

Inflation Reduction Act: Clean Energy Tax Credits and Opportunities for Consumers

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Investing in America

- 1.The Backbone: Bipartisan Infrastructure Law** (November 2021) makes the largest long-term investment in our nation's infrastructure in nearly a century
- 2.The Brain: CHIPS and Science Act** (July 2022) invests in cutting-edge science and innovation to boost American competitiveness, including for semiconductors, and to bring jobs and supply chains home
- 3.The Lungs: Inflation Reduction Act or IRA** (August 2022) breathes life into our clean energy economy by incentivizing deployment of clean technologies and lowering energy costs for American families

Inflation Reduction Act Delivers Historic Firsts

- 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
- Largest climate and clean energy investment in American history
- Provides 10 years of clean energy policy certainty to manufacturers, installers, and investors
- Delivers a historic focus on domestic job creation with strong incentives for prevailing wages and apprenticeships
- Expected to reduce greenhouse gas (GHG) pollution to ~40% below 2005 levels by 2030



Tax Credits For Consumers

Wide variety of energy efficiency and clean energy tax credits. Review more www.energy.gov/save



Equipment type	Tax Credit Available for 2023-2032 Tax Years
Home Clean Electricity Products	
Solar (electricity)	30% of cost
Fuel Cells	
Wind Turbine	
Battery Storage	
Heating, Cooling, and Water Heating	
Heat pumps	30% of cost, up to \$2,000 per year
Heat pump water heaters	
Biomass Stoves	
Geothermal heat pumps	30% of cost
Solar (water heating)	
Efficient air conditioners*	30% of cost, up to \$600
Efficient heating equipment*	
Efficient water heating equipment*	
Other Energy Efficiency Upgrades	
Electric panel or circuit upgrades for new electric equipment*	30% of cost, up to \$600
Insulation materials*	30% of cost
Windows, including skylights*	30% of cost, up to \$600
Exterior doors*	30% of cost, up to \$500 for doors (up to \$250 each)
Home Energy Audits*	30% of cost, up to \$150
Home Electric Vehicle Charger	30% of cost, up to \$1,000**

*Subject to cap of \$1,200/year

** The IRS will soon publish further information on eligibility requirements related to home electric vehicle chargers, but we know that credits are intended for residents in non-urban or low-income communities.

Making Homes and Appliances More Energy Efficient

- To help determine the best home improvement options, families can claim a credit of up to \$150 for a home energy audit conducted by an inspector
- Families can claim up to \$1,200 in credit each year for adding insulation or installing efficient windows and doors
- State programs will begin to offer rebates for electric appliances and home retrofits, which will reduce household energy bills each month

Cooling and Heating Homes

- Households can claim a tax credit for 30% of the costs of buying and installing a heat pump (which is for heating and cooling), up to \$2,000/year, as well as support for any electric system upgrades needed to make the home heat-pump-ready



Solar Energy Tax Credits

- Households can receive a tax credit to cover 30% of the costs of installing rooftop solar
- Solar panels can shave \$400 off annual electricity bills, delivering a net savings of \$9,000 over the panels' lifetime
- This credit applies to solar systems that are paired with battery storage as well as standalone battery storage installed without solar



Electric Vehicle Tax Credits

- For new vehicles, income-qualified households can receive a tax credit of up to \$7,500
- For previously-owned electric vehicles, income-qualified households can access a tax credit of up to \$4,000
- There are eligibility requirements related to whether the vehicle was assembled in the US, where the components are from, and the price of the vehicle
- Check www.fueleconomy.gov/taxcenter for updated vehicle eligibility information



Checking Tax Credit Eligibility

- Homeowners are eligible for clean energy tax credits
- Renters are also eligible for certain expenditures
- Homeowners and renters are eligible for EV tax credits, depending on income and location
- Fill out appropriate IRS form, following IRS instructions, and include it when filing your tax return. Include any relevant product receipts



Thank You!

