Better Buildings®
U.S. DEPARTMENT OF ENERGY

Better Buildings Residential Network
Peer Exchange Call Series

Combining Incentives from the Inflation Reduction Act, Tax Credits and Other Sources

September 28, 2023

U.S. DEPARTMENT OF ENERGY

Agenda and Ground Rules

- Moderator
  - **Jonathan Cohen,** Better Buildings Residential Network, U.S. DOE Residential Buildings Integration Program (RBI)
- Agenda Review and Ground Rules
- Residential Network Overview and Upcoming Call Schedule
- Opening Poll
- Featured Speakers
  - **John Agan,** U.S. Department of Energy (DOE)
  - **Ed Carley,** National Association of State Energy Officials (NASEO)
  - **Kara Saul Rinaldi,** AnnDyl Policy Group and the Building Performance Association (BPA)
- Open Discussion
- Closing Poll and Announcements

Ground Rules:

1. **Sales of services and commercial messages are not appropriate** during Peer Exchange Calls.
2. Calls are a safe place for discussion; **please do not attribute information to individuals** on the call.

The views expressed by speakers are their own, and do not reflect those of the Dept. of Energy.

Join the Network

Member Benefits:

- Recognition in media, social media and publications
- Speaking opportunities
- Updates on latest trends
- Voluntary member initiatives
- One-on-One brainstorming conversations

Commitment:

- Members only need to provide *one number*: their organization's number of residential energy upgrades per year, or equivalent.

Upcoming Calls (2nd & 4th Thursdays):

- *10/12: Deep Retrofits – How Deep Can You Go with the Inflation Reduction Act?*
- *10/26: Transition: Office to Multi-Family Building Conversions and Efficiency*

Peer Exchange Call summaries are posted on the Better Buildings website a few weeks after the call

John Agan

DOE

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Leveraging Home Energy Incentives from the Inflation Reduction Act

John Agan | Policy Analyst

September 28, 2023

Investing in America

- **Bipartisan Infrastructure Law** (Nov 2021) makes the largest long-term investment in our nation's infrastructure in nearly a century

- **CHIPS and Science Act** (July 2022) invests in cutting-edge science and innovation to boost American competitiveness, including for semiconductors, and to bring jobs and supply chains home

- **Inflation Reduction Act** (Aug 2022) breathes life into our clean energy economy by incentivizing deployment of clean technologies and lowering energy costs for American families

Disclaimer

- This presentation provides an overview of certain Inflation Reduction Act tax provisions for general informational purposes only and **is not itself tax guidance**. Please **refer to guidance** issued by the IRS for detailed information on the rules associated with Inflation Reduction Act tax provisions.
- This deck relies on simplifications and generalizations to convey high-level points about Inflation Reduction Act tax provisions. If there are any inconsistencies between the IRS guidance and this presentation or statements from DOE personnel, the IRS guidance is the controlling document and taxpayers should rely on the guidance language.

Energy Efficiency Tax Incentives Revised/Extended by IRA

Provision	Description
Energy Efficient Home Improvement Tax Credit (§ 25C)	For energy efficiency improvements of residential homes by homeowners (and in some cases renters). Learn more at IRS.gov/HomeEnergy.
Residential Clean Energy Tax Credit (§ 25D)	For the purchase of certain residential clean energy equipment (including ground source heat pumps and battery storage with capacity >= 3 kWh) by homeowners or renters. Learn more at IRS.gov/HomeEnergy.
New Energy Efficient Home Tax Credit (§ 45L)	For construction and sale/lease of new energy-efficient homes (Energy Star or Zero Energy Ready Home-certified)
Energy Efficient Commercial Buildings Deduction (§ 179D)	For energy efficiency improvements to commercial buildings (building owners or designers that have been allocated the deduction by certain tax-exempt building owners are eligible to claim the deduction).

Tax Credits for Households

- Wide variety of energy efficiency and clean energy tax credits, including home energy efficiency improvements, energy audits, and electric panel upgrades.
- Homeowners can receive up to 30% back through tax credits for making energy efficiency improvements to their home – generally up to $1,200 per year but up to $3,200 if improvements include certain equipment.
- More info at www.energy.gov/save and www.energy.gov/policy/articles/making-our-homes-more-efficient-clean-energy-tax-credits-consumers

