



U.S. DEPARTMENT
of **ENERGY**

Office of Critical Minerals
and Energy Innovation

**HOME ENERGY
REBATES**
U.S. DEPARTMENT OF ENERGY



Home Energy Rebates Program Notice 26-2

High-Efficiency Electric Home Rebate (HEEHR) Program for States and Territories

Effective Date: May 29, 2026

SUBJECT: Changes to Program Guidance for the High-Efficiency Electric Home Rebate (HEEHR) Program under the Inflation Reduction Act (IRA) Section 50122

INTENDED AUDIENCE: State and Territory Energy Office HEEHR Grantees (Grantees)

INTENDED USE: The Department of Energy (DOE) is issuing this Program Notice to notify grantees of program guidance changes for the HEEHR Program for State and Territory Energy Offices only. This document provides information on how to proceed with a HEEHR Program, whether already launched, not yet launched, or in conditional award status. All other program requirements for HEEHR Program awards remain in effect with the exception of those identified in this document.

DOE intends to publish revised program guidance documents to further detail these changes in the near future. Grantees should work with their assigned DOE Project Officer on next steps for their specific award.

The following sections in this Program Notice address:

1. **Purpose**
2. **Legal Authority**
3. **Program Guidance Changes**
4. **Data & Tools Reporting**

1 PURPOSE

To revise grant guidance and program management information for HEEHR Program State and Territory Energy Office Grantees superseding the items identified below in the HEEHR Program portion only of the following documents:

- Administrative and Legal Requirements Document (ALRD) Version 2.1 issued on 12/16/2024
- Program Requirements & Application Instructions Version 2.1 issued on 12/16/2024
- Data & Tools Requirements Guide Version 2.0 issued on 1/7/2025

All other program requirements for the HEEHR Program awards remain in effect with the exception of those identified in this notice.

1.1 SCOPE

The provisions of this Program Notice apply **only** to the HEEHR Program for State and Territory Energy Offices.

1.2 BACKGROUND

The program guidance changes in this Program Notice advance affordability, promote consumer choice, ensure good stewardship of taxpayer dollars, as well as streamline and empower grantees to tailor their HEEHR programs based on their local context and residents' needs.

2 LEGAL AUTHORITY

Section 50122 of the IRA authorizes the Department of Energy to administer the HEEHR Program through the Home Energy Rebates Program. Section 50122 specifies that a portion of the federal financial assistance made available to a state energy office may be used for planning, administration, or technical assistance related to the state's programs.¹ All grant awards made under the HEEHR Program must comply with DOE and other federal regulations and procedures governing financial awards as outlined in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200 as amended by 2 CFR Part 910 and other procedures applicable to this regulation as DOE may, from time-to-time, prescribe for the administration of financial assistance.

3 PROGRAM GUIDANCE CHANGES

DOE undertakes continuous improvement of the HEEHR Program operations and effectiveness. The following sections inform grantees of programmatic guidance changes. These revisions should be considered program policy changes. DOE's Home Energy Rebates Program adopts these changes to align the HEEHR programmatic requirements more closely with the statutory requirements in section 50122 of the IRA, ensure full alignment with Administration priorities, including the policies set in Executive Order 14173 and DOE Secretarial priorities on affordability, ensure good stewardship of taxpayer dollars, as well as streamline and empower grantees to tailor their HEEHR programs based on their local context and residents' needs.

To implement the programmatic guidance changes:

- Launched programs are required to make changes within three months of the publication of this Program Notice unless there are extenuating circumstances that require DOE approval beyond this time period.
 - Any existing, approved rebate reservations under the previous program guidance are allowed to be executed, but no new rebate reservations are allowed or can be approved for projects that do not conform to the new program strategy.
- Grantee programs that have not yet launched are required to align with new program requirements prior to launching.

¹ See 42 U.S.C. § 18795a(c)(9).

