

111TH CONGRESS  
2D SESSION

# S. 3177

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

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IN THE SENATE OF THE UNITED STATES

MARCH 25, 2010

Mr. BINGAMAN (for himself, Mr. WARNER, and Mr. GRAHAM) introduced the  
following bill; which was read twice and referred to the Committee on Finance

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## A BILL

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

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Home Star Energy  
5 Retrofit Act of 2010”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) ACCREDITED CONTRACTOR.—The term “ac-  
9 credited contractor” means a residential energy effi-

1       ciency contractor that meets the minimum applicable  
2       requirements established under section 4.

3           (2) ADMINISTRATOR.—The term “Adminis-  
4       trator” means the Administrator of the Environ-  
5       mental Protection Agency.

6           (3) BPI.—The term “BPI” means the Building  
7       Performance Institute.

8           (4) CERTIFIED WORKFORCE.—The term “cer-  
9       tified workforce” means a residential energy effi-  
10      ciency construction workforce that is entirely cer-  
11      tified in the appropriate job skills for all employees  
12      performing installation work under—

13           (A) an applicable third party skills stand-  
14      ard established by—

15                   (i) the BPI;

16                   (ii) the North American Technician  
17      Excellence; or

18                   (iii) the Laborers’ International Union  
19      of North America; or

20           (B) other standards approved by the Sec-  
21      retary, in consultation with the Secretary of  
22      Labor and the Administrator.

23           (5) CONDITIONED SPACE.—The term “condi-  
24      tioned space” means the area of a home that is—

25                   (A) intended for habitation; and

1 (B) intentionally heated or cooled.

2 (6) DOE.—The term “DOE” means the De-  
3 partment of Energy.

4 (7) ELECTRIC UTILITY.—The term “electric  
5 utility” means any person or State agency that de-  
6 livers or sells electric energy at retail, including non-  
7 regulated utilities and utilities that are subject to  
8 State regulation and Federal power marketing ad-  
9 ministrations.

10 (8) EPA.—The term “EPA” means the Envi-  
11 ronmental Protection Agency.

12 (9) FEDERAL REBATE PROCESSING SYSTEM.—  
13 The term “Federal Rebate Processing System”  
14 means the Federal Rebate Processing System estab-  
15 lished under section 3(b).

16 (10) GOLD STAR HOME ENERGY RETROFIT PRO-  
17 GRAM.—The term “Gold Star Home Energy Retrofit  
18 Program” means the Gold Star Home Energy Ret-  
19 rofit Program established under section 8.

20 (11) HOME.—The term “home” means a prin-  
21 cipal residential dwelling unit in a building with no  
22 more than 4 dwelling units that—

23 (A) is located in the United States; and

24 (B) was constructed before the date of en-  
25 actment of this Act.

1           (12) HOME STAR LOAN PROGRAM.—The term  
2           “Home Star loan program” means the Home Star  
3           energy efficiency loan program established under  
4           section 15(a).

5           (13) HOME STAR RETROFIT REBATE PRO-  
6           GRAM.—The term “Home Star Retrofit Rebate Pro-  
7           gram” means the Home Star Retrofit Rebate Pro-  
8           gram established under section 3(a).

9           (14) INDIAN TRIBE.—The term “Indian tribe”  
10          has the meaning given the term in section 4 of the  
11          Indian Self-Determination and Education Assistance  
12          Act (25 U.S.C. 450b).

13          (15) NATIONAL HOME PERFORMANCE COUN-  
14          CIL.—The term “National Home Performance Coun-  
15          cil” means the National Home Performance Council,  
16          Inc.

17          (16) NATURAL GAS UTILITY.—The term “nat-  
18          ural gas utility” means any person or State agency  
19          that transports, distributes, or sells natural gas at  
20          retail, including nonregulated utilities and utilities  
21          that are subject to State regulation.

22          (17) QUALIFIED CONTRACTOR.—The term  
23          “qualified contractor” means a residential energy ef-  
24          ficiency contractor that meets minimum applicable  
25          requirements established under section 4.

1 (18) QUALITY ASSURANCE PROGRAM.—

2 (A) IN GENERAL.—The term “quality as-  
3 surance program” means a program established  
4 under this Act or recognized by the Secretary  
5 under this Act, to oversee the delivery of home  
6 efficiency retrofit programs to ensure that work  
7 is performed in accordance with standards and  
8 criteria established under this Act.

9 (B) INCLUSIONS.—For purposes of sub-  
10 paragraph (A), delivery of retrofit programs in-  
11 cludes delivery of quality assurance reviews of  
12 rebate applications and field inspections for a  
13 portion of customers receiving rebates and con-  
14 ducted by a quality assurance provider, with the  
15 consent of participating consumers and without  
16 delaying rebate payments to participating con-  
17 tractors.

18 (19) QUALITY ASSURANCE PROVIDER.—The  
19 term “quality assurance provider” means any entity  
20 that meets the minimum applicable requirements es-  
21 tablished under section 6.

22 (20) REBATE AGGREGATOR.—The term “rebate  
23 aggregator” means an entity that meets the require-  
24 ments of section 5.

1           (21) RESNET.—The term “RESNET” means  
2           the Residential Energy Services Network, which is a  
3           nonprofit certification and standard setting organi-  
4           zation for home energy raters that evaluate the en-  
5           ergy performance of a home.

6           (22) SECRETARY.—The term “Secretary”  
7           means the Secretary of Energy.

8           (23) SILVER STAR HOME ENERGY RETROFIT  
9           PROGRAM.—The term “Silver Star Home Energy  
10          Retrofit Program” means the Silver Star Home En-  
11          ergy Retrofit Program established under section 7.

12          (24) STATE.—The term “State” means—

13                 (A) a State;

14                 (B) the District of Columbia;

15                 (C) the Commonwealth of Puerto Rico;

16                 (D) Guam;

17                 (E) American Samoa;

18                 (F) the Commonwealth of the Northern  
19          Mariana Islands;

20                 (G) the United States Virgin Islands; and

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

23 **SEC. 3. HOME STAR RETROFIT REBATE PROGRAM.**

24          (a) IN GENERAL.—The Secretary shall establish the  
25          Home Star Retrofit Rebate Program.

1 (b) FEDERAL REBATE PROCESSING SYSTEM.—

2 (1) IN GENERAL.—Not later than 30 days after  
3 the date of enactment of this Act, the Secretary, in  
4 consultation with the Secretary of the Treasury and  
5 the Administrator, shall—

6 (A) establish a Federal Rebate Processing  
7 System which shall serve as a database and in-  
8 formation technology system that will allow re-  
9 bate aggregators to submit claims for reim-  
10 bursement using standard data protocols;

11 (B) establish a national retrofit website  
12 that provides information on the Home Star  
13 Retrofit Rebate Program, including—

14 (i) how to determine whether par-  
15 ticular efficiency measures are eligible for  
16 rebates; and

17 (ii) how to participate in the program;

18 and

19 (C) make available, on a designated  
20 website, model forms for compliance with all ap-  
21 plicable requirements of this Act, to be sub-  
22 mitted by—

23 (i) each qualified contractor on com-  
24 pletion of an eligible home energy retrofit;  
25 and

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

3 (2) MODEL FORMS.—In carrying out this sec-  
4 tion, the Secretary shall consider the model forms  
5 developed by the National Home Performance Coun-  
6 cil.