Equipment type	Tax Credit Available for 2023-2032 Tax Years
Home Clean Electricity Products	
Solar (electricity)	30% of cost
Fuel Cells	
Wind Turbine	
Battery Storage	
Heating, Cooling, and Water Heating	
Heat pumps	30% of cost, up to $2,000 per year
Heat pump water heaters	
Biomass Stoves	
Geothermal heat pumps	30% of cost
Solar (water heating)	
Efficient air conditioners*	30% of cost, up to $600
Efficient heating equipment*	
Efficient water heating equipment*	
Other Energy Efficiency Upgrades	
Electric panel or circuit upgrades for new electric equipment*	30% of cost, up to $600
Insulation materials*	30% of cost
Windows, including skylights*	30% of cost, up to $600
Exterior doors*	30% of cost, up to $500 for doors (up to $250 each)
Home Energy Audits*	30% of cost, up to $150
Home Electric Vehicle Charger	30% of cost, up to $1,000**

**Subject to cap of $1,200/year*

*** The IRS will soon publish further information on eligibility requirements related to home electric vehicle chargers, but we know that credits are intended for residents in non-urban or low-income communities.*

IRA Home Energy Rebates – Guidance for States Programs Released in July

Type of Home Energy Project	Households Below 80% Area Median Income (AMI)	Households Between 80% and 150% AMI	Households Above 150% AMI
Home Efficiency Project with at least 20% predicted energy savings[1]	80% of project costs up to $4,000	50% of project costs up to $2,000 (maximum of $200k for a multifamily building)	
Home Efficiency Project with at least 35% predicted energy savings[1]	80% of project costs up to $8,000	50% of project costs up to $4,000 (maximum of $400k for a multifamily building)	
Home Electrification Project Qualified Technologies (only households with an income below 150% AMI are eligible)	100% of project costs up to $14,000	50% of project costs up to $14,000 (households with incomes above 150% AMI are not eligible)	Not applicable
	ENERGY STAR electric heat pump water heater	up to $1,750	
	ENERGY STAR electric heat pump for space heating & cooling	up to $8,000	
	ENERGY STAR electric heat pump clothes dryer	up to $840	
	ENERGY STAR electric stove, cooktop, range, or oven	up to $840	
	Electric load service center	up to $4,000	
	Electric wiring	up to $2,500	
	Insulation, air sealing, and ventilation	up to $1,600	

[1]Other rebate amounts (roughly within these ranges) may be available if efficiency rebate rates are determined through measured performance. More info at energy.gov/scep/home-energy-rebate-program

Common Questions about Leveraging Incentives

Can funds from multiple sources be used to pay for the same upgrade/measure?

Can funds from multiple sources be used to pay for different upgrades/measures on the same home?

How does the use of one funding source effect the amount that can be leveraged from another incentive?

IRA Incentives and Utility Programs

Home Energy Rebates:

"Stacking Home Energy Rebates with non-federal funds (like utility programs) is generally allowable and encouraged only if the total rebated value does not exceed the total cost of the project. Each state and existing program may have specific requirements or limitations, so it is important to check with your state energy office and utility to confirm how Home Energy Rebates can work with other programs.

DOE is collaborating with utilities to better understand how the program guidance can be developed to provide integrated and streamlined offerings. To learn if you are currently eligible for rebates through utility programs, contact your local utility."

From DOE Rebate Program FAQs: energy.gov/scep/home-energy-rebates-frequently-asked-questions (emphasis added)

25C/25D Tax Credits:

Generally, if a public utility provides (directly or indirectly) a subsidy to a customer for the purchase or installation of any energy conservation measure, the value of the subsidy is not included in the customer's gross income. But as a result, the taxpayer may not claim a credit for the amount of the subsidy that is used to purchase or install qualifying property. This rule applies whether a third- party contractor receives a subsidy on behalf of the taxpayer or the taxpayer receives the subsidy directly.

From IRS Fact Sheet FS-2022-40: irs.gov/pub/taxpros/fs-2022-40.pdf (emphasis added)

IRA Rebates and other Federal Grants/Loans

Federal Grants

- "No other Federal grants, including another IRA home energy rebate, can be used for the same upgrade. Home energy upgrade packages that use multiple Federal grants must braid the funding in a manner that ensures each Federal grant only funds distinct, separable upgrades." *From DOE Program Guidance , Sections 3.3.2 and 4.3.2 (based statutory requirements)*

"Non-Grant" assistance

- "The Bipartisan Infrastructure Law includes $250 million for the establishment of the Energy Efficiency Revolving Loan Fund Capitalization Grant Program (EE RLF Program) for energy efficiency retrofits in U.S. homes and commercial buildings.
- The EE RLF Program—as well as other federally funded programs that deliver loans or other, non-grant financial products to consumers—may be leveraged to finance any remaining costs for home energy upgrades or projects not covered by the rebate or other funding sources."