3.1 PROGRAM NAME

DOE is changing the program name from “Home Electrification and Appliance Rebates” to “High-Efficiency Electric Home Rebates” (HEEHR) to align with the statutory name in section 50122 of the IRA.²

3.2 DIVERSITY, EQUITY AND INCLUSION (DEI)

DOE is removing all program requirements not required by statute related to diversity, equity, and inclusion, Justice40 Initiative per rescinded Executive Order 14008, and disadvantaged communities. These actions include:

- Removing the Justice40 Initiative requirements for Community Benefits Plans.
- Removing the Justice40 Initiative requirement for reserved allocations of 40% funding for low-income households.
- Removing requirements related to disadvantaged communities, including outreach incentives and delivery and the use of maps to identify disadvantaged communities.

3.3 ADVANCING AFFORDABILITY

DOE is advancing affordability in the HEEHR Program by:

- Removing program allowances for upgrades for fuel-switching (i.e. replacement of non-electric appliances) and instead allowing rebates for upgrading HVAC and appliances only from existing electric equipment to more efficient electric equipment. HVAC and electric appliances in new construction will continue to be allowable. If any grantee has remaining funding after fully implementing the new program design, then DOE will consider allowing additional measures authorized by statute.
- Requiring that homes utilize rebates for insulation and air sealing prior to installing heating and cooling upgrades, unless they are already appropriately insulated and sealed to a DOE approved, state-specified level, to ensure upgrades do not increase consumer energy costs.
- Requiring for eligible new construction rebates that the eligible entity representative and eligible entity must ensure operational and consumer cost effectiveness. An eligible entity representative must deduct the total eligible rebate amount from the total project cost prior to calculating the final cost to the eligible low- or moderate-income (LMI) household or LMI multifamily building owner. The total project cost, rebates applied, and remaining project cost documentation must be provided to the eligible entity and building owner, if different.

² *Id.* § 18795a(d)(2).

- Allowing dwellings to retain existing fossil-fuel HVAC systems when installing a heat pump, even if the heat pump will not become the primary source of heating and cooling.
- Expanding eligible electric heat pump clothes dryers to include ENERGY STAR certified combination washer-dryers.
- Expanding flexibility for eligible household/dwelling units to claim rebates for insulation, air sealing, ventilation, or electrical wiring projects incrementally, up to the maximum rebate amounts for those qualified projects.
- Allowing usage of rebate funds to cover product shipping and contractor travel costs for all territories including PR, GU, CNMI, VI, and AS as well as AK, and HI to provide access to products not locally available.
- Allowing usage of rebate funds to include warranties or accessories necessary for the base installation and operation of the retrofits.
- Allowing Grantees to use rebate funds to cover appropriate state or local taxes.

3.4 ENSURING GOOD STEWARDSHIP OF TAXPAYER FUNDS

DOE continues to prioritize stewardship of taxpayer funds but has identified areas of unnecessary duplication for oversight. Improvements include:

Replacing the Consumer Protection Plan with a Fraud, Waste, and Abuse Mitigation Plan and removing requirements for:

- Internal review plans
- Consumer satisfaction survey
- Dispute resolution procedures beyond existing state laws and regulations

Additionally, grantees will apply to access the U.S. Department of Treasury’s “Do Not Pay” database, per President Trump’s [Executive Order 14249](#), OMB Memorandum [M-25-32](#) and program policy at the direction of the DOE Office of Inspector General Special Report [DOE-OIG-24-31](#). Grantees must use this resource to vet potential contractors to be added to their Qualified Contractor List in order to reduce fraud, waste, and abuse.

3.5 STREAMLINING & EMPOWERING GRANTEES

DOE is streamlining and empowering grantees to tailor their HEEHR programs based on their local context and residents’ needs.

3.5.1 STREAMLINING HEEHR PROGRAM IMPLEMENTATION

To help grantees save money and move faster in administering their HEEHR program, streamlining improvements include:

- Making the below State Implementation Blueprint Plans **optional**:
 - Education and Outreach Strategy
 - Privacy and Security Risk Assessment
- In order to streamline grantee program launches, should the Grantee not receive a written notification of approval to launch from the Project Officer within 30 calendar days of receiving DOE feedback on the submission of final State Implementation Blueprint documents, the Grantee may proceed to launch. In addition to specified requirements, a State Implementation Blueprint must include:
 - Fraud, Waste, and Abuse Mitigation Plan
- Expanding flexibility for how to implement independent program evaluations. Grantees may work with their DOE Project Officer on additional details.
- Expanding flexibility on geotagging requirements when technical limitations impact the ability to obtain geotagged metadata. Grantees may propose to DOE an alternative approach to pre-installation and post-installation photos that provides assurance of installation.