7 (c) PUBLIC INFORMATION CAMPAIGN.—Not later  
8 than 60 days after the date of enactment of this Act, the  
9 Administrator shall develop and implement a public edu-  
10 cation campaign that describes, at a minimum—

11 (1) the benefits of home energy retrofits;

12 (2) the availability of rebates for—

13 (A) the installation of qualifying efficiency  
14 measures; and

15 (B) whole home efficiency improvements;

16 and

17 (3) the requirements for qualified contractors  
18 and accredited contractors.

19 **SEC. 4. CONTRACTORS.**

20 (a) CONTRACTOR QUALIFICATIONS FOR SILVER STAR  
21 HOME ENERGY RETROFIT PROGRAM.—A contractor may  
22 perform retrofit work under the Silver Star Home Energy  
23 Retrofit Program in a State for which rebates are provided  
24 under this Act only if the contractor meets or provides—

1           (1) all applicable contractor licensing require-  
2           ments established by the State or, if none exist at  
3           the State level, the Secretary;

4           (2) insurance coverage of at least \$1,000,000  
5           for general liability, and for such other purposes and  
6           in such other amounts as required by the State;

7           (3) warranties to homeowners that completed  
8           work will—

9                   (A) be free of significant defects;

10                   (B) be installed in accordance with the  
11                   specifications of the manufacturer; and

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

15           (4) an agreement to provide the owner of a  
16           home, through a discount, the full economic value of  
17           all rebates received under this Act with respect to  
18           the home; and

19           (5) an agreement to provide the homeowner, be-  
20           fore a contract is executed between the contractor  
21           and a homeowner covering the eligible work, a notice  
22           of—

23                   (A) the rebate amount the contractor in-  
24                   tends to apply for with respect to eligible work  
25                   under this Act; and

1 (B) the means by which the rebate will be  
2 passed through as a discount to the homeowner.

3 (b) CONTRACTOR QUALIFICATIONS FOR GOLD STAR  
4 HOME ENERGY RETROFIT PROGRAM.—A contractor may  
5 perform retrofit work under the Gold Star Home Energy  
6 Retrofit Program in a State for which rebates are provided  
7 under this Act only if the contractor—

8 (1) meets the requirements for qualified con-  
9 tractors under subsection (a); and

10 (2) is accredited—

11 (A) by the BPI; or

12 (B) under other standards approved by the  
13 Secretary, in consultation with the Adminis-  
14 trator.

15 **SEC. 5. REBATE AGGREGATORS.**

16 (a) IN GENERAL.—The Secretary shall develop a net-  
17 work of rebate aggregators that can facilitate the delivery  
18 of rebates to participating contractors by—

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

21 (2) reviewing measures for eligibility in accord-  
22 ance with this Act;

23 (3) providing data to the Federal Data Proc-  
24 essing Center consistent with data protocols estab-  
25 lished by the Secretary; and

1           (4) as soon as practicable but not later than 30  
2 days after the date of receipt, distributing funds re-  
3 ceived from DOE to contractors, vendors, or other  
4 persons who have been approved for rebates by a  
5 quality assurance provider, if funding to contractors,  
6 vendors, or other persons is required by the Sec-  
7 retary.

8           (b) ELIGIBILITY.—To be eligible to apply to the Sec-  
9 retary for approval as a rebate aggregator, an entity shall  
10 be—

11           (1) a Home Performance with Energy Star  
12 partner;

13           (2) an entity administering a residential energy  
14 efficiency retrofit program established or approved  
15 by a State;

16           (3) a Federal Power Marketing Administration,  
17 an electric utility, or a natural gas utility that has—

18                   (A) an approved residential energy effi-  
19 ciency retrofit program; and

20                   (B) an established quality assurance pro-  
21 vider network; or

22           (4) an entity that demonstrates to the Sec-  
23 retary that the entity can perform the functions of  
24 an rebate aggregator, without disrupting existing  
25 residential retrofits in the States that are incor-

1 porating the Home Star Program, including dem-  
2 onstration of—

3 (A) corporate status or status as a State  
4 or local government;

5 (B) the capability to provide electronic  
6 data to the Federal Rebate Processing System;

7 (C) a financial system that is capable of  
8 tracking the distribution of rebates to partici-  
9 pating contractors; and

10 (D) coordination and cooperation by the  
11 entity with the appropriate State energy office  
12 regarding participation in the existing energy  
13 efficiency programs that will be delivering the  
14 Home Star Program.

15 (c) PUBLIC UTILITY COMMISSION EFFICIENCY TAR-  
16 GETS.—The Secretary shall—

17 (1) develop guidelines for States to use to allow  
18 utilities participating as rebate aggregators to count  
19 the energy savings from the participation of the util-  
20 ities toward State-level energy savings targets; and

21 (2) work with States to assist in the adoption  
22 of the guidelines for the purposes and duration of  
23 the Home Star Retrofit Rebate Program.

1 **SEC. 6. QUALITY ASSURANCE PROVIDERS.**

2 (a) IN GENERAL.—An entity shall be considered a  
3 quality assurance provider under this Act if the entity—

4 (1) is independent of the contractor;

5 (2) confirms the qualifications of contractors or  
6 installers of home energy efficiency retrofits;

7 (3) confirms compliance with the requirements  
8 of a “certified workforce”; and

9 (4) performs field inspections and other meas-  
10 ures required to confirm the compliance of the ret-  
11 rofit work under the Silver Star program, and the  
12 retrofit work and the simulated energy savings  
13 under the Gold Star program, based on the require-  
14 ments of this Act.

15 (b) INCLUSIONS.—An entity shall be considered a  
16 quality assurance provider under this Act if the entity is  
17 qualified through—

18 (1) the International Code Council;

19 (2) the BPI;

20 (3) the RESNET;

21 (4) a State;

22 (5) a State-approved residential energy effi-  
23 ciency retrofit program; or

24 (6) any other entity designated by the Sec-  
25 retary, in consultation with the Administrator.

1 **SEC. 7. SILVER STAR HOME ENERGY RETROFIT PROGRAM.**

2 (a) IN GENERAL.—If the energy efficiency retrofit of  
3 a home is carried out after the date of enactment of this  
4 Act in accordance with this section, a rebate shall be  
5 awarded for the energy retrofit of a home for the installa-  
6 tion of energy savings measures—

7 (1) selected from the list of energy savings  
8 measures described in subsection (b);

9 (2) installed in the home by a qualified con-  
10 tractor not later than 1 year after the date of enact-  
11 ment of this Act;

12 (3) carried out in compliance with this section;  
13 and

14 (4) subject to the maximum amount limitations  
15 established under subsection (d)(4).

16 (b) ENERGY SAVINGS MEASURES.—Subject to sub-  
17 section (c), a rebate shall be awarded under this section  
18 for the installation of the following energy savings meas-  
19 ures for a home energy retrofit that meet technical stand-  
20 ards established under this section:

21 (1) Whole house air-sealing measures, in ac-  
22 cordance with BPI standards or other procedures  
23 approved by the Secretary.

24 (2) Attic insulation measures that—

25 (A) include sealing of air leakage between  
26 the attic and the conditioned space, in accord-

1           ance with BPI standards or the attic portions  
2           of the DOE or EPA thermal bypass checklist or  
3           other procedures approved by the Secretary;

4                 (B) add at least R-19 insulation to exist-  
5           ing insulation;

6                 (C) result in at least R-38 insulation in  
7           DOE climate zones 1 through 4 and at least R-  
8           49 insulation in DOE climate zones 5 through  
9           8, including existing insulation, within the lim-  
10          its of structural capacity; and

11                (D) cover at least—

12                   (i) 100 percent of an accessible attic;

13                   or

14                   (ii) 75 percent of a total conditioned  
15           space floor area.

