



U.S. DEPARTMENT OF
ENERGY

Inflation Reduction Act Residential Efficiency and Electrification Rebates

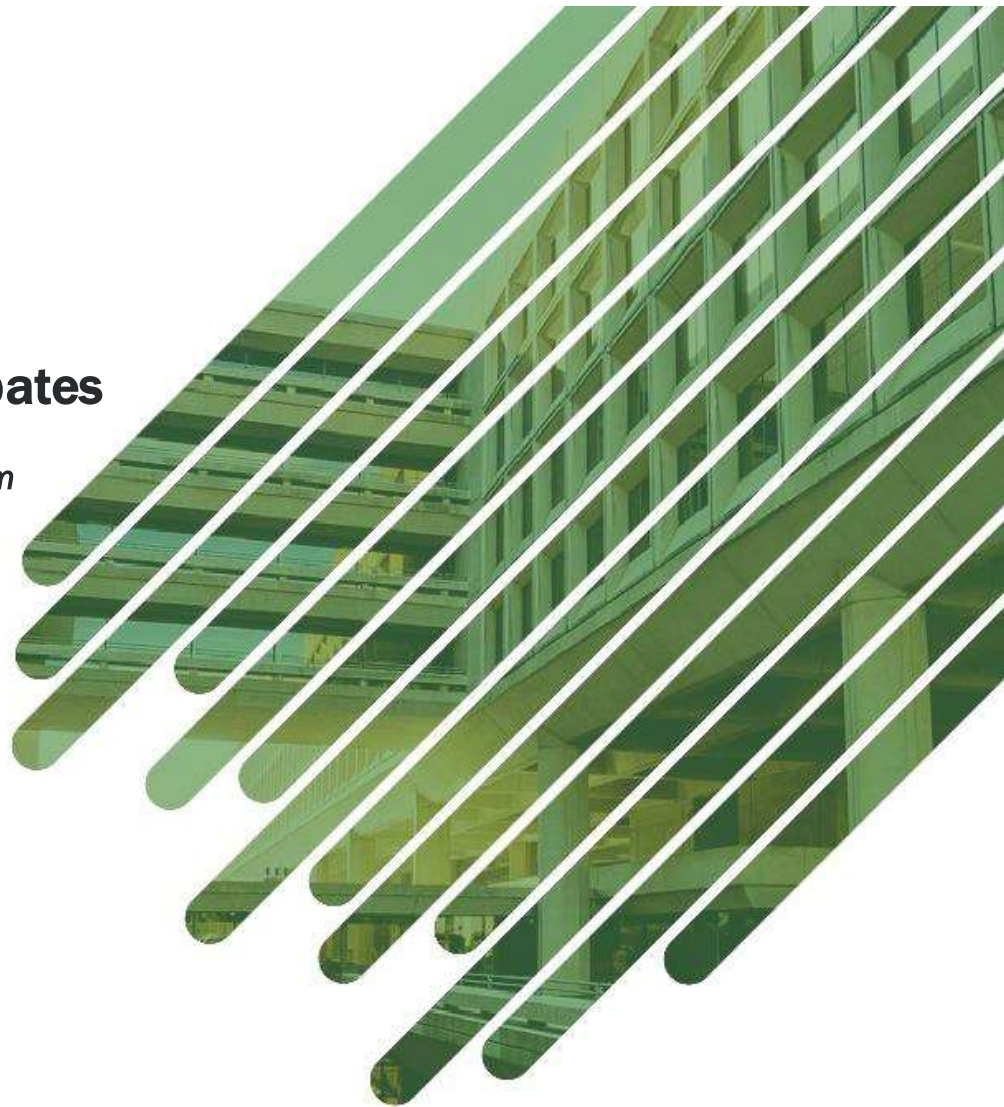
Home Owner Managing Energy Savings (HOMES) Rebate Program

High Efficiency Electric Home Rebate (HEEHR) Program

October 2022

SCEP

STATE & COMMUNITY ENERGY PROGRAMS



Office of State and Community Energy Programs (SCEP)



- **New Office** created as part of the Bipartisan Infrastructure Law (BIL)
- Creating a “**Center of Excellence**” to accelerate the deployment of climate and clean energy infrastructure solutions
- Works with a wide range of government, community, business and other stakeholders to significantly accelerate the deployment of clean energy infrastructure and technologies; catalyze local economic development and create jobs; reduce energy costs on households and businesses; and avoid pollution through place-based strategies.



