

The IRA - Preparing for HVAC Changes in 2023

📅 01/09/2023

The Inflation Reduction Act

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(<https://www.rheem.com/>)



(<https://www.rheem.com/HVACKnowZone>)

The Inflation Reduction Act:

How You Can Prepare for HVAC Changes in 2023

Get ready to take advantage of new incentives beginning in January that could affect how consumers replace their heating and cooling systems.

As part of the Inflation Reduction Act, enhanced tax incentives and a new state-administrated point-of-sale rebate program will encourage homeowners to upgrade HVAC systems with heat pumps and high-efficiency air conditioners and furnaces.



(<https://youtu.be/Sv0I5hYzhuY>)

Karen Meyers

VP Global Government Affairs

What All This Means To Your Business

Watch Now (<https://youtu.be/Sv0I5hYzhuY>)

What Is New For 2023

Energy Efficient Home Improvement Credit (25C)

Valuable And Long-term Tax Credit Extension



Effective January 1, 2023, through December 31, 2032



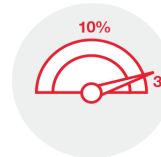
No lifetime tax credit cap



Not limited to primary residences



No income requirements



Increases the percentage of the credit from 10 to 30% of equipment & installation cost



Annual \$1,200 nonrefundable cap for eligible HVAC systems, insulation, and air sealing; and a \$2,000 tax credit for eligible heat pumps

Available Tax Credits



Up to \$2,000 for electric heat pumps



Up to \$600 for furnaces (natural gas, propane or oil)



Up to \$600 for air conditioners

Qualifications



Split & Packaged Air Conditioners & Heat Pumps:

meet or exceed CEE highest efficiency tier (excluding advanced tier)

Gas Furnaces: $\geq 95\%$ AFUE

What is CEE?

The Consortium of Energy Efficiency (CEE) is a network of gas and electric efficiency program administrators and sets CEE product tiers to differentiate highly-efficient HVAC equipment for incentive and promotion programs.



To Qualify, Homeowners Must Owe Taxes

Tax credit offsets federal taxes owed

Rheem® Equipment Eligible for the Energy Efficient Home Improvement (25C) Tax Credit

IMPORTANT: Listed eligible models are based on CEE Tier Guidance as of 12/15/22.

Split & Packaged Heat Pumps¹:

North²

Split Ducted Heat Pumps

- Qualifications: ≥ 15.2 SEER2, ≥ 10.0 EER2, ≥ 8.1 HSPF2, ≥ 1.75 COP @ 5°F, $\geq 58\%$ @17°F/47°F or $\geq 70\%$ @5°F/47°F
- Eligible Rheem Equipment: Models Coming in 2023

Split Non-Ducted Heat Pumps

- Qualifications: ≥ 16 SEER2, ≥ 9.0 EER2, ≥ 9.5 HSPF2, ≥ 1.75 COP @ 5°F, $\geq 58\%$ @17°F/47°F or $\geq 70\%$ @5°F/47°F
- Eligible Rheem Equipment: Models Coming in 2023

Packaged Heat Pumps

- Qualifications: ≥ 15.2 SEER2, ≥ 10.0 EER2, ≥ 8.1 HSPF2, ≥ 1.75 COP @ 5°F, $\geq 58\%$ @17°F/47°F or $\geq 70\%$ @5°F/47°F
- Eligible Rheem Equipment: Models Coming in 2023

South (Southeast³/Southwest⁴)

Split Ducted Heat Pumps

- Qualifications: ≥ 15.2 SEER2, ≥ 11.7 EER2, ≥ 7.8 HSPF2
- Eligible Rheem Equipment: RP18AZ

Split Non-Ducted Heat Pumps

- Qualifications: ≥ 16 SEER2, ≥ 12.0 EER2, ≥ 9.0 HSPF2
- Eligible Rheem Equipment: Models Coming in 2023

Packaged Heat Pumps

- Qualifications: ≥ 15.2 SEER2, ≥ 10.6 EER2, ≥ 7.2 HSPF2
- Eligible Rheem Equipment: Models Coming in 2023