16          (3) Duct seal or replacement that—

17                 (A) is installed in accordance with BPI  
18           standards or other procedures approved by the  
19           Secretary; and

20                 (B) in the case of duct replacement, re-  
21           places at least 50 percent of a distribution sys-  
22           tem of the home.

23          (4) Wall insulation that—

1 (A) is installed in accordance with BPI  
2 standards or other procedures approved by the  
3 Secretary;

4 (B) is to full-stud thickness; and

5 (C) covers at least 75 percent of the total  
6 external wall area of the home.

7 (5) Crawl space insulation or basement wall  
8 and rim joist insulation that is installed in accord-  
9 ance with BPI standards or other procedures ap-  
10 proved by the Secretary—

11 (A) covers at least 500 square feet of crawl  
12 space or basement wall and adds at least—

13 (i) R-19 of cavity insulation or R-15  
14 of continuous insulation to existing crawl  
15 space insulation; or

16 (ii) R-13 of cavity insulation or R-10  
17 of continuous insulation to basement walls;  
18 and

19 (B) fully covers the rim joist with at least  
20 R-10 of new continuous or R-13 of cavity insu-  
21 lation.

22 (6) Window replacement that replaces at least  
23 8 exterior windows or skylights, or 75 percent of the  
24 exterior windows and skylights in a home, whichever  
25 is less, with windows or skylights that—

1 (A) are certified by the National Fenestra-  
2 tion Rating Council; and

3 (B) comply with criteria applicable to win-  
4 dows and skylights under section 25(c) of the  
5 Internal Revenue Code of 1986.

6 (7) Door replacement that replaces at least 1  
7 exterior door with doors that comply with criteria  
8 applicable to doors under section 25(c) of the Inter-  
9 nal Revenue Code of 1986.

10 (8)(A) Heating system replacement with—

11 (i) a natural gas or propane furnace with  
12 an AFUE rating of 92 or greater;

13 (ii) a natural gas or propane boiler with an  
14 AFUE rating of 90 or greater;

15 (iii) an oil furnace with an AFUE rating  
16 of 86 or greater and that uses an electrically  
17 commutated blower motor;

18 (iv) an oil boiler with an AFUE rating of  
19 86 or greater and that has temperature reset or  
20 thermal purge controls; or

21 (v) a wood or wood pellet furnace, boiler,  
22 or stove, if—

23 (I) the new system—

24 (aa) meets at least 75 percent of  
25 the heating demands of the home;

1 (bb) has a distribution system  
2 (such as ducts or vents) that allows  
3 heat to reach all or most parts of the  
4 home; and

5 (cc) in the case of a wood stove,  
6 replaces an existing wood stove; and

7 (II) an independent test laboratory  
8 approved by the Secretary certifies that  
9 the new system—

10 (aa) has thermal efficiency (with  
11 a lower heating value) of at least 75  
12 percent for stoves and 80 percent for  
13 furnaces and boilers; and

14 (bb) has particulate emissions of  
15 less than 4.5 grams per hour for  
16 stoves.

17 (B) A rebate may be provided under this sec-  
18 tion for the replacement of a furnace or boiler de-  
19 scribed in clauses (i) through (iv) of subparagraph  
20 (A) only if the new furnace or boiler is installed in  
21 accordance with ANSI/ACCA Standard 5 QI-2007.

22 (9) Air-conditioner or heat-pump replacement  
23 with a new unit that—

24 (A) is installed in accordance with ANSI/  
25 ACCA Standard 5 QI-2007; and

1 (B) meets or exceeds—

2 (i) in the case of an air-source condi-  
3 tioner, SEER 16 and EER 13;

4 (ii) in the case of an air-source heat  
5 pump, SEER 15, EER 12.5, and HSPF  
6 8.5; and

7 (iii) in the case of a geothermal heat  
8 pump, Energy Star tier 2 efficiency re-  
9 quirements.

10 (10) Replacement of or with—

11 (A) a natural gas or propane water heater  
12 with a condensing storage water heater with an  
13 energy factor of 0.80 or more or a thermal effi-  
14 ciency of 90 percent or more;

15 (B) a tankless natural gas or propane  
16 water heater with an energy factor of at least  
17 .82;

18 (C) a natural gas or propane storage water  
19 heater with an energy factor of at least .67;

20 (D) an indirect water heater with an insu-  
21 lated storage tank that—

22 (i) has a storage capacity of at least  
23 30 gallons and is insulated to at least R-  
24 16; and

1 (ii) is installed in conjunction with a  
2 qualifying boiler described in paragraph  
3 (7);

4 (E) an electric water heater with an energy  
5 factor of 2.0 or more;

6 (F) a water heater with a solar hot water  
7 system that—

8 (i) is certified by the Solar Rating and  
9 Certification Corporation; or

10 (ii) meets technical standards estab-  
11 lished by the State of Hawaii; or

12 (G) a water heater installed in conjunction  
13 with a qualifying geothermal heat pump de-  
14 scribed in paragraph (9) that provides domestic  
15 water heating through the use of—

16 (i) year-round demand water heating  
17 capability; or

18 (ii) a desuperheater.

19 (11) Storm windows that—

20 (A) are installed on a least 5 single-glazed  
21 windows that do not have storm windows;

22 (B) are installed in a home listed on or eli-  
23 gible for listing in the National Register of His-  
24 toric Places; and

1 (C) comply with any procedures that the  
2 Secretary may establish for storm windows (in-  
3 cluding installation).

4 (c) INSTALLATION COSTS.—Measures described in  
5 paragraphs (1) through (11) of subsection (b) shall in-  
6 clude expenditures for labor and other installation-related  
7 costs (including venting system modification and conden-  
8 sate disposal) properly allocable to the onsite preparation,  
9 assembly, or original installation of the component.

10 (d) AMOUNT OF REBATE.—

11 (1) IN GENERAL.—Except as provided in para-  
12 graphs (2) through (4), the amount of a rebate pro-  
13 vided under this section shall be \$1,000 per measure  
14 for the installation of energy savings measures de-  
15 scribed in subsection (b).

16 (2) HIGHER REBATE AMOUNT.—Except as pro-  
17 vided in paragraph (4), the amount of a rebate pro-  
18 vided to the owner of a home or designee under this  
19 section shall be \$1,500 per measure for—

20 (A) attic insulation and air sealing de-  
21 scribed in subsection (b)(2);

22 (B) wall insulation described in subsection  
23 (b)(4);

24 (C) windows or skylights described in sub-  
25 section (b)(6);

1 (D) a heating system described in sub-  
2 section (b)(8); and

3 (E) an air-conditioner or heat-pump re-  
4 placement described in subsection (b)(9).

5 (3) LOWER REBATE AMOUNT.—Except as pro-  
6 vided in paragraph (4), the amount of a rebate pro-  
7 vided under this section shall be—

8 (A) \$125 per door for the installation of  
9 up to a maximum of 2 Energy Star doors de-  
10 scribed in subsection (b)(7) for each home;

11 (B) \$250 for a maximum of 1 natural gas  
12 or propane storage water heater described in  
13 subsection (b)(10)(C) for each home;

14 (C) \$250 for rim joist insulation described  
15 in subsection (b)(5)(B);

16 (D) \$50 for each storm window described  
17 in subsection (b)(11); and

18 (E) \$500 for a desuperheater described in  
19 subsection (b)(10)(G)(ii).