From DOE Rebate Program FAQs: energy.gov/scep/home-energy-rebates-frequently-asked-questions (emphasis added)

IRA Rebates – Leveraging each program

"A household within an individual address may participate in both programs under the following conditions:

1. The household meets all income requirements for both the Home Efficiency Rebates and Home Electrification and Appliance Rebates Programs;
2. Neither the Home Efficiency Rebates nor the Home Electrification and Appliance Rebates may be combined with other Federal grants or rebates for the same single upgrade (Section 4.3.2 of the program requirements); and
3. Any additional State requirements are met.

Please contact your State to learn more about any additional requirements or limitations for participating in both programs."

From DOE Rebate Program FAQs: energy.gov/scep/home-energy-rebates-frequently-asked-questions (emphasis added)

Questions?

Stay tuned for more:

Energy.Gov/Save

CleanEnergy.gov

irs.gov/inflation-reduction-act-of-2022

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Ed Carley
NASEO

NASEO
National Association of State Energy Officials

Combining Incentives from the Inflation Reduction Act, Tax Credits and Other Sources

September 28, 2023

Ed Carley

Photo Courtesy of RL Martin

Agenda

- Introduction to State Energy Offices
- Timeline of rebates
- New Funding Opportunities for Residential Energy Efficiency and Beneficial Electrification
  - Home Energy Performance-Based, Whole-House Rebates
  - High-Efficiency Electric Home Rebate Program

About NASEO

- The only national non-profit association for the governor-designated energy officials from each of the 56 states and territories
- Serves as a resource for and about the State Energy Offices through topical committees, regional dialogues, and informational events that facilitate peer learning, best practice sharing, and consensus building
- Advances the interests of the State and Territory Energy Offices before Congress and the Administration
- Learn more at www.naseo.org

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State Energy Offices

- Advise governors and legislators on energy issues
- Ensure that the needs and issues of industry, business, and residential energy consumers are considered during energy policy and program development and regulatory proceedings
- Support the private sector's advanced manufacturing efforts as a means to retain and create jobs
- Assist in achieving energy-related climate and environmental goals
- Assist energy providers and consumers during energy emergencies (physical and cyber) to mitigate supply disruptions and coordinate state, local and regional responses
- Aid citizens – through education and incentives – in adopting energy efficiency measures that lower utility costs and reduce waste
- Demonstrate the application of emerging energy technologies in real-world situations
- Coordinate and leverage private investment in energy research, innovation, and demonstration programs
- Work with other state agencies to deploy cost-effective, state-of-the-art technologies to reduce public facility energy and water consumption at the state and local levels
- Communicate to the public the importance of energy to economic development and the environment, emphasizing the value of clean, affordable energy

Timeline

- August 16, 2022 – Inflation Reduction Act becomes law and creates the HOMES and HEEHR programs.
- September and October 2022- State Energy Offices convene Residential Energy Efficiency and Beneficial Electrification Task Force through NASEO. Task Force launched at the October 2022 NASEO Annual Meeting.
- November 2022 - present – NASEO convenes regular national and regional meetings of State Energy Offices to prepare for the launch of HOMES and HEEHR.
- March 23, 2023 – Applications for Early Administrative Funds made available. Only one state has received these funds as of Sept. 2023.
- July 27, 2023 – U.S. Department of Energy publishes the Administrative and Legal Requirements Document (ALRD) for HOMES and HEEHR.
- January 31, 2025 – State Energy Office initial applications for HOMES and HEEHR are due to U.S. DOE. Applications reviewed on a rolling basis.
- September 30, 2031 – End of HOMES and HEEHR rebate programs statutory authorization.

New Funding Opportunities

Infrastructure Investment and Jobs Act November 6, 2021	Inflation Reduction Act August 16, 2022
Energy Auditor Training Grant Program $40 million to train individuals to conduct energy audits or surveys of commercial or residential buildings.	**Home Energy Performance-Based, Whole-House Rebates** $4.3 billion dollars for energy efficiency improvements. **High-Efficiency Electric Home Rebate Program** $4.275 billion dollars for beneficial electrification projects. **State-Based Home Energy Efficiency Contractor Training Grants** $200 million for contractor training. **Expansion of Home Energy Tax Credits** The credit amounts and types of qualifying expenses were expanded.