Split & Packaged Air Conditioners¹

Split Air Conditioners

- Qualifications: ≥ 16 SEER2, ≥ 12.0 EER2)
- Eligible Rheem Equipment: RA18AZ

Packaged Air Conditioners

- Qualifications: ≥ 15.2 SEER2, ≥ 11.5 EER2)
- Eligible Rheem Equipment: Models Coming in 2023

Gas, Propane or Oil Furnaces & Fans:

Gas Furnaces

- Qualifications: $\geq 95\%$ AFUE
- Eligible Rheem Equipment: R98MV, R97MV, R962V, R951V, R951T

High Efficiency Electric Home Rebate Program (HEEHRP)

Point of Sale Rebates on Qualifying Heat Pumps, Panel Replacements and Electrical Wiring

Program should launch in the second half of 2023



Funds apportioned to states based on population formula

Eligible heat pumps systems are ENERGY STAR® certified



States could contract rebate function to 3rd parties for multifamily customers for installation of electrification equipment

Up to a \$500 Rebate Is Available for Contractors Per Heat Pump Installation

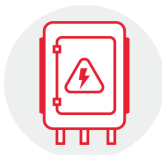


Available Tax Rebates Based on Income

<80% of Area Median Income



Up to \$8,000 for air source heat pumps



Up to \$4,000 for panel replacement



Up to \$14,000 per household

80–150% of Area Median Income



Up to \$4,000 for air source heat pumps



Up to \$2,000 for panel replacement



Up to \$7,000 per household

**Rheem® Equipment Eligible for the
High Efficiency Electric Home Rebate Program (HEEHRP)**

IMPORTANT: Listed eligible models are based on ENERGY STAR® 6.1 Performance Criteria as of 12/15/22.

Split Heat Pumps⁵:

- **Eligible Rheem Equipment:** RP18AZ
- **Eligible Heat Pumps Coming Soon:**
 - RP15AZ — Our new 15.2 SEER2 heat pump family is designed with ENERGY STAR® in mind. Look for additional product information early in 2023, including product specifications and AHRI certified ratings
 - RD16AZ — Our Sound and Space Solution has been refreshed for 2023, with a new model number and some exciting new features. Look for additional product information early in 2023, including product specification and AHRI certified ratings
 - RD17AZ — Our newest heat pump design, offering a flexible combination of system matchups in a compact footprint, is launching in mid-2023

Frequently Asked Questions

Q: Is the \$2,000 Tax Credit for a Heat Pump system conditioned on replacing a central air conditioner and furnace?

A: No, replacement systems are eligible and consumers who chose to replace an existing heat pump with a new heat pump can claim the credit.

Q: When will the High Efficiency Electric Home Rebate Program Launch?

A: The Department of Energy is expected to issue rebate program rules in Q2 2023 and we expect the states to set up rebate programs for state constituent participation in Q3 and Q4 of 2023.

Q: Can a customer claim both a High Energy Efficient Home Improvement Tax Credit and a rebate through the High Efficiency Electric Home Rebate Program?

A: There is no statutory prohibition on a customer claiming both a credit and rebate, but the U.S. Treasury Department must issue final implementing rules on incentive layering and Rheem will provide additional details in Q1 2023.

1 After 1/1/2023, visit ahridirectory.org (<https://ahridirectory.org>) to obtain an AHRI certificate with the system combinations efficiency ratings to confirm tax credit qualifications.

2 North states include: Alaska, Colorado, Connecticut, Idaho, Illinois, Indiana, Iowa, Kansas, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Vermont, Washington, West Virginia Wisconsin, and Wyoming.

3 Southeast states include: Alabama, Arkansas, Delaware, Florida, Georgia, Hawaii, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and the District of Columbia, U.S. Territories.

4 Southwest states include: Arizona, California, Nevada, and New Mexico.

5 The models qualify only when installed as part of a matched system combination that meet 2023 ENERGY STAR® criteria.

READ MORE

([HTTPS://WWW.RHEEM.COM/FEDERAL-TAX-CREDIT/](https://www.rheem.com/federal-tax-credit/))

For updates on these tax incentives and other changes as we get into 2023, keep watching [Rheem.com/HVACKnowZone](https://www.rheem.com/HVACKnowZone) (<https://www.rheem.com/HVACKnowZone>).



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