20 (4) MAXIMUM AMOUNT.—The total amount of a  
21 rebate provided to the owner of a home or designee  
22 under this section shall not exceed the lower of—

23 (A) \$3,000;

24 (B) the sum of the amounts per measure  
25 specified in paragraphs (1) through (3);

1 (C) 50 percent of the total cost of the in-  
2 stalled measures; or

3 (D) the reduction in the price paid by the  
4 owner of the home, relative to the price of the  
5 installed measures in the absence of the Silver  
6 Star Home Energy Retrofit Program.

7 (e) INSULATION PRODUCTS PURCHASED WITHOUT  
8 INSTALLATION SERVICES.—A rebate shall be awarded  
9 under this section for attic, wall, or crawl space insulation  
10 or air sealing product if—

11 (1) the product—

12 (A) qualifies for a credit under section 25C  
13 of the Internal Revenue Code of 1986 but is  
14 not the subject of a claim for the credit;

15 (B) is purchased by a homeowner for in-  
16 stallation by the homeowner in a home identi-  
17 fied by the address of the homeowner;

18 (C) is identified and attributed to a spe-  
19 cific home in a submission by the vendor to a  
20 rebate aggregator; and

21 (D) is not part of—

22 (i) an energy savings measure de-  
23 scribed in paragraphs (1) through (5) of  
24 subsection (b); and

1                   (ii) a retrofit for which a rebate is  
2                   provided under the Gold Star Home En-  
3                   ergy Retrofit Program; or

4                   (2) educational material on proper installation  
5                   of the product is provided to the homeowner, includ-  
6                   ing material on air sealing while insulating.

7                   (f) QUALIFICATION FOR REBATE UNDER SILVER  
8 STAR HOME ENERGY RETROFIT PROGRAM.—On submis-  
9 sion of a claim by a rebate aggregator to the system estab-  
10 lished under section 5, the Secretary shall provide reim-  
11 bursement to the rebate aggregator for reduced-cost en-  
12 ergy-efficiency measures installed in a home, if—

13                   (1) the measures undertaken for the retrofit  
14                   are—

15                   (A) eligible measures described on the list  
16                   established under subsection (b);

17                   (B) installed properly in accordance with  
18                   applicable technical specifications; and

19                   (C) installed by a qualified contractor;

20                   (2) the amount of the rebate does not exceed  
21                   the maximum amount described in subsection (d)(4);

22                   (3) not less than—

23                   (A) 20 percent of the retrofits performed  
24                   by each qualified contractor under this section  
25                   are randomly subject to a third-party field

1 verification of all work associated with the ret-  
2 rofit by a quality assurance provider; or

3 (B) in the case of qualified contractor that  
4 uses a certified workforce, 10 percent of the  
5 retrofits performed under this section are ran-  
6 domly subject to a third-party field verification  
7 of all work associated with the retrofit by a  
8 quality assurance provider; and

9 (4)(A) the installed measures will be brought  
10 into compliance with the specifications and quality  
11 standards for the Home Star Retrofit Rebate Pro-  
12 gram, by the installing qualified contractor, at no  
13 additional cost to the homeowner, not later than 14  
14 days after the date of notification of a defect, if a  
15 field verification by a quality assurance provider  
16 finds that corrective work is needed;

17 (B) a subsequent quality assurance visit is con-  
18 ducted to evaluate the remedy not later than 7 days  
19 after notification by the contractor that the defect  
20 has been corrected; and

21 (C) notification of disposition of the visit occurs  
22 not later than 7 days after the date of that visit.

23 (g) HOMEOWNER COMPLAINTS.—

24 (1) IN GENERAL.—During the 1-year warranty  
25 period, a homeowner may make a complaint under

1 the quality assurance program that compliance with  
2 the quality assurance requirements of this section  
3 has not been achieved.

4 (2) VERIFICATION.—

5 (A) IN GENERAL.—The quality assurance  
6 program shall provide that, on receiving a com-  
7 plaint under paragraph (1), an independent  
8 quality assurance provider shall conduct field  
9 verification on the retrofit work performed by  
10 the contractor.

11 (B) ADMINISTRATION.—A verification  
12 under this paragraph shall be—

13 (i) in addition to verifications con-  
14 ducted under subsection (f)(3); and

15 (ii) corrected in accordance with sub-  
16 section (f)(4).

17 (h) AUDITS.—

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

22 (2) INCORRECT PAYMENT.—On a determination  
23 of the Secretary under paragraph (1) that a pay-  
24 ment was made incorrectly to a party, the Secretary  
25 may—

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

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

6 **SEC. 8. GOLD STAR HOME ENERGY RETROFIT PROGRAM.**

7 (a) IN GENERAL.—If the energy efficiency retrofit of  
8 a home is carried out after the date of enactment of this  
9 Act by an accredited contractor in accordance with this  
10 section, a rebate shall be awarded for retrofits that achieve  
11 whole home energy savings.

12 (b) AMOUNT OF GRANT.—Subject to subsection (e),  
13 the amount of a rebate provided to the owner of a home  
14 or a designee of the owner under this section shall be—

15 (1) \$3,000 for a 20-percent reduction in whole  
16 home energy consumption; and

17 (2) an additional \$1,000 for each additional 5-  
18 percent reduction up to the lower of—

19 (A) \$8,000; or

20 (B) 50 percent of the total retrofit cost  
21 (including the cost of audit and diagnostic pro-  
22 cedures).

23 (c) ENERGY SAVINGS.—

24 (1) IN GENERAL.—Reductions in whole home  
25 energy consumption under this section shall be de-

1       terminated by a comparison of the simulated energy  
2       consumption of the home before and after the ret-  
3       rofit of the home.

4               (2) DOCUMENTATION.—The percent improve-  
5       ment in energy consumption under this section shall  
6       be documented through—

7                       (A)(i) the use of a whole home simulation  
8                       software program that has been approved as a  
9                       commercial alternative under the Weatheriza-  
10                      tion Assistance Program for Low-Income Per-  
11                      sons established under part A of title IV of the  
12                      Energy Conservation and Production Act (42  
13                      U.S.C. 6861 et seq.); or

14                     (ii) a equivalent performance test estab-  
15                     lished by the Secretary, in consultation with the  
16                     Administrator; or

17                     (B)(i) the use of a whole home simulation  
18                     software program that has been approved under  
19                     RESNET Publication No. 06–001 (or a suc-  
20                     cessor publication approved by the Secretary);

21                     (ii) an equivalent performance test estab-  
22                     lished by the Secretary; or

23                     (iii) a State-certified equivalent rating net-  
24                     work, as specified by IRS Notice 2008–35; or

1 (iv) a HERS rating system required by  
2 State law.

3 (3) MONITORING.—The Secretary—

4 (A) shall continuously monitor the software  
5 packages used for determining rebates under  
6 this section; and

7 (B) may disallow the use of software pro-  
8 grams that improperly assess energy savings.

9 (4) ASSUMPTIONS AND TESTING.—The Sec-  
10 retary may—

11 (A) establish simulation tool assumptions  
12 for the establishment of the pre-retrofit energy  
13 use;

14 (B) require compliance with software per-  
15 formance tests covering—

- 16 (i) mechanical system performance;  
17 (ii) duct distribution system efficiency;  
18 (iii) hot water performance; or  
19 (iv) other measures; and

20 (C) require the simulation of pre-retrofit  
21 energy usage to be bounded by metered pre-ret-  
22 rofit energy usage.