State Energy Office Role in IIJA and IRA Implementation

Energy Auditor Training Grant Program	Home Energy Performance-Based, Whole-House Rebates	High-Efficiency Electric Home Rebate Program	State-Based Home Energy Efficiency Contractor Training Grants	Expansion of Home Energy Tax Credits
State Energy Offices will compete for funds. Up to $2 million per state is available. U.S. DOE will select the winners.	State Energy Offices need to apply to the U.S. DOE for their funds. The State Energy Office will manage the program.	State Energy Offices need to apply to the U.S. DOE for their funds. The State Energy Office will manage the program.	State Energy Offices need to apply to the U.S. DOE for their funds. The State Energy Office will manage the program.	State Energy Offices may educate their constituents about tax credits.

Home Energy Performance-Based, Whole-House Rebates (HOMES)

Energy savings	Rebate amounts			
	Single family	Single family LMI	Multifamily	Multifamily LMI
20-35% modeled savings	Lesser of $2,000 or 50% of project costs	Lesser of $4,000 or 80% of project costs	$2,000 per dwelling unit, maximum $200,000 per building	Lesser of $4,000 per dwelling unit or 80% of project costs
35% or more modeled savings	Lesser of $4,000 or 50% of project costs	Lesser of $8,000 or 80% of project costs	$4,000 per dwelling unit, maximum $400,000 per building	Lesser of $8,000 per dwelling unit or 80% of project costs
15% or more measured savings	Payment for kilowatt hour or kilowatt hour equivalent saved that is equal to $2,000 for a 20% reduction of energy use for average home in the state or 50% of project cost	Payment for kilowatt hour or kilowatt hour equivalent saved that is equal to $4,000 for a 20% reduction of energy use for average home in the state or 80% of project cost	Payment for kilowatt hour or kilowatt hour equivalent saved that is equal to $2,000 for a 20% reduction of energy use per dwelling unit for the average multifamily building in the state or 50% of project cost	Payment for kilowatt hour or kilowatt hour equivalent saved that is equal to $4,000 for a 20% reduction of energy use per dwelling unit for the average multifamily building in the state or 80% of project cost

High-Efficiency Electric Home Rebate Program (HEEHR)

Rebate amounts

- Heat pump water heater: Up to $1,750
- Heat pump for space heating and cooling: Up to $8,000
- Electric stove, cooktop, range, or oven: Up to $840
- Heat pump clothes dryer: Up to $840
- Electrical load service center upgrade: Up to $4,000
- Insulation, air sealing, and ventilation: Up to $1,600
- Electric wiring: Up to $2,500
- Installation: Up to $500

There is a maximum of $14,000 per building with percentage caps varying by income and building type.

- Single family 80-150% area median income: 50% of project costs
- Single family less than 80% area median income: 100% of project costs
- Multifamily 80-150% area median income: 50% of project costs
- Multifamily less than 80% area median income: 100% of project costs

What's Next?

- State Energy Offices will continue to develop their HOMES and HEEHR programs in response to the July 2023 ALRD and will submit applications by the January 31, 2025 deadline.
- The private sector may leverage information from the IRS – or other trusted partners – to communicate tax credit opportunities with customers.
- Engage with your State Energy Office as they develop their programs for rebates and contractor or auditor training.

Additional Resources

- NASEO Residential Energy Efficiency and Beneficial Electrification Task Force
- Find your State Energy Office
- Energy Auditor Training Grant Program
- Home Energy Rebate Programs (HOMES and HEEHR)
- State-Based Home Energy Efficiency Contractor Training Grants
- Home Energy Tax Credits

Kara Saul Rinaldi

AnnDyl Policy Group

Building Performance Association (BPA)

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Home Energy Rebates: Residential Stacking

DOE Better Buildings Residential Network
Combining RA Incentives
September 28, 2023

Kara Saul-Rinaldi
President & CEO
AnnDyl Policy Group

Discussion Agenda

- **Overview** of Key IRA Provisions
- **Program Stacking Options for Households**
  - Overview
  - Low-income
  - Moderate-income
  - Market-rate
- **Next Steps:** Home Energy Rebates Implementation Timeline
- **Q&A**

