

Inflation Reduction Act Opportunities

Kentucky Energy Efficiency Meeting

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AnnDyl Policy Group
March 7, 2024



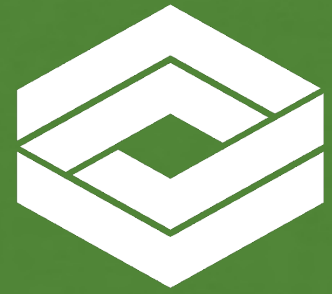
Agenda

Introduction

Overview of Key Programs

- Whole-Home Measured Savings Rebates (HOMES)
- Home Electrification and Appliance Rebates (HEAR)
- Training for Residential Energy Contractors (TREC)
- Other federal programs: tax credits (25C), GGRF, CPRG

Q&A and Discussion



**BUILDING
PERFORMANCE**
ASSOCIATION

The Building Performance Association is a membership-driven 501(c)6 industry association dedicated to advancing the home and building performance industry.

BPA reaches more than 20,000 individuals and organizations working in contracting services, weatherization, product manufacturing and distribution, program administration, building science, and nonprofits through our various programs and events.



The AnnDyl Policy Group is a Washington, DC-based policy strategy firm that brings together extensive knowledge, experience, and expertise to take a substantive approach on policy and advocacy.

We specialize in advanced grid infrastructure, energy efficiency, smart technology, demand response, clean energy financing, renewable energy, carbon and climate policy, and much more.

Overview of Key Programs

IRA: *Key EE and Workforce Development Programs*

Program	Funding	Status
HEAR: Home Electrification & Appliance Rebate Program	\$4.5B	States working on applications, anticipate mid-2024 program availability
HOMES: Home Energy Performance-Based, Whole-House Rebates	\$4.3B	States working on applications, anticipate mid-2024 program availability
TREC: Training for Residential Energy Contractors	\$200M	\$150M available for State applications, due January 31, 2024
GGRF: Greenhouse Gas Reduction Fund	\$27B	Award to Solar4All applicants and green banks in 2024, funding available subsequently
25C Tax Credit (30% of cost)	\$12.4B CBO estimate	Available now; capped at \$1,200 for envelope + \$2,000 for heat pump or HPWH

- Signed into law on **August 26, 2022.**
- Nearly **\$370 billion** in support of clean energy and energy efficiency

Residential Rebate

Programs: *HOMES vs. HEAR*

HOMES Energy Rebates

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


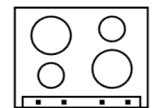

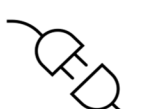


Rebates **double** for low- and moderate-income individuals.

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

Two approaches: **modeled** savings and **measured** savings

Kentucky Allocation:
\$67,319,140

HEAR 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

Kentucky Allocation:
\$66,927,750

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

Programs: *What 's included?*

Eligible measures:

