as enhanced oversight, targeted training, clarification of program requirements, updates to program procedures, or additional quality assurance reviews. The effectiveness of these corrective actions will be evaluated through subsequent inspections and review activities to determine whether the identified issues have been resolved.

4. The Administrator has also implemented a near-miss process. When an incident occurs that could result in a serious program error, such as incorrect rebate payment, the Administrator conducts a root cause analysis to find the major drivers for the error and implements improvements to address these drivers.

48. Describe how the quality assurance/quality control systems will inform program improvements.

The Program uses quality assurance and quality control findings to identify improvement opportunities and strengthen program performance. The Program's approach includes:

1. Collecting quality assurance and quality control findings from inspections, file reviews, complaint investigations, and other review activities.

2. Documenting deficiencies, corrective actions, and resolution outcomes in Program systems.

3. Reviewing quality assurance and quality control data to identify recurring deficiencies, contractor performance concerns, and systemic issues.

4. Developing and implementing corrective actions, training, process improvements, or program updates based on identified trends.

5. Communicating program updates and improvement opportunities to Program staff, contractors, and other stakeholders, as applicable.

Findings from inspections, file reviews, complaint investigations, model reviews, and other quality assurance activities are documented and analyzed to identify recurring issues and opportunities for improvement. When trends or systemic issues are identified, the Program may update procedures, revise training materials, enhance quality control reviews, provide targeted contractor education, or implement other corrective actions to address the root cause of the issue.

Quality assurance findings are regularly reviewed by the Administrator, Implementer, and other program partners to evaluate the effectiveness of existing controls and identify opportunities to strengthen program operations. Updates to program requirements, procedures, training materials, and quality assurance processes are communicated to applicable stakeholders and incorporated into program operations as appropriate.

49. Describe how home assessment data and results will be verified for accuracy.

The Program's Quality Assurance (QA) and Quality Control (QC) protocols will include the following elements to assess accuracy:

- Approved assessment and data collection tools will be required to include data validation checks and constraints to minimize data entry mistakes.
- Desktop QC: Every project will be reviewed to ensure accuracy of the submitted data and the supporting documentation (such as comparing the application data, invoice, and photographs align).
- On-site QC: The state will conduct on-site QC on five percent of all completed heat pump projects for follow-up and verification of installed equipment and the assessment data, as feasible.
- Discrepancies: Issues and concerns with the assessment data that are found during Desktop and On-Site QC must be corrected prior to the projects being approved for proceeding to the next stage of the project workflow.
- Through automated data analytics (if resources allow) or more manual review, the state will compare data submitted across contractors to detect outliers and potential problems with assessments. At a minimum, this will be conducted no later than one year after program launch.
- Feedback loop strategy: Should some contractors appear to consistently report extremely poor baselines inconsistent with the targeted housing stock, the state or its implementer may follow up with calls to the households served by these contractors to better understand the households' perspectives of the work performed and outcomes.
- Contractors who are flagged due to data collection anomalies or concerns may be required to take additional training on conducting assessments and/or shadow other contractors to learn best practices. Common

issues identified during the QC process will be communicated to implementers, following the same feedback loop strategy above.

50. 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.

To monitor the Program's budget and financial performance to ensure funds are being used efficiently and effectively, the Program has several processes and roles including:

- The Administrator oversees program spend by major category and communicates to PSCW staff on a weekly basis regarding overall budget expenditures.
- On a monthly basis, PSCW staff prepare an executive summary which aggregates program spend into key categories, this summary is shared and reviewed with PSCW leadership.
- On a quarterly basis, the Administrator and PSCW collaborate to prepare the budget update for federal reporting.
- The Administrator and Implementer communicate rebate limits to customers and contractors on an ongoing basis and provide direction on how customers can access other sources of funding, such as Focus on Energy rebates and weatherization funding.
- The Administrator and Implementer track rebate spend and ongoing expenditures, as appropriate and on an ongoing basis, based on their contracted scope of work.
- The PSCW uses Generally Accepted Accounting Principles (GAAP) and conducts a single audit annually. The Administrator and other contractors perform annual audits per their contracted terms.
- The PSCW contracts with a compliance agent to monitor program compliance by performing reviews using agreed upon procedures.
- PSCW's Division of Business Operations and Office Management performs ongoing financial oversight and prepares financial reporting for the program.

51. For rebates allocated to low-income renter-occupied units, states must distinguish in their plans affordability restrictions and other tenant protections. Confirm that the

state will ensure that owners of low-income renter-occupied units abide by the following requirements:

- 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.
- 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.

☒ The state confirms that it will ensure that owners of low-income renter-occupied units abide by above requirements.

Describe how the state will communicate and enforce the requirements above.

The tenant protections applicable to low-income rental properties are published on the Program website. Property owners seeking rebates for low-income rental units will be required to complete the Building Owner Acknowledgement Form (https://assets.focusonenergy.com/production/docs/ira/HOMES_Bldg_Owner_Acknowledgement_Form_FINAL_7.29.24.pdf), which is available as a PDF and online form. Through this form, property owners must acknowledge and agree to comply with all requirements noted above and agree to provide tenants with notice of these protections.