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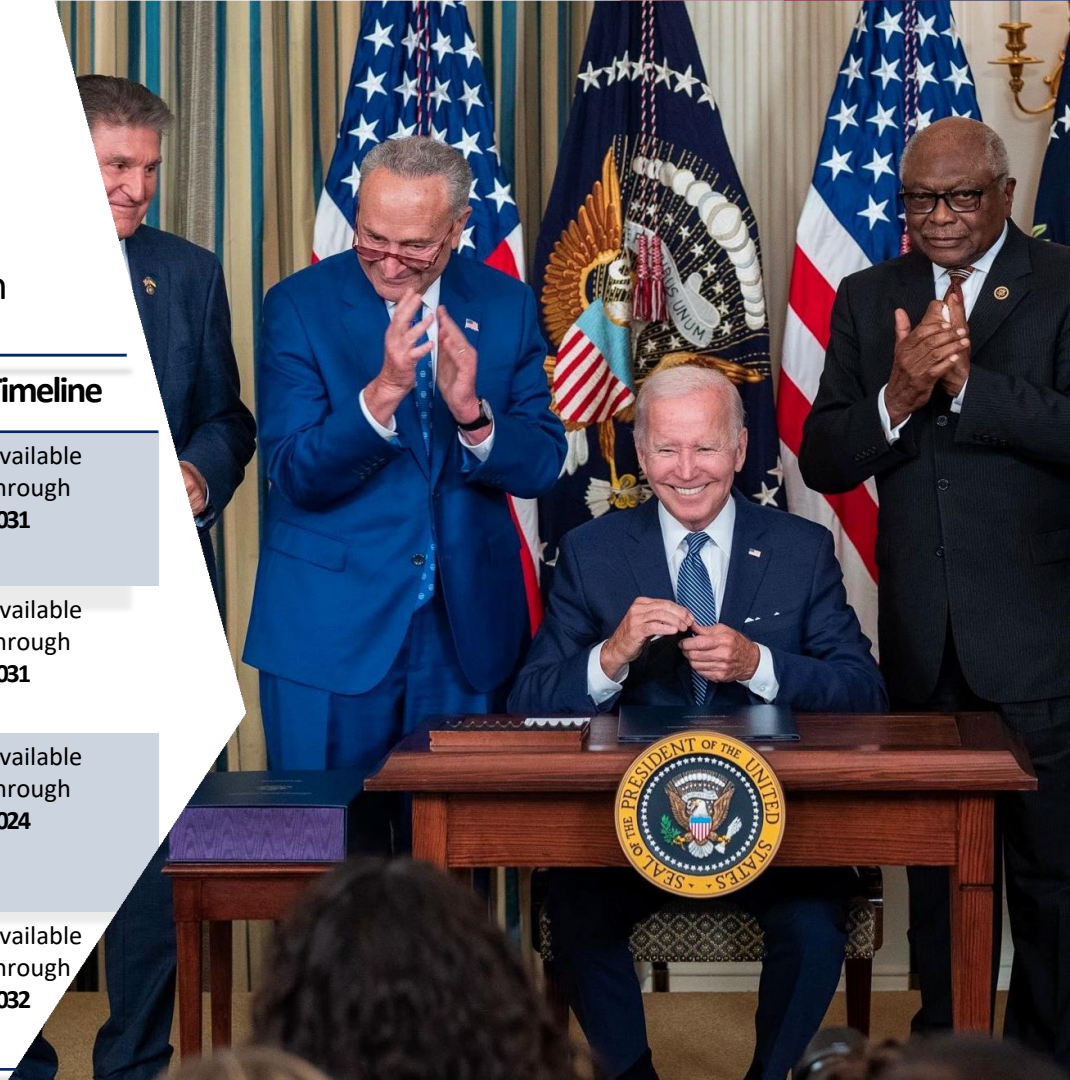
Inflation Reduction Act (IRA): Big Picture

- Signed into law on **August 16, 2022**.
- Estimated **$370 billion** in support of clean energy and energy efficiency.

Program	Funding	Released	Timeline
Home Energy Performance-Based, Whole- House Rebates (HOMES)	**$4.3B** In statute	**$4.3B** open to state applications	Available through **2031**
High-Efficiency Electric Home Rebate Program (HEEHR)	**$4.5B** In statute	**$4.275B** open to state applications	Available through **2031**
Greenhouse Gas Reduction Fund (GGRF)	**$27B** In Statute	**$7B** Solar for All **$13.97B** NCIF **$6B** CCIA	Available through **2024**
25C Tax Credit	**$12.4B** (JCT Estimate)	Credit available now (started Jan. 1, 2023)	Available through **2032**



RA: Residential Rebate Programs for Energy Efficiency and Electrification

HOMES Energy Rebates

Projects must achieve a certain amount of **energy savings** to qualify for rebates.

Larger rebates are available for retrofits that **save more energy**.

Rebates **double** for low- and moderate-income individuals.