23 (5) RECOMMENDED MEASURES.—The simula-  
24 tion tool shall have the ability at a minimum to as-  
25 sess the savings associated with all the measures for

1       which incentives are specifically provided under the  
2       Silver Star Home Energy Retrofit Program.

3       (d) QUALIFICATION FOR REBATE UNDER GOLD  
4 STAR HOME ENERGY RETROFIT PROGRAM.—On submis-  
5 sion of a claim by a rebate aggregator to the system estab-  
6 lished under section 5, the Secretary shall provide reim-  
7 bursement to the rebate aggregator for reduced-cost  
8 whole-home retrofits, if—

9           (1) the retrofit is performed by an accredited  
10 contractor;

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

13          (3) documentation described in subsection (c) is  
14 transmitted with the claim;

15          (4) a home receiving a whole-home retrofit is  
16 subject to random third-party field verification by a  
17 quality assurance provider in accordance with sub-  
18 section (e); and

19          (5)(A) the installed measures will be brought  
20 into compliance with the specifications and quality  
21 standards for the Home Star Retrofit Rebate Pro-  
22 gram, by the installing qualified contractor, at no  
23 additional cost to the homeowner, not later than 14  
24 days after the date of notification of a defect if a

1 field verification by a quality assurance provider  
2 finds that corrective work is needed;

3 (B) a subsequent quality assurance visit is con-  
4 ducted to evaluate the remedy not later than 7 days  
5 after notification by the contractor that the defect  
6 has been corrected; and

7 (C) notification of disposition of the visit occurs  
8 not later than 7 days after the date of that visit.

9 (e) VERIFICATION.—

10 (1) IN GENERAL.—Subject to subparagraph  
11 (2), all work installed in a home receiving a whole-  
12 home retrofit by an accredited contractor under this  
13 section shall be subject to random third-party field  
14 verification by a quality assurance provider at a rate  
15 of—

16 (A) 15 percent; or

17 (B) in the case of work performed by an  
18 accredited contractor using a certified work-  
19 force, 10 percent.

20 (2) VERIFICATION NOT REQUIRED.—A home  
21 shall not be subject to random third-party field  
22 verification under this section if—

23 (A) a post-retrofit home energy rating is  
24 conducted by an eligible certifier in accordance  
25 with—

1 (i) RESNET Publication No. 06–001  
2 (or a successor publication approved by the  
3 Secretary);

4 (ii) a State-certified equivalent rating  
5 network, as specified in IRS Notice 2008–  
6 35; or

7 (iii) a HERS rating system required  
8 by State law;

9 (B) the eligible certifier is independent of  
10 the qualified contractor or accredited contractor  
11 in accordance with RESNET Publication No.  
12 06–001 (or a successor publication approved by  
13 the Secretary); and

14 (C) the rating includes field verification of  
15 measures.

16 (f) HOMEOWNER COMPLAINTS.—

17 (1) IN GENERAL.—A homeowner may make a  
18 complaint under the quality assurance program dur-  
19 ing the 1-year warranty period that compliance with  
20 the quality assurance requirements of this section  
21 has not been achieved.

22 (2) VERIFICATION.—

23 (A) IN GENERAL.—The quality assurance  
24 program shall provide that, on receiving a com-  
25 plaint under paragraph (1), an independent

1 quality assurance provider shall conduct field  
2 verification on the retrofit work performed by  
3 the contractor.

4 (B) ADMINISTRATION.—A verification  
5 under this paragraph shall be—

6 (i) in addition to verifications con-  
7 ducted under subsection (e)(1); and

8 (ii) corrected in accordance with sub-  
9 section (e).

10 (g) AUDITS.—

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

15 (2) INCORRECT PAYMENT.—On a determination  
16 of the Secretary under paragraph (1) that a pay-  
17 ment was made incorrectly to a party, the Secretary  
18 may—

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

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

1 **SEC. 9. GRANTS TO STATES AND INDIAN TRIBES.**

2 (a) IN GENERAL.—A State or Indian tribe that re-  
3 ceives a grant under subsection (d) shall use the grant  
4 for—

5 (1) administrative costs;

6 (2) oversight of quality assurance plans;

7 (3) development of ongoing quality assurance  
8 framework;

9 (4) establishment and delivery of financing pi-  
10 lots in accordance with this Act;

11 (5) coordination with existing residential ret-  
12 rofit programs and infrastructure development to as-  
13 sist deployment of the Home Star program; and

14 (6) the costs of carrying out the responsibilities  
15 of the State or Indian tribe under the Silver Star  
16 Home Energy Retrofit Program and the Gold Star  
17 Home Energy Retrofit Program.

18 (b) INITIAL GRANTS.—Not later than 30 days after  
19 the date of enactment of this Act, the Secretary shall  
20 make the initial grants available under this section.

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

25 (d) STATE ALLOTMENTS.—From the amounts made  
26 available to carry out this section for each fiscal year re-

1 maining after the reservation required under subsection  
2 (c), the Secretary shall make grants available to States  
3 in accordance with section 16.

4 (e) QUALITY ASSURANCE PROGRAMS.—

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

8 (A) operated as part of a State energy con-  
9 servation plan established under part D of title  
10 III of the Energy Policy and Conservation Act  
11 (42 U.S.C. 6321 et seq.);

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

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

17 (ii) to the maximum extent prac-  
18 ticable, conducting an existing energy effi-  
19 ciency program; and

20 (C) in the case of a grant made to an In-  
21 dian tribe, managed by an entity designated by  
22 the Indian tribe to carry out a quality assur-  
23 ance program or a national quality assurance  
24 program manager.

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

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

8           (B) require that quality assurance pro-  
9 viders operating in the State or by the Indian  
10 tribe be overseen by a national quality assur-  
11 ance program manager selected by the Sec-  
12 retary.

13       (f) IMPLEMENTATION.—A State or Indian tribe that  
14 receives a grant under this section may implement a qual-  
15 ity assurance program through the State, the Indian tribe,  
16 or a third party designated by the State or Indian tribe,  
17 including—

18           (1) an energy service company;

19           (2) an electric utility;

20           (3) a natural gas utility;

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

23           (5) a unit of local government.

24       (g) PUBLIC-PRIVATE PARTNERSHIPS.—A State or  
25 Indian tribe that receives a grant under this section are

1 encouraged to form partnerships with utilities, energy  
2 service companies, and other entities—

3 (1) to assist in marketing a program;

4 (2) to facilitate consumer financing;

5 (3) to assist in implementation of the Silver  
6 Star Home Energy Retrofit Program and the Gold  
7 Star Home Energy Retrofit Program, including in-  
8 stallation of qualified energy retrofit measures; and

9 (4) to assist in implementing quality assurance  
10 programs.

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

13 (1) IN GENERAL.—A State or Indian tribe  
14 shall, to the maximum extent practicable, prevent  
15 duplication through coordination of a program au-  
16 thorized under this Act with—

17 (A) the Energy Star appliance rebates pro-  
18 gram authorized under the American Recovery  
19 and Reinvestment Act of 2009 (Public Law  
20 111–5; 123 Stat. 115); and

21 (B) comparable programs planned or oper-  
22 ated by States, political subdivisions, electric  
23 and natural gas utilities, Federal power mar-  
24 keting administrations, and Indian tribes.

