

INFLATION REDUCTION ACT

Where can more information be found on the rebate programs in my state? When will more information be available?

The U.S. Department of Energy, which is tasked with distributing the funds to state energy offices, is planning to issue more guidance on timing and funding requirements. While the DOE has not announced a timeline, it is reasonable to expect more guidance in the coming months.

However, the timelines and program details are determined by the individual state energy offices and the rebate program start dates will vary and could take several months. It's possible that state energy offices may choose not to support the rebate programs.

When will I know what equipment qualifies for the 2023 25C tax credit?

The 2023 version of the 25C tax credit will be contingent on equipment that meets the highest Consortium for Energy Efficiency (CEE) tier. However, the CEE tiers are not yet finalized for M1 standards. Once the tiers have been defined, we will be better able to determine which equipment qualifies.

As part of the *High-Efficiency Electric Home Rebate Program*, how would someone be able to identify themselves as "low-income" or "median-income" eligible?

An individual's household income compared to their area is determined by using the U.S. Department of Housing and Urban Development's (HUD) [income limits database](#). The income requirements for the rebates are based on median income in their given area.

- $\geq 80\%$ and $\leq 150\%$ of median income: Up to 50% of the cost of a qualified electrification project.
- $< 80\%$ of median income: Up to 100% of the cost of a qualified electrification project.
- Each qualifying family or individual will also be limited to no more than \$14,000 in total rebates under the program.
- Owners of multifamily buildings are eligible to receive the rebates if more than 50% of their tenants meet the income requirements:
 - * If half the tenants earn between 80% and 150% of the area's median family income, the building owner is eligible to receive a rebate of up to 50% of the project's cost.
 - * If half the tenants earn less than 80% of the area's median family income, the building owner is eligible to receive up to 100% of the project's cost.

Can new construction qualify for the 25 C home tax credit?

New construction is eligible to apply for the *Energy Efficient Home Improvement tax credit* (25C). If new construction were to meet the Consortium for Energy Efficiency (CEE) tiers set for 2023, a homeowner would be eligible to receive the tax credit. Thus, new construction is eligible since without the tax credit the homeowner

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How are heat pumps incentivized by the expansion of 25C or new rebate programs?

Heat pumps are among the energy efficient home appliances incentivized through the IRA's various programs.

The expanded *Energy Efficient Home Improvement tax credit* (25C) offers an annual credit of 30% of the project's cost, and up to \$2,000 for a qualifying heat pump.

The *Home Energy-Performance Based Whole House Rebates* (the HOMES Rebate) can pay up to \$4,000 per dwelling or up to \$8,000 for LMI Homes or multifamily. However, the total rebate amount varies depending on the type of property, the retrofit and homeowner's income levels.

The *High-Efficiency Electric Home Rebate Program* pays between 50% and 100% of the cost of installing a heat pump up to \$8,000 for qualifying homeowners, tenants, and multi-family landlords depending on the income and total cost of the project.

Are there specific requirements in the Inflation Reduction Act guidance on what equipment must be replaced for the tax credits or rebate programs?

The expanded 25C tax credit value should not vary based on the piece of equipment a homeowner chooses to replace. In fact, a homeowner can use the tax credits to purchase gas, oil, or propane-fired equipment.

The expanded 45L tax credit is targeting developers and building contractors for new construction or manufactured homes to install Energy Star certified or DOE Zero Energy Ready requirements. As this is targeting new construction, there is not a requirement around what is replaced.

However, the Energy Efficiency Rebate Programs technical requirements will vary.

- For the *HOMES Rebate program*, the guidance will need to be determined by the state energy offices and the overall energy reduction of the retrofit.
- The *High-Efficiency Electric Home Rebate program* guidance does require the applicant replace non-electric equipment, meaning one must replace a fossil fuel-fired furnace with a heat pump and air-handler to qualify for the rebate.

Will any tax credit or rebate program outlined in the Inflation Reduction Act provide retroactive benefits?

In advance of 2023, the previous tax credits that had expired December 2021 have been retroactively extended for the 2022 tax year. This means some customers may be eligible to receive 25C or 45L credits this year.