High-Efficiency Electric Home Rebate Program

Appliance	Rebate Amount (Maximum)
 Heat Pump (for space heating and cooling)	$8,000
 Electric Stove, Cooktop, Range, or Oven, or Clothes Dryer	$840
 Heat Pump Water Heater	$1,750
 Electric Wiring	$2,500
 Electric Load Service Center (Breaker Box)	$4,000
 Insulation, Air Sealing, and Ventilation	$1,600

Requires rebates be applied with income verification at the **"point of sale"**

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Program Stacking Overview

Allowed	Prohibited (as of August 1, 2023)
HOMES Modeled + HEEHR (for separate upgrades)	HOMES Measured + HEEHR
25C + HEEHR	HOMES Measured + HOMES Modeled
Stacking either rebate with other federal funds (for separate upgrades)	Stacking rebates with other federal funds (for The SAME single upgrade)

Clarification Needed: HOMES + 25C

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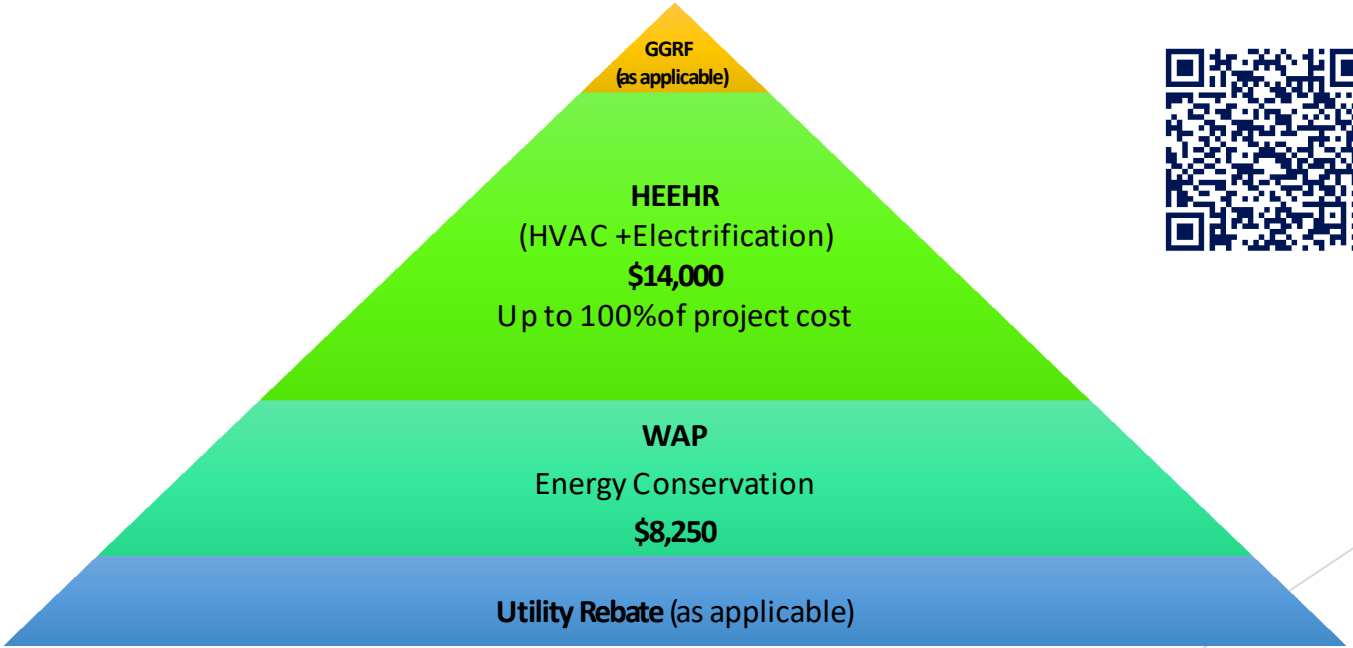
Stacking: Low-Income Households

Below 200% Poverty Line for WAP eligibility
Below 80% Area Median Income for maximum HOMES/HEEHR rebate eligibility