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

3           (A) give priority to—

4           (i) comprehensive retrofit programs in  
5 existence on the date of enactment of this  
6 Act, including programs under the super-  
7 vision of State utility regulators; and

8           (ii) using Home Star funds made  
9 available under this Act to enhance and ex-  
10 tend existing programs; and

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

14 **SEC. 10. QUALITY ASSURANCE FRAMEWORK.**

15          (a) IN GENERAL.—Not later than 180 days after the  
16 date that the Secretary initially provides funds to a State  
17 under this Act, the State shall submit to the Secretary  
18 a plan to implement a quality assurance program that cov-  
19 ers all federally assisted residential efficiency retrofit work  
20 administered, supervised, or sponsored by the State.

21          (b) IMPLEMENTATION.—The State shall—

22           (1) develop a quality assurance framework in  
23 consultation with industry stakeholders, including  
24 representatives of efficiency program managers, con-

1 tractors, and environmental, energy efficiency, and  
2 labor organizations; and

3 (2) implement the quality assurance framework  
4 not later than 1 year after the date of enactment of  
5 this Act.

6 (c) COMPONENTS.—The quality assurance framework  
7 established under this section shall include—

8 (1) a requirement that contractors be  
9 prequalified in order to be authorized to perform  
10 federally assisted residential retrofit work;

11 (2) maintenance of a list of prequalified con-  
12 tractors authorized to perform federally assisted res-  
13 idential retrofit work; and

14 (3) minimum standards for prequalified con-  
15 tractors that include—

16 (A) accreditation;

17 (B) legal compliance procedures;

18 (C) proper classification of employees;

19 (D) use of a certified workforce; and

20 (E) maintenance of records needed to  
21 verify compliance;

22 (4) targets and realistic plans for—

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

1 (B) the employment of graduates of train-  
2 ing programs that primarily serve low-income  
3 populations with a median income that is below  
4 200 percent of the poverty line (as defined in  
5 section 673(2) of the Community Services  
6 Block Grant Act (42 U.S.C. 9902(2), including  
7 any revision required by that section)) by par-  
8 ticipating contractors; and

9 (5) a plan to link workforce training for energy  
10 efficiency retrofits with training for the broader  
11 range of skills and occupations in construction or  
12 emerging clean energy industries.

13 (d) NONCOMPLIANCE.—If the Secretary determines  
14 that a State has not taken the steps required under this  
15 section, the Secretary shall provide to the State a period  
16 of at least 90 days to comply before suspending the par-  
17 ticipation of the State in the program.

18 **SEC. 11. REPORT.**

19 (a) IN GENERAL.—Not later than 1 year after the  
20 date of enactment of this Act, the Secretary shall submit  
21 to the Committee on Energy and Natural Resources of  
22 the Senate and the Committee on Energy and Commerce  
23 of the House of Representatives a report on the use of  
24 funds under this Act.

1 (b) CONTENTS.—The report shall include a descrip-  
2 tion of—

3 (1) the energy savings produced as a result of  
4 this Act;

5 (2) the direct and indirect employment created  
6 as a result of the programs supported by the funds  
7 provided under this Act;

8 (3) the specific entities implementing the en-  
9 ergy efficiency programs;

10 (4) the beneficiaries who received the efficiency  
11 improvements;

12 (5) the manner in which funds provided under  
13 this Act were used;

14 (6) the sources (such as mortgage lenders, util-  
15 ity companies, and local governments) and types of  
16 financing used by the beneficiaries to finance the  
17 retrofit expenses that were not covered by grants  
18 provided under this Act;

19 (7) the results of verification requirements; and

20 (8) any other information the Secretary con-  
21 siders appropriate.

22 (c) NONCOMPLIANCE.—If the Secretary determines  
23 that a rebate aggregator, State, or Indian tribe has not  
24 provided the information required under this section, the  
25 Secretary shall provide to the rebate aggregator, State, or

1 Indian tribe a period of at least 90 days to provide any  
2 necessary information, subject to penalties imposed by the  
3 Secretary for entities other than States and Indian tribes,  
4 which may include withholding of funds or reduction of  
5 future grant amounts.

6 **SEC. 12. ADMINISTRATION.**

7 (a) IN GENERAL.—Subject to section 16(b), not later  
8 than 30 days after the date of enactment of this Act, the  
9 Secretary shall provide such administrative and technical  
10 support to rebate aggregators, States, and Indian tribes  
11 as is necessary to carry out the functions designated to  
12 States under this Act.

13 (b) APPOINTMENT OF PERSONNEL.—Notwith-  
14 standing the provisions of title 5, United States Code, gov-  
15 erning appointments in the competitive service and Gen-  
16 eral Schedule classifications and pay rates, the Secretary  
17 may appoint such professional and administrative per-  
18 sonnel as the Secretary considers necessary to carry out  
19 this Act.

20 (c) RATE OF PAY.—The rate of pay for a person ap-  
21 pointed under subsection (a) shall not exceed the max-  
22 imum rate payable for GS–15 of the General Schedule  
23 under chapter 53 of title 5, United States Code.

24 (d) CONSULTANTS.—Notwithstanding section 303 of  
25 the Federal Property and Administrative Services Act of

1 1949 (41 U.S.C. 253), the Secretary may retain such con-  
2 sultants on a noncompetitive basis as the Secretary con-  
3 siders necessary to carry out this Act.

4 (e) CONTRACTING.—In carrying out this Act, the  
5 Secretary may waive all or part of any provision of the  
6 Competition in Contracting Act of 1984 (Public Law 98–  
7 369; 98 Stat. 1175), an amendment made by that Act,  
8 or the Federal Acquisition Regulation on a determination  
9 that circumstances make compliance with the provisions  
10 contrary to the public interest.

11 (f) REGULATIONS.—

12 (1) IN GENERAL.—Notwithstanding section 553  
13 of title 5, United States Code, the Secretary may  
14 issue regulations that the Secretary, in the sole dis-  
15 cretion of the Secretary, determines necessary to  
16 carry out the Home Star Retrofit Rebate Program.

17 (2) DEADLINE.—If the Secretary determines  
18 that regulations described in paragraph (1) are nec-  
19 essary, the regulations shall be issued not later than  
20 60 days after the date of the enactment of this Act.

21 (g) INFORMATION COLLECTION.—Chapter 35 of title  
22 44, United States Code, shall not apply to any information  
23 collection requirement necessary for the implementation of  
24 the Home Star Retrofit Rebate Program.

1 (h) ADJUSTMENT OF REBATE AMOUNTS.—Effective  
2 beginning on the date that is 180 days after the date of  
3 enactment of this Act, the Secretary may adjust the rebate  
4 amounts provided in this section based on—

5 (1) the use of the Silver Star Home Energy  
6 Retrofit Program and the Gold Star Home Energy  
7 Retrofit Program; and

8 (2) other program data.

9 **SEC. 13. TREATMENT OF REBATES.**

10 (a) IN GENERAL.—For purposes of the Internal Rev-  
11 enue Code of 1986, rebates received for eligible measures  
12 under this Act—

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

15 (2) shall prohibit the consumer from applying  
16 for a tax credit allowed under section 25C or 25D  
17 of that Code for the same eligible measures per-  
18 formed in the home of the homeowner; and

19 (3) shall be considered a credit allowed under  
20 section 25C or 25D of that Code for purposes of any  
21 limitation on the amount of the credit under that  
22 section.

23 (b) NOTICE.—

24 (1) IN GENERAL.—A participating contractor  
25 shall provide notice to a homeowner of the provisions

1 of subsection (a) before eligible work is performed in  
2 the home of the homeowner.