Our Mission and Priorities

The Office of State and Community Energy Programs (SCEP) was established in January 2022 and is responsible for managing a portfolio of **nearly \$16 billion** in funding from the Bipartisan Infrastructure Law (BIL), Inflation Reduction Act (IRA), and annual appropriations.

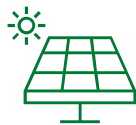
Our goal is to extend the capabilities of states, tribes, local governments, schools, and community-serving organizations to **implement high-impact, self-sustaining clean energy projects** that center the needs of low-income and Disadvantaged Communities (DACs), and tangibly improve the lives of their citizens.

SCEP will do this through the disbursement of **formula grants, competitive awards, consumer rebates, and technical assistance.**

SCEP Strategic Priorities



Center equity and
deliver on J40
priorities



Deploy clean
energy
technologies



Catalyze local
economic
development



Create
jobs



Avoid pollution
through place-based
strategies



Reduce
energy costs

What's in IRA?



Tackles the climate crisis, creates new domestic industrial policy, and revolutionizes our economy and energy system over the next decade in three main areas:

01

Communities: New programs will help underserved communities to make the transition to clean energy, ports, and transportation

02

American Manufacturing and Jobs: Major investments will help companies scale up clean energy manufacturing and deployment here in America and will incentivize companies to provide workers with family-sustaining careers

03

Consumer Savings: New and updated incentives will save American individuals and families thousands of dollars on cleaner electricity, heating, cooling, and transportation while protecting them from shifting fossil fuel prices

IRA Delivers Historic Firsts

- Largest climate and clean energy investment in American history
- Provides 10 years of clean energy financial support to manufacturers, installers, and investors
- Delivers a historic focus on domestic job creation with strong incentives for prevailing wages and apprenticeships
- Saves American families thousands of dollars in home and transportation energy costs
- Extra benefits for low- and middle-income consumers, historically underserved and overburdened communities, and communities most impacted by transition to clean energy
- Expected to reduce greenhouse gas (GHG) pollution to ~40% below 2005 levels by 2030



Residential Rebate Program Highlights



HOMES

SEC. 50121



HEEHRA

SEC. 50122

Total Appropriated	\$4,300,000,000	\$4,500,000,000
Allocation of Funds	State Energy Offices (SEOs)	State Energy Offices Indian Tribes
Rebate Recipients	Individuals, Contractors, & Aggregators	LMI Households; Multifamily building owners; & Gov. commercial, non-profit
Purpose	To award grants to SEOs to develop and implement a HOMES rebate program to provide rebates to homeowners & aggregators for whole house energy saving retrofits.	To award grants to SEOs & Tribes to develop and implement a high-efficiency electric home rebate program to provide rebates to eligible entities for qualified electrification projects.
Availability of Funds	through September 30, 2031; up to 2 years to submit application post enactment	through September 30, 2031; up to 2 years to submit application post enactment

U.S. DEPARTMENT OF
ENERGY

Office of
**ENERGY EFFICIENCY &
RENEWABLE ENERGY**

SEC. 50121

HOMES **REBATE PROGRAM**

Homeowner Managing Energy Savings



Program Details & Allocation – HOMES Rebate Program (Sec 50121)

- Available to SEOs in accordance with the allocation formula for the State Energy Program (SEP) in effect on January 1, 2022
 - **See SEP Formula FY22 Allocation Distribution**
<https://www.energy.gov/sites/default/files/2022-04/sep-formula-fy22-allocation-distribution.pdf>
- With DOE approval states **may increase** rebate amounts for low- or moderate-income households.¹
- Contractors and aggregators can claim a \$200 rebate for each home located in a disadvantaged community that receives a home energy efficiency retrofit under this program
- **No more than 20 percent** of the grant amount for planning, administration, or technical assistance related to a HOMES rebate program
- A rebate provided by a SEO under a HOMES rebate program **may not be combined** with any other Federal grant or rebate, including a rebate provided under a high-efficiency electric home rebate program (as defined in section 50122(d)), for the same single upgrade.