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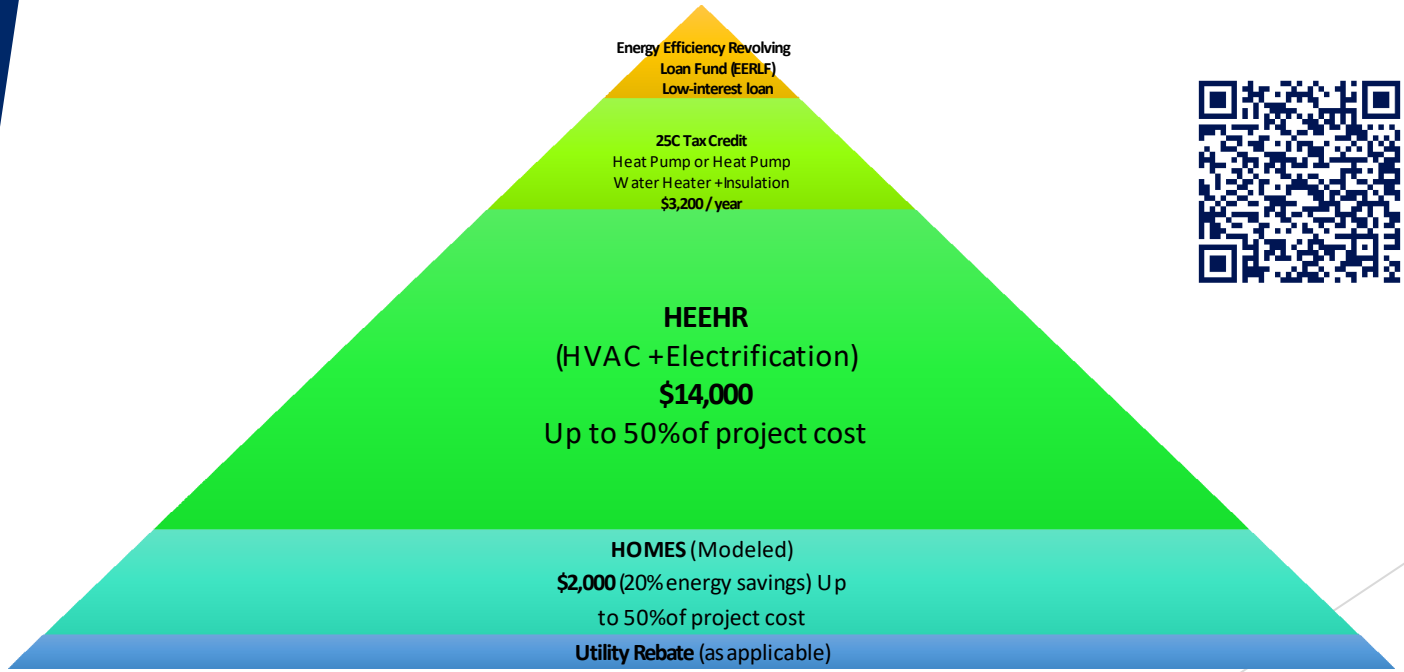
Stacking: Moderate-Income Households

Between 80%- 150 %Area Median Income



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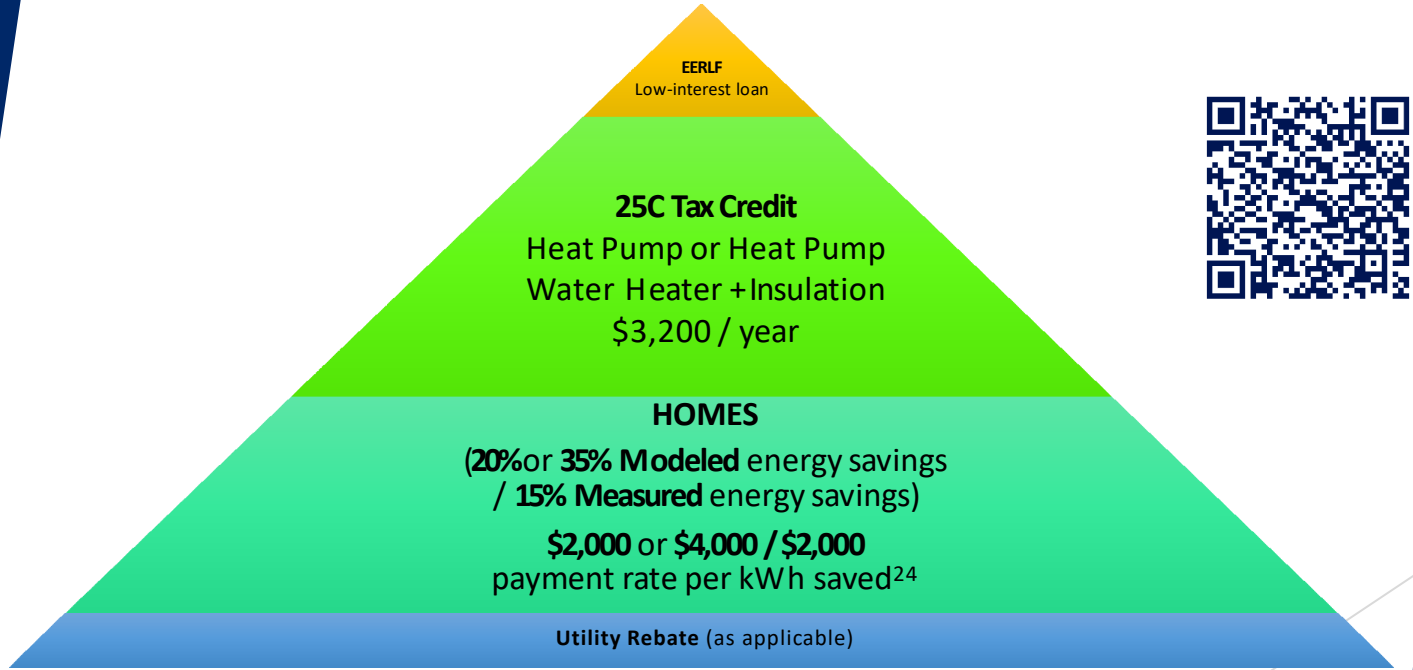
Stacking: Market-Rate Households