3 (2) NOTICE IN REBATE FORM.—A homeowner  
4 shall be notified of the provisions of subsection (a)  
5 in the appropriate rebate form developed by the Sec-  
6 retary, in consultation with the Secretary of the  
7 Treasury.

8 (3) AVAILABILITY OF REBATE FORM.—A par-  
9 ticipating contractor shall obtain the rebate form on  
10 a designated website in accordance with section  
11 3(b)(1)(C).

12 **SEC. 14. PENALTIES.**

13 (a) IN GENERAL.—It shall be unlawful for any per-  
14 son to violate this title (including any regulation issued  
15 under this Act), other than a violation as the result of  
16 a clerical error.

17 (b) CIVIL PENALTY.—Any person who commits a vio-  
18 lation of this Act shall be liable to the United States for  
19 a civil penalty in an amount that is not more than the  
20 higher of—

21 (1) \$15,000 for each violation; or

22 (2) 3 times the value of any associated rebate  
23 under this Act.

24 (c) ADMINISTRATION.—The Secretary may—

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

3           (2) require from any entity the records and in-  
4           spections necessary to enforce this Act.

5           (d) FRAUD.—In addition to any civil penalty, any  
6           person who commits a fraudulent violation of this Act  
7           shall be subject to criminal prosecution.

8   **SEC. 15. HOME STAR ENERGY EFFICIENCY LOAN PROGRAM.**

9           (a) DEFINITIONS.—In this section:

10           (1) ELIGIBLE PARTICIPANT.—The term “eligi-  
11           ble participant” means a homeowner who receives fi-  
12           nancial assistance from a qualified financing entity  
13           to carry out energy efficiency or renewable energy  
14           improvements to an existing home or other residen-  
15           tial building of the homeowner in accordance with  
16           the Gold Star Home Energy Retrofit Program or  
17           the Silver Star Home Energy Retrofit Program.

18           (2) PROGRAM.—The term “program” means  
19           the Home Star Energy Efficiency Loan Program es-  
20           tablished under subsection (b).

21           (3) QUALIFIED FINANCING ENTITY.—The term  
22           “qualified financing entity” means a State, political  
23           subdivision of a State, tribal government, electric  
24           utility, natural gas utility, nonprofit or community-

1 based organization, energy service company, retailer,  
2 or any other qualified entity that—

3 (A) meets the eligibility requirements of  
4 this section; and

5 (B) is designated by the Governor of a  
6 State in accordance with subsection (e).

7 (4) QUALIFIED LOAN PROGRAM MECHANISM.—  
8 The term “qualified loan program mechanism”  
9 means a loan program that is—

10 (A) administered by a qualified financing  
11 entity; and

12 (B) principally funded—

13 (i) by funds provided by or overseen  
14 by a State; or

15 (ii) through the energy loan program  
16 of the Federal National Mortgage Associa-  
17 tion.

18 (b) ESTABLISHMENT.—The Secretary shall establish  
19 a Home Star Energy Efficiency Loan Program under  
20 which the Secretary shall make funds available to States  
21 to support financial assistance provided by qualified fi-  
22 nancing entities for making, to existing homes, energy effi-  
23 ciency improvements that qualify under the Gold Star  
24 Home Energy Retrofit Program or the Silver Star Home  
25 Energy Retrofit Program.

1 (c) ELIGIBILITY OF QUALIFIED FINANCING ENTI-  
2 TIES.—To be eligible to participate in the program, a  
3 qualified financing entity shall—

4 (1) offer a financing product under which eligi-  
5 ble participants may pay over time for the cost to  
6 the eligible participant (after all applicable Federal,  
7 State, local, and other rebates or incentives are ap-  
8 plied) of making improvements described in sub-  
9 section (b);

10 (2) require all financed improvements to be per-  
11 formed by contractors in a manner that meets min-  
12 imum standards that are at least as stringent as the  
13 standards provided under sections 7 and 8; and

14 (3) establish standard underwriting criteria to  
15 determine the eligibility of program applicants,  
16 which criteria shall be consistent with—

17 (A) with respect to unsecured consumer  
18 loan programs, standard underwriting criteria  
19 used under the energy loan program of the  
20 Federal National Mortgage Association; or

21 (B) with respect to secured loans or other  
22 forms of financial assistance, commercially rec-  
23 ognized best practices applicable to the form of  
24 financial assistance being provided (as deter-

1           mined by the designated entity administering  
2           the program in the State).

3           (d) ALLOCATION.—In making funds available to  
4 States for each fiscal year under this section, the Sec-  
5 retary shall use the formula used to allocate funds to  
6 States to carry out State energy conservation plans estab-  
7 lished under part D of title III of the Energy Policy and  
8 Conservation Act (42 U.S.C. 6321 et seq.).

9           (e) QUALIFIED FINANCING ENTITIES.—Before mak-  
10 ing funds available to a State under this section, the Sec-  
11 retary shall require the Governor of the State to provide  
12 to the Secretary a letter of assurance that the State—

13           (1) has 1 or more qualified financing entities  
14           that meet the requirements of this section;

15           (2) has established a qualified loan program  
16           mechanism that—

17                   (A) includes a methodology to ensure cred-  
18                   ible energy savings or renewable energy genera-  
19                   tion;

20                   (B) incorporates an effective repayment  
21                   mechanism, which may include—

22                           (i) on-utility-bill repayment;

23                           (ii) tax assessment or other form of  
24                           property assessment financing;

25                           (iii) municipal service charges;

1 (iv) energy or energy efficiency serv-  
2 ices contracts;

3 (v) energy efficiency power purchase  
4 agreements;

5 (vi) unsecured loans applying the un-  
6 derwriting requirements of the energy loan  
7 program of the Federal National Mortgage  
8 Association; or

9 (vii) alternative contractual repayment  
10 mechanisms that have been demonstrated  
11 to have appropriate risk mitigation fea-  
12 tures; and

13 (C) will provide, in a timely manner, all in-  
14 formation regarding the administration of the  
15 program as the Secretary may require to permit  
16 the Secretary to meet the reporting require-  
17 ments of subsection (h).

18 (f) USE OF FUNDS.—Funds made available to States  
19 under the program may be used to support financing prod-  
20 ucts offered by qualified financing entities to eligible par-  
21 ticipants for eligible energy efficiency work, by pro-  
22 viding—

23 (1) interest rate reductions;

24 (2) loan loss reserves or other forms of credit  
25 enhancement;

1           (3) revolving loan funds from which qualified fi-  
2           nancing entities may offer direct loans; or

3           (4) other debt instruments or financial products  
4           necessary—

5                   (A) to maximize leverage provided through  
6           available funds; and

7                   (B) to support widespread deployment of  
8           energy efficiency finance programs.

9           (g) USE OF REPAYMENT FUNDS.—In the case of a  
10          revolving loan fund established by a State described in  
11          subsection (f)(3), a qualified financing entity may use  
12          funds repaid by eligible participants under the program  
13          to provide financial assistance for additional eligible par-  
14          ticipants to make improvements described in subsection  
15          (b) in a manner that is consistent with this section or  
16          other such criteria as are prescribed by the State.

17          (h) PROGRAM EVALUATION.—Not later than 1 year  
18          after the date of enactment of this Act, the Secretary shall  
19          submit to Congress a program evaluation that describes—

20                   (1) how many eligible participants have partici-  
21                  pated in the program;

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

1           (3) what steps could be taken to promote fur-  
2           ther deployment of energy efficiency and renewable  
3           energy retrofits;

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

7           (5) the performance of the programs carried  
8           out by qualified financing entities under this section,  
9           including information on the rate of default and re-  
10          payment.