3.5.2 EMPOWERING PROGRAM PARTICIPATION

To introduce additional flexibility to further empower grantees to tailor their HEEHR programs based on their local context and residents' needs, improvements include:

- Highly recommending states and territories to stack and braid HEEHR funding with other programs and funding sources to maximize impact as permitted by statute³, improve cost-effectiveness, and expand access to HEEHR rebates.
- Expanding categorical eligibility flexibility for tenant-based assistance for single-family and multifamily rental properties.
- Clarifying that rebate eligibility for multifamily properties is not less than 50% of the occupied dwelling units having low-income or moderate-income households, based on area median income levels.

³ Rebates provided through the HEEHR Program “may not be combined with any other Federal grant or rebate..., for the same qualified electrification project.” See 42 U.S.C. 18795a(c)(8).

- Clarifying the definition of a “new” contractor to refer to contractors who are newly certified, qualified, or licensed to perform work.
- Expanding the definition of multifamily buildings to also include multiple buildings (e.g., apartment complexes).
- An eligible rebate recipient that would otherwise receive the rebate value may direct that payment to an eligible entity representative, such as a third-party lender, after completion of a qualified project. In this situation, the eligible entity would not receive any additional rebate payment for that transaction. To facilitate this action, the Grantee or implementer would remit payment to the eligible entity representative once the eligible entity representative submits all required data and documentation regarding the rebated project. Eligible entity representatives would be subject to all programmatic requirements and may facilitate other permissible actions as described in the program requirements.

3.5.3 EXPANDING RETAIL PATHWAYS

To offer flexibility for point-of-sale rebates and to encourage states and territories to meet consumers where they are, DOE has made the following improvements:

- Clarifying and encouraging grantees to utilize options in how to provide point-of-sale rebates to promote visible consumer choice and energy affordability, including, but not limited to retail, e-commerce, direct-to-consumer and/or marketplace vendors. Grantees can also have different pathways for different qualified projects, depending on which kinds of rebates they choose to offer within their overall state rebate program.
- Clarifying and encouraging grantees to also allow rebates for do-it-yourself (DIY) retail purchases and installations, with the exception of HVAC system installations, where such installations are otherwise allowed by state and local building codes.
- Clarifying that products purchased by the homeowner or building owner that can be installed as a DIY, alternatively can be installed by third parties that are not on the grantee’s qualified contractor list. Those installation costs can be allowable as part of the rebate, so long as the costs are reasonable and consistent with typical installation costs for such projects.
- Expanding flexibility to implement mail-in rebates in addition to the grantee’s statutory point-of-sale rebate retail pathway for each qualified project category.

4 DATA & TOOLS REPORTING

The Home Energy Rebates Program Data and Tools Requirements Guide delineates the data and information that grantees must collect, retain, and/or report to DOE prior to launch as well as throughout the course of the HEEHR Program. Grantees should work with DOE and the Pacific Northwest National Laboratory to implement additional

improvements and streamlining efforts for rebate transaction data reporting. These include:

- Updates to rebate transaction data elements, including removals, changes, and clarifications to align the Rebate Tracking and Reporting Tool (API) with the above program guidance changes.

Additionally, DOE is adding flexibility for grantees that do not utilize the real-time API to request a reduced reporting cadence from once monthly to once quarterly, after DOE determines the Grantee has successfully completed one full year of monthly reporting after the official state program launch date. Grantees may work with their DOE Project Officer to submit these requests.

CONCLUSION: On behalf of DOE, we thank the State and Territory Energy Offices for your dedication to the American households we serve across the country. We applaud the work of the states and territories for being a part of reducing energy costs for Americans. Thank you for being a part of this effort.

Michael Li
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Office of Critical Minerals and Energy Innovation
U.S. Department of Energy

May 2026



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