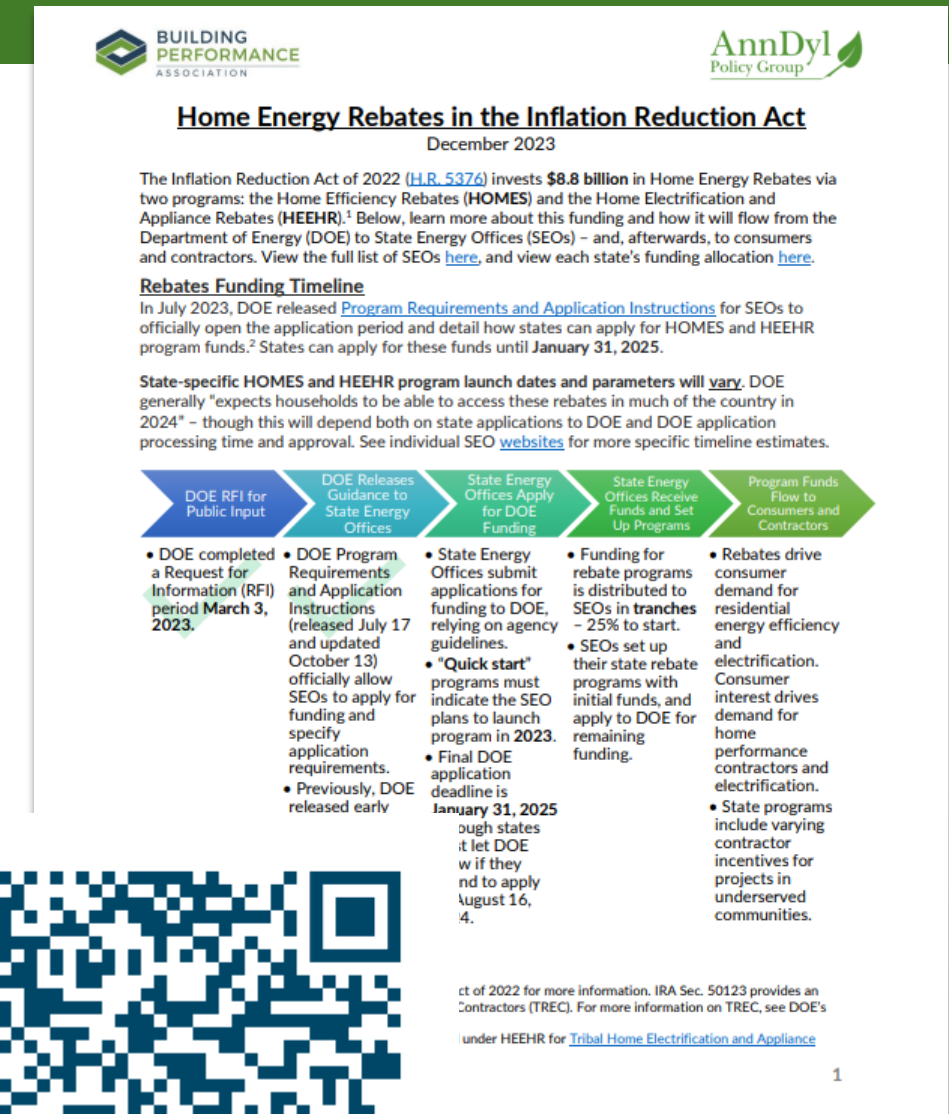
- **HEAR:** Specified electric appliances, including:
 - heat pumps, HPWH, electric stoves, ranges, and ovens, air sealing, insulation, electric wiring, and electric panel upgrades
- **HOMES:** Technology-neutral, primary categories of improvements:
 - Weatherization, e.g. attic/wall insulation, sealing windows, duct sealing
 - HVAC, e.g. higher-efficiency AC, heat pump, or furnace

Not eligible:

- Health and safety remediation (e.g. mold, asbestos)
- Solar panels / battery storage
- EV charging

DOE Requirements for HOMES & HEAR State Programs

- ▶ Required minimum low-income funding allocations:
 - Low-Income **Single-Family** (~40%)
 - Low-Income **Multifamily** (10%)
 - States **may** increase these allocations
- ▶ Stacking encouraged
- ▶ Multifamily buildings can combine funds for larger projects
- ▶ Audit and cost estimate requirements
- ▶ \$200 Disadvantaged Community contractor incentive



Home Energy Rebates in the Inflation Reduction Act
December 2023

The Inflation Reduction Act of 2022 ([H.R. 5376](#)) invests **\$8.8 billion** in Home Energy Rebates via two programs: the Home Efficiency Rebates (HOMES) and the Home Electrification and Appliance Rebates (HEEHR).¹ Below, learn more about this funding and how it will flow from the Department of Energy (DOE) to State Energy Offices (SEOs) – and, afterwards, to consumers and contractors. View the full list of SEOs [here](#), and view each state's funding allocation [here](#).