Completion of the form is required as part of the reservation request process. If the program determines that a property owner has failed to comply with these requirements, the owner will be required to refund the rebate within 60 days of

the State's request for repayment. The Program's consumer complaint process provides a mechanism for reporting and investigating alleged violations.

52. Describe how the state will review the Fraud, Waste, and Abuse Mitigation Plan at least every two years, adjust based on lessons learned, and communicate changes to contractors, retailers, distributors, third-party inspectors, and DOE.

Note: According to best practices, documenting the assessment of risk allows states to reevaluate the risks to its programs and respond accordingly when the environment changes. DOE recommends aligning Fraud, Waste, and Abuse Mitigation Plans and associated program oversight with the guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States or the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). While states should consider leveraging these additional, preventative control activities, such as internal review plans, they are not required to be submitted to, or approved by, DOE.

Refer to the response to question 48. Additionally:

The State of Wisconsin will review its Fraud, Waste, and Abuse (FWA) Mitigation Plan at least once every two years and more frequently if warranted by program conditions, audit findings, monitoring results, complaint trends, regulatory changes, or identified control weaknesses. The review will be conducted by the Public Service Commission of Wisconsin (PSC), in coordination with the Program Administrator and other program contractors and will be integrated into the State's broader oversight and program governance activities.

As part of the biennial review, the State will assess the effectiveness of existing FWA controls using information obtained through program monitoring, 100 percent rebate application desk reviews, post-installation inspections, contractor oversight activities, quality assurance and quality control reviews, customer complaints, contractor misconduct investigations, audit findings, data integrity reviews, corrective action plans, and reports of suspected fraud, waste, or abuse. The State will also evaluate trends as they become evident, such as from reports, audit findings, or weekly meetings with the Implementer—and the State and the Administrator will collaborate about opportunities for strengthening internal controls and implement agreed-upon changes in controls, if needed.

The State has conducted a Risk Assessment evaluation (and the Administrator has conducted a review of this Risk Assessment) in collaboration with Program stakeholders, notably with the Administrator, Implementer and Fiscal Agent. This review included an assessment of high-risk program areas identified in the Wisconsin IRA Program, such as income verification, rebate eligibility determinations, equipment eligibility, project documentation, incentive payment

processing, contractor conduct, duplicate funding, and quality assurance activities. Findings and lessons learned have been documented and used to update policies, procedures, monitoring strategies, training and communication materials, inspection protocols, and contractor oversight activities, as appropriate.

The State will maintain documentation of the review process, identified risks, recommended improvements, corrective actions, and resulting plan revisions. Program oversight activities will continue to incorporate risk-based monitoring, segregation of duties, quality control reviews, contractor qualification requirements, post-installation inspections, and other preventive and detective controls described in the IRA Appendix and Procedures Guide. Consistent with DOE recommendations, the State may utilize principles from the Standards for Internal Control in the Federal Government (Green Book) and the COSO Internal Control Framework to inform ongoing program oversight and control enhancements.

Following each review, the State will communicate material updates to contractors, aggregators, third-party inspectors, implementers, and other program partners through established communication channels, including, if appropriate: updated program manuals, revisions to the IRA Appendix and Procedures Guide, Market Announcements, and training materials. When required, updated plans and summaries of significant changes will also be provided to DOE as part of the State's ongoing reporting and oversight responsibilities.

Through this continuous improvement process, the State will ensure that its FWA Mitigation Plan remains current, risk-based, and responsive to lessons learned throughout program implementation.

Program staff will analyze findings with the Consumer Feedback, Resolution Procedures, Data Review, and Continuous Improvement sections to be shared on a quarterly basis.

The State, Administrator, Program implementers, contractors, aggregators, third-party inspectors, and other applicable program partners will be required to acknowledge and implement updated Fraud, Waste, and Abuse (FWA) controls applicable to their scope of work. Updated requirements will be communicated through revisions to the Focus on Energy Policy Manual, IRA Appendix, Operational Procedures Guide, IRA Procedures Guide, training materials, contractor communications, and other established program communication channels. Personnel working on the HER Programs complete annual Information Security and Confidentiality training and execute Compliance Certification Forms acknowledging receipt of and responsibility to comply with the Focus on Energy Policy Manual, IRA Appendix, Operational Procedures Guide, and IRA Procedures Guide. These certifications are maintained on file by the Program.

The State utilizes a systematic approach to identify, monitor, and evaluate potential fraud, waste, and abuse risks through centralized tracking and reporting

mechanisms. While the State provides a fraud hotline number on its website, most Customer inquiries, complaints, escalations, and other program feedback are recorded and managed through the contact center system, which creates and tracks tickets through resolution and supports trend analysis and oversight activities. In addition, the Program maintains records related to quality assurance and quality control reviews, application reviews, inspections, contractor oversight activities, complaint investigations, corrective actions, and other compliance monitoring functions. Information collected through these systems is reviewed to identify recurring issues, emerging risks, process weaknesses, and opportunities for control enhancements. Findings are incorporated into program monitoring activities, risk assessments, staff training, corrective actions, and potentially to the Fraud, Waste, and Abuse Mitigation Plan. Program reporting and oversight processes provide a structured mechanism for communicating identified risks, monitoring implementation of corrective actions, and evaluating the effectiveness of controls over time.

For more information, visit: energy.gov/cmei/scep/home-energy-rebates-program

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