



**BUILDING
PERFORMANCE**
ASSOCIATION

AnnDyl
Policy Group 

A construction worker wearing an orange hard hat, safety glasses, a yellow high-visibility vest, and white gloves is working on an electrical panel. He is standing on a red step ladder and using a pair of pliers to work on the wiring. The background is a textured, light-colored wall.

Federal Programs Update for Arizona Contractors

February 11, 2025

Agenda

- Introductions
- Federal Programs Overview and Funding Status
 - Home Energy Rebates
 - Tax Credits
- Arizona Program Updates
- Questions/Discussion



The Building Performance Association is a membership-driven 501(c)6 industry association dedicated to advancing the home and building performance industry. Built upon three decades of experience, the Association is well-positioned to provide industry support through key areas including advocacy, education, programs, networking, publications, and community.

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.

www.Building-Performance.org.

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AnnDyl Policy Group is a Washington, DC-based policy strategy firm that focuses on energy efficiency, renewable energy, and climate change policy, programs, financing, and technology.

We represent clients from across the energy efficiency and clean energy industries, including technology and financial sector companies, energy trade associations, and non-profit organizations.

www.anndyl.com

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Federal Programs Overview

IRA: Key EE and Workforce Development Programs



Signed into law on **August 16, 2022**

Nearly **\$370 billion** in support of clean energy and energy efficiency

Program	Funding	Status
HEAR: Home Electrification & Appliance Rebate Program	\$4.5B	All states (except SD) have obligated funds; some programs have launched, others launching soon
HOMES: Home Energy Performance-Based, Whole-House Rebates	\$4.3B	All states (except SD) have been obligated funds; some programs have launched, others launching soon
TREC: Training for Residential Energy Contractors	\$200M	\$150M available for State applications, due January 31, 2024. \$40M in competitive funding, NOIs due May 9, 2024.
GGRF: Greenhouse Gas Reduction Fund	\$27B	Awardees have obligated funds; Solar4All programs launching in 2025-2026
25C Tax Credit (30% of cost)	\$12.4B <i>CBO estimate</i>	Available now; capped at \$1,200 for envelope + \$2,000 for heat pump or HPWH

Residential Rebate Programs: HOMES & HEAR

HOMES Energy Rebates

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







Rebates **double** for low-income households.

Rebate values from **\$2,000 to \$8,000** or more depending on energy savings

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

HOMES AZ Allocation: \$76.7 million

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

HEAR AZ Allocation: \$76.4 million

HEAR Allocation for Tribes within AZ: \$31.1 million

- ▶ AZ program funding on contract and obligated by DOE
- ▶ Disbursement of funding was paused under Exec. Order and OMB memo – courts order resumption
- ▶ Some program details and timelines may change

Federal Residential Tax Credits

Existing Homes: 25C Energy Efficient Home Improvement Credit, 25D Residential Clean Energy Credit

25C: <https://www.irs.gov/pub/irs-pdf/p5967.pdf>

25D: <https://www.irs.gov/pub/irs-pdf/p5968.pdf>

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

- **\$3,200 maximum allowable annual credit**
 - Up to \$1,200 for efficiency upgrades; up to \$2,000 for heat pumps and HPWHs
- **Audits:** Up to \$150, requires written report of measures/savings, qualified certification

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

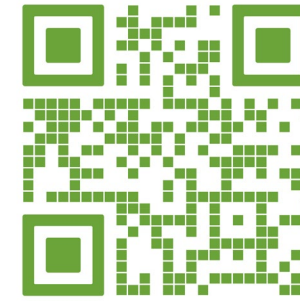
- Residential tax credits under threat of repeal during budget reconciliation
 - BPA [led sign-on letter](#) of nearly 1,000 contractors, distributors, and manufacturers
- Higher CEE efficiency standards for ducted ASHP starting January 1, 2025

Arizona Rebates Program Updates

- ▶ **HEAR Pilot (AC to Heat Pump) now active statewide**
 - ▶ Nine contractors currently registered; register to be a participating contractor at efficiencyarizona.com/qualified-contractors/
 - ▶ Other product rebates (insulation, air sealing, HPWH, electric stoves, HP dryers) expected to be available this spring
- ▶ **HEAR Program Key Updates**
 - ▶ Must receive Energy Skilled certification -- includes NATE, Electric League of Arizona Master Heat Pump Installer; must be completed following program certification
 - ▶ All projects will receive an initial assessment and scoping by program implementer, in addition to post-project QA
- ▶ **HOMES:** Program details remain in work by Office of Resiliency; anticipated launch mid-2025.

How You Can Participate?

- ▶ BPA will continue to provide updates as further details are released:
 - ▶ Visit our site for additional resources: <https://building-performance.org/arizona-home-energy-rebates-for-contractors/>
- ▶ Share your EE story with BPA to highlight
 - ▶ Customer projects, workforce stories, challenges and opportunities



**AZ Contractor
Handout &
Information**



**HOMES/HEAR
Fact Sheet**



**Residential
Capital Stack**



**25C Tax Credit
Fact Sheet**

Questions/Discussion?

Thank you!

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HOMES: Modeled Savings Pathway

Contractors use approved BPI-2400 software to model homes using past utility data, assess potential improvements, and predict energy savings

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).	

Update:
SnuggPro
and
OptiMiser
approved for
BPI-2400

States may
increase the
low-income
cap to 100%
of project
costs

HOMES: Measured Savings Pathway

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

Energy Savings	Single-Family & Multifamily
15 percent and over	\$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.
	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.

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

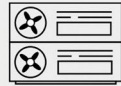
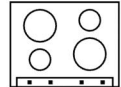




Aggregators can provide up-front payments to building owners, avoids waiting for rebate payments.

HOMES: Key Points

- HOMES Energy Audit Requirements
 - ▶ DOE removed BPI-1100 requirements, full data collection recommended for Modeled projects
- HOMES Energy Modeling Requirements – **BPI-2400**
- States will be required to set and issue third-party certifications.
- **ENERGY STAR certification required** for heating, cooling, and water heating products
- **\$200 Contractor/Aggregator Installer Benefit** for work in **underserved** households (per dwelling unit)

HEAR: Electrification Rebates

- ▶ Low- to Moderate-Income 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
- ▶ Fuel-Switching or First-Time Installation – cannot replace an old heat pump
- ▶ Home Assessments
 - ▶ On-site/virtual (Heat Pumps) + QA inspections
 - ▶ Geolocated Photos (all other projects)

	Appliance	Rebate Amount (Maximum)
	Heat Pump (for space heating and cooling)	\$8,000
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