

Understanding the IRA Home Energy Rebates

The Inflation Reduction Act (IRA) established the Home Electrification and Home Efficiency Rebate Programs – together, known as the Home Energy Rebate Programs. These programs will help achieve essential climate and air pollution reductions, advance environmental justice in energy burdened communities, and will create thousands of new jobs.



Community
Development



Housing



Infrastructure

What are the Home Energy Rebate Programs?

The Home Energy Rebate Programs include \$8.8 billion in grant funding to help American households save money on energy bills, upgrade to clean energy equipment to improve energy efficiency, reduce indoor and outdoor air pollution, and create workforce training programs.

The program includes:

- **\$4.3 billion** in grants to State Energy Offices for Home Efficiency Rebates based on the energy savings predicted from a home energy upgrade
- **\$4.5 billion** in grants to State Energy Offices and Indian Tribes for Home Electrification and Appliance Rebates based on purchase or installation of high-efficiency home appliances and equipment
- **\$200 million** for state-based home energy efficiency contractor training grants through the State Energy Program

On July 27, 2023, the Department of Energy (DOE) published its guidance for these programs. States must use this guidance to craft state program plans that must be approved by DOE. The rebate program funding will be distributed by allocations to each state. DOE expects that consumers in many states will be able to access these programs beginning in late 2023/early 2024.

Home Electrification and Appliance Rebates

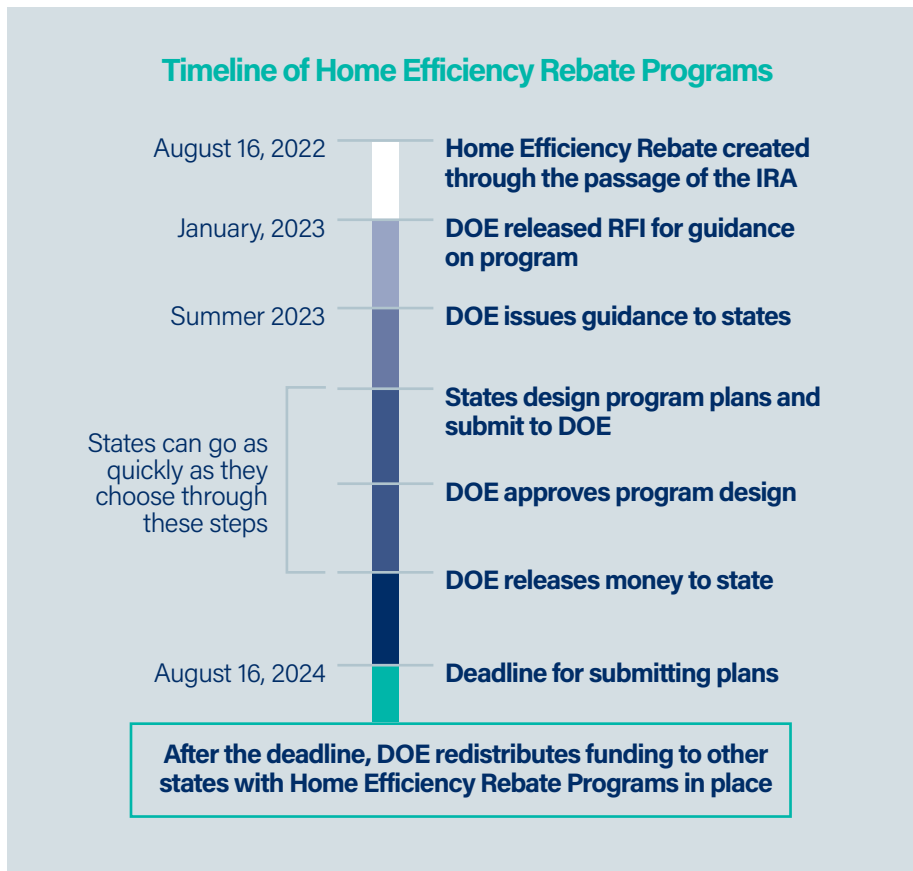
Section 50122 of the Inflation Reduction Act authorizes \$4.5 billion in rebates based on purchase or installation of high-efficiency home appliances and equipment. Electrification rebates are available only to low- or moderate-income (LMI) households, as identified by Area Median Income (AMI). See the chart below for income eligibility and rebate amounts for qualifying equipment.