Rebates Funding Timeline
In July 2023, DOE released [Program Requirements and Application Instructions](#) for SEOs to officially open the application period and detail how states can apply for HOMES and HEEHR program funds.² States can apply for these funds until **January 31, 2025**.

State-specific HOMES and HEEHR program launch dates and parameters will vary. DOE generally "expects households to be able to access these rebates in much of the country in 2024" – though this will depend both on state applications to DOE and DOE application processing time and approval. See individual SEO [websites](#) for more specific timeline estimates.

DOE RFI for Public Input	DOE Releases Guidance to State Energy Offices	State Energy Offices Apply for DOE Funding	State Energy Offices Receive Funds and Set Up Programs	Program Funds Flow to Consumers and Contractors
<ul style="list-style-type: none"> DOE completed a Request for Information (RFI) period March 3, 2023. 	<ul style="list-style-type: none"> DOE Program Requirements and Application Instructions (released July 17 and updated October 13) officially allow SEOs to apply for funding and specify application requirements. Previously, DOE released early 	<ul style="list-style-type: none"> 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. Final DOE application deadline is January 31, 2025 though states that let DOE know if they need to apply August 16, 2024. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Rebates drive consumer demand for residential energy efficiency and electrification. Consumer interest drives demand for home performance contractors and electrification. State programs include varying contractor incentives for projects in underserved communities.

Footnote 1: Inflation Reduction Act of 2022, IRA Sec. 50123 provides an incentive for Tribal Home Electrification and Appliance Rebates (TREC). For more information on TREC, see DOE's Tribal Home Electrification and Appliance Rebates (TREC) program page.



HOMES:

Modeled Savings Pathway

Energy Savings	Single-Family	Multifamily
20 – 34 percent	\$2,000 or 50 percent of the project cost (whichever is less).	\$2,000 per dwelling unit, with a maximum of \$200,000 per multifamily building.
	DOUBLE for low-income households: \$4,000 or 80 percent of the project cost (whichever is less).	
35 percent and over	\$4,000 or 50 percent of the project cost (whichever is less).	\$4,000 per dwelling unit, with a maximum of \$400,000 per multifamily building.
	DOUBLE for low-income households: \$8,000 or 80 percent of the project cost (whichever is less).	

Contractors use approved software to model homes using past utility data, assess potential improvements, and predict energy savings.

HOMES:

Measured Savings Pathway

Energy Savings

Single-Family & Multifamily

\$2,000 payment rate per kilowatt hour saved equal to a 20 percent reduction for the average home in the state, or **50 percent** of project cost.

**15 percent
and over**

DOUBLE for LMI individuals, **\$4,000** payment rate per kilowatt hour saved equal to a 20 percent reduction per home or dwelling unit, or **80 percent** of project cost. For multifamily buildings to qualify, at least 50 percent of residents must be LMI.

Aggregators use approved software to measure home energy usage post-installation, providing rebates based on actual achieved energy savings.

Potentially **higher rebates** for leaky & poorly insulated homes.

Aggregators can provide up-front payments to building owners, **avoids waiting** for rebate payments.

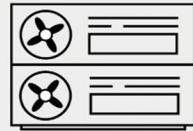
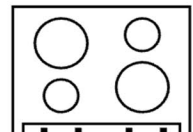

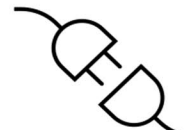
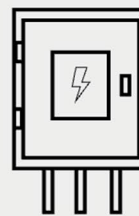

HOMES Program: *Key Points*

- HOMES Energy Audit Requirements – **BPI-1100/1200**
- HOMES Energy Modeling Requirements – **BPI-2400**
- States will be required to set and issue third-party certifications.
- Broad definition of **Aggregators**
- **ENERGY STAR required** for heating, cooling, and water heating products
- Groundbreaking **Data Access Guidelines**
- **\$200 Contractor/Aggregator Installer Benefit** for **underserved** households (per dwelling unit)

HEAR:

Electrification Rebates

- ▶ Low to Moderate Income (LMI) households are eligible for rebates **up to a total of \$14,000** for electric systems/appliances.
- ▶ Income qualified at point of sale.
 - <150% AMI = **50%** of project cost
 - <80% AMI = **100%** of project cost

	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

HEAR Program: *Key Points*

- **Rebate Processing**
 - State plans will need to ensure **processing of rebates within 4 weeks of receipt.**
- **Fuel Switching and Home Assessments**
 - In-Person Assessments (Heat Pumps)
 - Geolocated Photos (all other projects)
- **Smart Technology**
- **Combine** Equipment Rebates in Multifamily Properties
- **Categorical Eligibility Approved** As Income Verification Method

Residential Rebate Programs: *Stacking Overview*

**Clarification
Needed: HOMES
+ 25C**

Allowed

**HOMES Modeled +
HEEHR**
(for separate upgrades)

25C + HEEHR

**Stacking either rebate
with other federal funds**
(for separate upgrades)

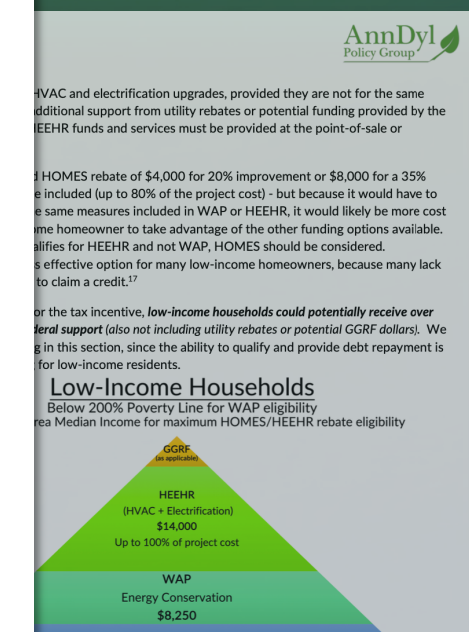
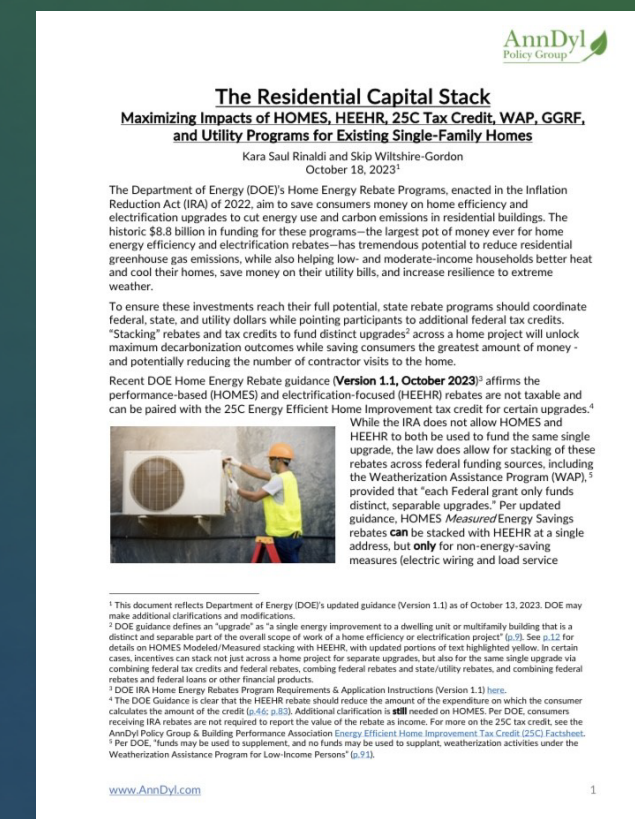
Prohibited

(as of October 13, 2023)

**HOMES Measured +
HEEHR**
(for HEEHR energy saving
upgrades only)

**HOMES Measured +
HOMES Modeled**

**Stacking rebates with other
federal funds**
(for the SAME single upgrade)



Renter Opportunities and Protections

- **For low-income projects, for a period of two years, building owners must:**
 - Continue to rent to low-income tenants
 - Not increase rents or evict tenants to seek higher rent due to energy improvements
 - These requirements transfer in the event the building is sold
 - Provide written notice of landlord obligations/tenant rights

- **Renters may pursue rebates themselves, with building owner permission.**
 - Appliances must stay with the property, and are NOT owned by the tenant.