No Income Qualification / above 150% Area Median Income



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RA – Implementation Timeline for Rebates

- DOE completed a Request for Information (RFI) period **March 3, 2023.**

- Guidance from DOE provides more detail on how State Energy Offices (SEOs) can apply for funding and what rebate and training programs should look like.

- State Energy Offices submit applications for funding to DOE, relying on agency guidelines.
- "**Quick start**" programs must indicate the SEO plans to launch program in **2023**.

- Funding for rebate programs is distributed to SEOs in **tranches** – 25% to start.
- SEOs set up their state rebate programs with initial funds, and apply to DOE for remaining funding.

- Rebates drive consumer demand for residential energy efficiency and electrification. Consumer interest drives demand for home performance contractors and electrification.

25C AVAILABLE NOW!

August 16, 2024 Deadline for SEOs to indicate they will apply

AnnDyl Policy Group

Questions?

Kara Saul-Rinaldi
President & CEO
AnnDyl Policy Group
kara@anndyl.com

AnnDyl Policy Group

Smart Tools for Efficient HVAC Performance (STEP) Campaign

Pacific Northwest NATIONAL LABORATORY

STEP CAMPAIGN

Scan this QR code to visit our website

Contact: christian.valoria@pnnl.gov

The STEP Campaign aims to increase adoption of smart diagnostic tools to streamline HVAC system performance testing and troubleshooting, reducing energy-wasting faults and improving occupant comfort.

To join the STEP Campaign, visit: bit.ly/3DFmEaE

HVAC Contractors and Technicians

- Reduce callbacks, improve consistency and quality, streamline processes
- Find out where to get training on smart diagnostic tools
- Be recognized for successful adoption of smart diagnostic tools!

Utilities and Program Implementers

- Streamline quality installation and quality maintenance programs
- Improve engagement with your contractors
- Be recognized for programs that utilize smart diagnostic tools!

HVAC Training Organizations

- Offer qualified training on System Performance with smart diagnostic tools
- Promote your training events
- Be recognized for providing training!

Weatherization Organizations

- Ensure your ASHP/CAC installations are operating at optimized efficiency
- Develop pilot with PNNL team
- Be recognized!

ORGANIZING PARTNERS

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Explore the Residential Program Guide

Resources to help improve your program and reach energy efficiency targets:

- Handbooks - explain *why* and *how* to implement specific stages of a program.
- Quick Answers - provide answers and resources for common questions.
- Proven Practices posts - include lessons learned, examples, and helpful tips from successful programs.
- Technology Solutions NEW! - present resources on advanced technologies, **HVAC** & **Heat Pump Water Heaters**, including installation guidance, marketing strategies, & potential savings.
- Health + Home Performance Infographic – spark homeowner conversations.

https://rpsc.energy.gov

Health + Home Performance Infographic

DOE's Health + Home Performance Infographic reveals the link between efficiency and health – something everyone cares about. Efficiency programs and contractors can use the question-and-answer format to discover a homeowner's needs.

The infographic is ideal for the "kitchen table" conversations where people decide what to do – and who they want to do it. It also has links for homeowners to find a qualified contractor if they do not already have one.

Download this infographic from DOE's Better Buildings Residential Network.

Looking for photos to help tell your energy efficiency story? Visit our image libraries: https://www.energy.gov/eere/better-buildings-residential-network/articles/image-libraries

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