Rebate Levels for Qualified Electrification Projects

Income Eligibility and % Costs Covered	
Low-Income: <80% Area Median Income (AMI) - % costs covered (including installation)	100%
Moderate-Income: 80-150% AMI - % costs covered (including installation)	50%
Overall Incentives	
Max consumer rebate	\$14,000
Max consumer rebate	\$500
Rebates for Qualified Electrification Projects	
Heat pump HVAC	\$8,000
Heat pump water heater	\$1,750
Electric stove/cooktop	\$840
Electric clothes dryer	\$840
Breaker box	\$4,000
Electric wiring	\$2,500
Weatherization (insulation, air sealing, ventilation)	\$1,600

Home Efficiency Rebates

Section 50121 of the IRA authorizes \$4.3 billion in rebates based on the energy savings predicted from a home energy upgrade. Efficiency rebates are available to households of any income level, but rebate amounts double for low- and moderate-income households. Efficiency rebate amounts increase as energy savings increase because they are based on either modeled or measured building-wide energy savings.



States' plans are legislatively mandated to include:

- Request for approval to increase rebate amounts to low-income households (if desired)
- Approval request for selected open-source advanced measurement and verification software and quality monitoring used for measured performance
- A plan to value savings based on time, location, and greenhouse gas emissions
- Procedure to determine reduction in home/building energy use for modeled performance home rebates
- Documentation instructions for retrofits that details the work performed, the equipment and materials installed, and the projected energy savings or energy generation to support accurate valuation of the retrofit
- Process for contractor performing a home energy retrofit in a disadvantaged community to claim their rebate



**\$8.8
billion**
in grant funding
available

What is a Quick Start Program?

Quick Start Programs are one of the most exciting opportunities in the guidance. A Quick Start Program lets states and territories who plan to launch their home energy rebate program in 2023 apply for up to 25% of their funding allocation. These applications will be prioritized for approvals by the DOE and are intended for states and territories that plan to use existing programs in the area to rapidly launch the new IRA rebates. States or territories with robust utility or state-wide energy efficiency programs may already be better positioned to deliver people savings before the end of 2023.

Some states, like Wisconsin, have already committed to using their existing Focus on Energy program to implement the IRA home energy rebates which will make it easier to apply and get approval for up to 25% of the state's more than \$149 million allocation. If they apply for the full 25% from both programs, that means households in Wisconsin could have access to over \$37.3 million in home energy rebates this year.

What opportunities does the new guidance create for state and utility collaboration?

The guidance strongly encourages states to collaborate with utilities and their existing energy efficiency programming, but it does not specifically require it. One section, for example, encourages states to allow for effective combinations of various funding sources and establish partnerships with organizations, including utilities, that already work with under-resourced households. Existing utility program infrastructure, such as branding and outreach, qualified contractor networks, and rebate delivery should be strongly considered when developing an application. This is especially important for states and territories who want to launch in 2023 with a quick start program. Partnering or working closely with utility programs—many of which have served customers for decades—will allow new home energy rebate programs to go to market faster and reduce confusion for customers.

Additionally, the guidance includes detailed instructions for how state programs can work with utilities to access consumer energy usage records such as historical energy use that is required to create accurate savings models. Data sharing will be hugely important to these programs' success, but it is only one example of how utilities and states or territories can help each other maximize the impact of this new funding.

How can Tidal Basin help?

Tidal Basin partners with governments to deliver large-scale first-of-its-kind grant funded programs. Our team of experts can deliver turn-key program management solutions to support the Home Energy Rebate Programs. Services include:

- Program Design and Implementation
- Application Development
- Case Management Support
- Utility Coordination and Outreach
- Training and Technical Assistance
- Program Branding and Outreach
- Inspection Services
- Software Solution
- Federal Grant Reporting
- Contact Center Solutions to provide applicant support
- Compliance and Monitoring Support

For more information, contact us today.



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