Qualified Contractor Lists

- To receive HOMES & HEAR funding, states will need to describe how they plan to generate **Qualified Contractor Lists**.
- **States will need to determine qualification(s) that contractors will be held to**, potentially including (but not limited to):
 - Home performance industry credentials
 - Training requirements
 - Business insurance and licensure
 - Skills standards
 - Labor standards
- States will also need to **plan out delisting processes** to protect against fraud and abuse.

Training for Residential Energy Contractors (TREC)

Program Goals / Methods	Program Examples (DOE)
<ul style="list-style-type: none"> ▶ Reduce the cost of training contractor employees 	<ul style="list-style-type: none"> ▶ Training programs for "hard and soft skills necessary to electrify homes and make them more energy-efficient"
<ul style="list-style-type: none"> ▶ Provide testing and certification of contractors 	<ul style="list-style-type: none"> ▶ Upskill incumbent workers and support professional growth
<ul style="list-style-type: none"> ▶ Partner with nonprofit organizations 	<ul style="list-style-type: none"> ▶ On-the-job training, mentorship, apprenticeship, and job placement
	<ul style="list-style-type: none"> ▶ Pre-apprenticeship and registered apprenticeship training programs

- IRA provides a total of **\$200M** for **State-Based Home Energy Efficiency Contractor Training Grants**
- In July 2023, DOE opened **\$150M** in formula funds to state applicants:
 - \$2.4M allocated for Kentucky
- Lots of flexibility on how to allocate training funding

Residential Tax Credits: *Available now!*

Existing Homes:

25C Energy Efficient Home Improvement Credit, 25D Residential Clean Energy Credit

25C: 30% for residential energy efficiency upgrades, electric heat pumps and heat pump water heaters

- **Stackable** with state and federal incentives
- **Renters can qualify** for HVAC equipment and energy audits (but NOT insulation, air sealing, windows, doors)
- **\$3,200 maximum allowable annual credit**
 - Up to \$1,200 for efficiency upgrades; up to \$2,000 for heat pumps and HPWHs
- **Audits:** Requires written report of measures/savings
 - As of Jan. 1, 2024, requires "qualified" auditor certification (AEE, ASHRAE, BPI, BSI, or RESNET)

25D: 30% for the costs of solar panels, geothermal heat pumps, and other clean energy systems.

New Homes: **45L New Energy Efficient Home Credit**

\$2,500 for ENERGY STAR New Homes

\$5,000 for DOE Zero Energy Ready Home (ZERH)

Multi-family residences must meet prevailing wage standards for full credit



Greenhouse Gas Reduction Fund (\$27B)

Solar for All (\$7B)

- Programs: 1) Residential solar 2) Community solar; 3) Solar + Storage for remote areas
- Enabling upgrades included
- Awards expected July 2024

National Clean Investment Fund (\$14B) & Clean Communities Investment Accelerator (\$6B)

- Green Bank-type entities, loans for homeowners and EE businesses
- Expected awards in spring/summer 2024

Climate Pollution Reduction Grants (\$4.6B)

- Supports broad range of activities
 - Building sector examples include **efficiency incentives, HVAC incentives, building performance management programs** and transportation, electric power, and industrial sector uses.
- Awards expected October 2024

Contractor Survey:

Tell us what you think!

BPA and AnnDyl are conducting a survey to address many of these questions to complement our discussions today.



Or enter the following in your browser:

<https://www.surveymonkey.com/r/3CHVD2L>

Contact

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