1. The term “low- or moderate-income household” means an individual or family the total annual income of which is less than 80 percent of the median income of the area in which the individual or family resides, as reported by the Department of Housing and Urban Development, including an individual or family that has demonstrated eligibility for another Federal program with income restrictions equal to or below 80 percent of area median income.



Two Pathways

Modeled

- Rebates are based on the difference between energy usage before the energy upgrade and predicted energy use after the upgrade.
- Projects must achieve *modeled* energy savings of at least 20 percent to qualify for rebates.
- Larger rebates are available for projects achieving modeled energy savings of at least 35 percent.
- Rebates double for low- and moderate-income individuals.

Measured

- Rebates are based on actual consumption data pre and post retrofit.
- Projects must achieve *measured* energy savings of 15 percent to qualify for rebates.
- Energy baselines are based on average energy use of single-family homes or multifamily buildings in each State.
- Rebates double for low- and moderate-income individuals.

Rebate Amount – HOMES Rebate Program (Sec 50121)

Housing Type	Retrofit Energy System Savings Amount	Rebate Amount
Single Family Home	Modeled: 20% – 35%	Lesser of \$2,000 and 50% of the project cost
	Modeled: >35%	Lesser of \$4,000 and 50% of the project cost
	Measured: >15%	A payment rate per kwh saved or kwh-equivalent saved, equal to \$2,000 for a 20% reduction of energy use for the avg State home, or 50% of the project cost
Multifamily Buildings	Modeled: 20 – 35%	\$2,000/dwelling unit, with a max of \$200,000/multifamily building
	Modeled: >35%	\$4,000/dwelling unit, with a max of \$400,000/multifamily building
	Measured: >15%	A payment rate per kwh saved or kwh-equivalent saved, equal to \$2,000 for a 20% reduction of energy use for the avg State multifamily building, or 50% of the project cost
Single-Family Home Occupied by LMI Household or Multifamily Building with >50% of Dwelling Units Occupied by LMI Households	Modeled: 20% – 35%	Lesser of \$4,000/single-family home or dwelling unit and 80% of the project cost
	Modeled: >35%	Lesser of \$8,000/single-family home or dwelling unit and 80% of the project cost
	Measured: >15%	A payment rate per kwh saved or kwh-equivalent saved, equal to \$4,000 for a 20% reduction of energy use per single-family home or dwelling unit for the avg State single-family home or multifamily building, or 80% of the project cost

Preliminary SEO Application Considerations for HOMES Rebate Program



A State energy office (SEO) seeking a grant will be required resubmit an application as part of a State energy conservation plan that includes a plan to implement a HOMES rebate program. States will need to address how they will:



Modeled Performance Rebates

Apply the ANSI/BPI-2400 standard for baseline energy model calibration to actual energy usage



Ensure program design accounts for contractors and aggregators who have a right to claim a rebate for performing their work in disadvantaged communities



Implement a QA process that requires a certificate of completion with documentation to support accurate valuation of the retrofit certified by a third party



Measured Performance Home Rebate

Use an approved open-source M&V software

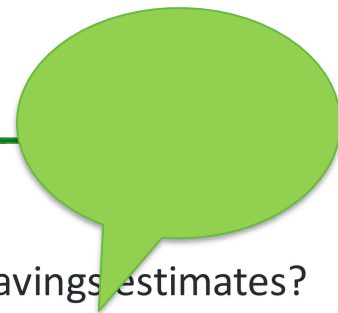


Ensure a homeowner or aggregator does not receive another rebate for the same upgrade through any other federal grant or rebate program



Calculate savings based on time, location and greenhouse gas emissions

Discussion



1. What are the pros and cons of the measured and modeled savings approaches?
2. How can utilities coordinate with states to implement best practices in procedures and M&V savings estimates?
3. What are the critical M&V assumptions and inputs that should be reviewed during the application process?
4. How should fuel switching be considered?
5. What about an 'order of installation' requirement (e.g. must do window and insulation before a heat pump)?
6. If a state chooses the performance path, the dwelling cannot then receive payments for the equipment rebate program. What types of homes should not be considered for this path and should instead use the rebate path?
7. What needs to be considered when estimating/reporting savings from a 'portfolio' of units or buildings?
8. What are your biggest concerns? What are you most optimistic about?
9. What open source models and methods exist? What works well?