11          (i) CREDIT SUPPORT.—Section 1705(a) of the En-  
12          ergy Policy Act of 2005 (42 U.S.C. 16516(a)) is amended  
13          by adding at the end the following:

14                 “(4) Energy efficiency projects, including  
15                 projects to retrofit residential, commercial, and in-  
16                 dustrial buildings, facilities, and equipment.”.

17          **SEC. 16. FUNDING.**

18          (a) AUTHORIZATION OF APPROPRIATIONS.—

19                 (1) IN GENERAL.—Subject to subsection (j),  
20                 there is authorized to be appropriated to carry out  
21                 this title \$6,000,000,000 for the period of each of  
22                 fiscal years 2010 through 2012 to remain available  
23                 until expended.

24                 (2) MAINTENANCE OF FUNDING.—Funds pro-  
25                 vided under this section shall supplement and not

1       supplant any Federal and State funding provided to  
2       carry out energy efficiency programs in existence on  
3       the date of enactment of this Act.

4       (b) GRANTS TO STATES.—

5           (1) IN GENERAL.—Of the amount provided  
6       under subsection (a), \$380,000,000 or not more  
7       than 6 percent, whichever is less, shall be used to  
8       carry out section 9.

9           (2) DISTRIBUTION TO STATE ENERGY OF-  
10       FICES.—

11           (A) IN GENERAL.—Not later than 30 days  
12       after the date of enactment of this Act, the Sec-  
13       retary shall—

14           (i) provide to State energy offices 25  
15       percent of the funds described in para-  
16       graph (1); and

17           (ii) determine a formula to provide  
18       the balance of funds to State energy offices  
19       through a performance-based system.

20           (B) ALLOCATION.—

21           (i) ALLOCATION FORMULA.—Funds  
22       described in subparagraph (A)(i) shall be  
23       made available in accordance with the allo-  
24       cation formula for State energy conserva-  
25       tion plans established under part D of title

1 III of the Energy Policy and Conservation  
2 Act (42 U.S.C. 6321 et seq.).

3 (ii) PERFORMANCE-BASED SYSTEM.—

4 The balance of the funds described in sub-  
5 paragraph (A)(ii) shall be made available  
6 in accordance with the performance-based  
7 system described in subparagraph (A)(ii).

8 (c) QUALITY ASSURANCE COSTS.—

9 (1) IN GENERAL.—Of the amount provided  
10 under subsection (a), not more than 5 percent shall  
11 be used to carry out the quality assurance provisions  
12 of this Act.

13 (2) MANAGEMENT.—Funds provided under this  
14 subsection shall be overseen by—

15 (A) State energy offices described in sub-  
16 section (b)(2); or

17 (B) other entities determined by the Sec-  
18 retary to be eligible to carry out quality assur-  
19 ance functions under this Act.

20 (3) DISTRIBUTION TO QUALITY ASSURANCE  
21 PROVIDERS OR REBATE AGGREGATORS.—The Sec-  
22 retary shall use funds provided under this subsection  
23 to compensate quality assurance providers, or rebate  
24 aggregators, for services under the Silver Star Home  
25 Energy Retrofit Program or the Gold Star Home

1 Energy Retrofit Program through the Federal Re-  
2 bate Processing Center based on the services pro-  
3 vided to contractors under a quality assurance pro-  
4 gram and rebate aggregation.

5 (4) INCENTIVES.—The amount of incentives  
6 provided to quality assurance providers or rebate  
7 aggregators shall be—

8 (A)(i) in the case of the Silver Star Home  
9 Energy Retrofit Program—

10 (I) \$25 per rebate review and submis-  
11 sion provided under the program; and

12 (II) \$150 for each field inspection  
13 conducted under the program; and

14 (ii) in the case of the Gold Star Home En-  
15 ergy Retrofit Program—

16 (I) \$35 for each rebate review and  
17 submission provided under the program;  
18 and

19 (II) \$300 for each field inspection  
20 conducted under the program; or

21 (B) such other amounts as the Secretary  
22 considers necessary to carry out the quality as-  
23 surance provisions of this Act.

24 (d) TRACKING OF REBATES AND EXPENDITURES.—

25 Of the amount provided under subsection (a), not more

1 than \$150,000,000 shall be used for costs associated with  
2 database systems to track rebates and expenditures under  
3 this Act and related administrative costs incurred by the  
4 Secretary.

5 (e) PUBLIC EDUCATION AND COORDINATION.—Of  
6 the amount provided under subsection (a), not more than  
7 \$10,000,000 shall be used for costs associated with public  
8 education and coordination with the Federal Energy Star  
9 program incurred by the Administrator.

10 (f) INDIAN TRIBES.—Of the amount provided under  
11 subsection (a), the Secretary shall reserve not more than  
12 3 percent to make grants available to Indian tribes under  
13 this section.

14 (g) SILVER STAR HOME ENERGY RETROFIT PRO-  
15 GRAM.—In the case of the Silver Star Home Energy Ret-  
16 rofit Program, of the amount provided under subsection  
17 (a) after funds are provided in accordance with sub-  
18 sections (b) through (e), \$3,417,000,000 for the 1-year  
19 period beginning on the date of enactment of this Act (less  
20 any amounts required under subsection (f)) shall be used  
21 by the Secretary to provide rebates and incentives author-  
22 ized under the Silver Star Home Energy Retrofit Pro-  
23 gram.

24 (h) GOLD STAR HOME ENERGY RETROFIT PRO-  
25 GRAM.—In the case of the Gold Star Home Energy Ret-

1 retrofit Program, of the amount provided under subsection  
2 (a) after funds are provided in accordance with sub-  
3 sections (b) through (e), \$1,683,000 for the 2-year period  
4 beginning on the date of enactment of this Act (less any  
5 amounts required under subsection (f)) shall be used by  
6 the Secretary to provide rebates and incentives authorized  
7 under the Gold Star Home Energy Retrofit Program.

8 (i) PROGRAM REVIEW AND BACKSTOP FUNDING.—

9 (1) IN GENERAL.—Not later than 180 days  
10 after the date of enactment of this Act, the Sec-  
11 retary shall perform a State-by-State analysis and  
12 review the distribution of Home Star retrofit rebates  
13 under this Act.

14 (2) ADJUSTMENT.—The Secretary may allocate  
15 technical assistance funding to assist States that  
16 have not sufficiently benefitted from the Home Star  
17 Retrofit Rebate Program.

18 (j) RETURN OF UNDISBURSED FUNDS.—

19 (1) SILVER STAR HOME ENERGY RETROFIT  
20 PROGRAM.—If the Secretary has not disbursed all  
21 the funds available for rebates under the Silver Star  
22 Home Energy Retrofit Program by the date that is  
23 1 year after the date of enactment of this Act, any  
24 undisbursed funds shall be made available to the  
25 Gold Star Home Energy Retrofit Program.

1           (2) GOLD STAR HOME ENERGY RETROFIT PRO-  
2           GRAM.—If the Secretary has not disbursed all the  
3           funds available for rebates under the Gold Star  
4           Home Energy Retrofit Program by the date that is  
5           2 years after the date of enactment of this Act, any  
6           undisbursed funds shall be returned to the Treasury.

7           (k) FINANCING.—Of the amounts allocated to the  
8           States under subsection (b), not less than \$200,000,000  
9           shall be used to carry out the financing provisions of this  
10          Act in accordance with section 15.

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