Learn more about clean energy economy opportunities by visiting:

energy.gov/save

fueleconomy.gov

cleanenergy.gov

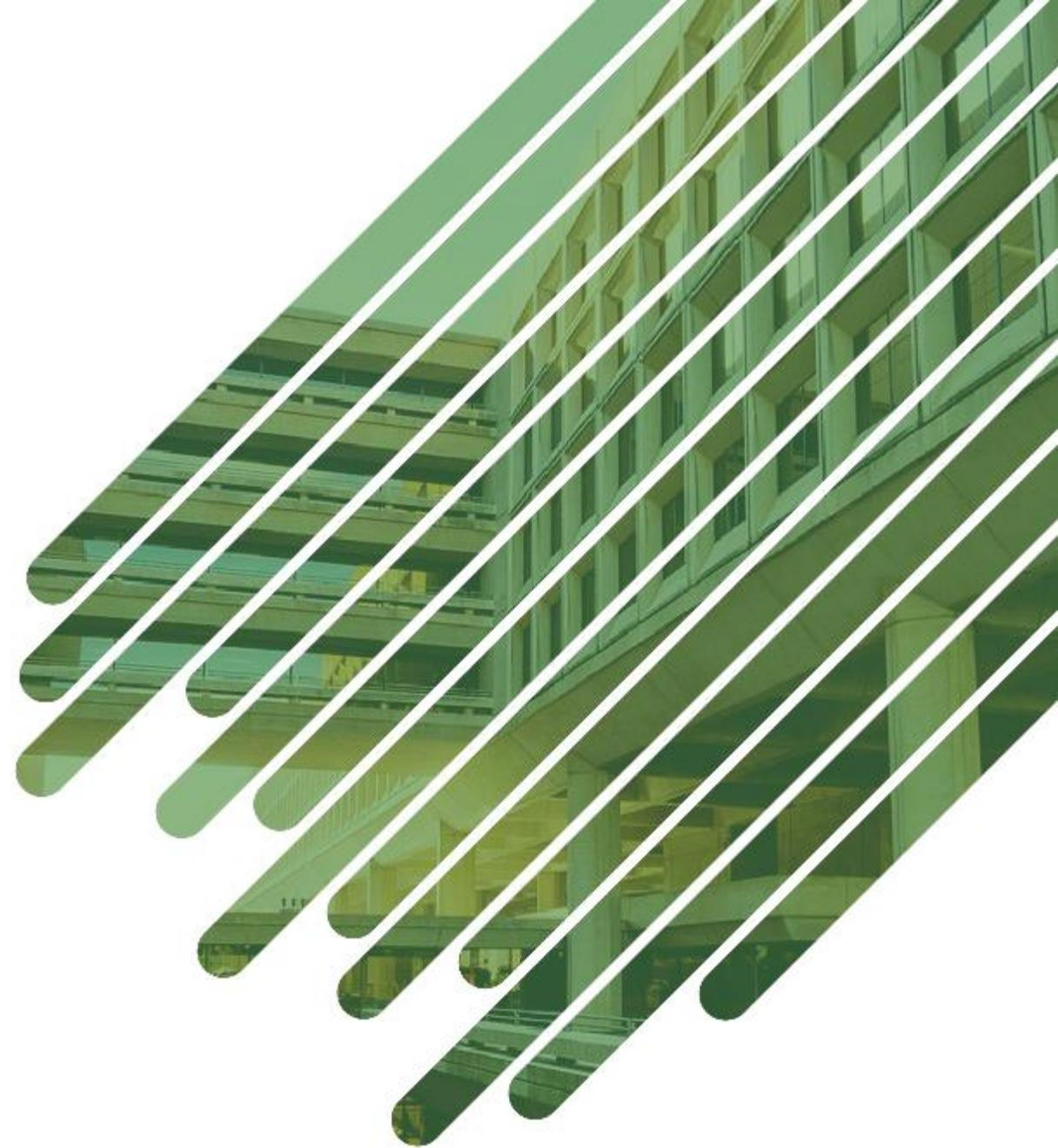


IRA Home Rebates



SCEP

STATE & COMMUNITY ENERGY PROGRAMS



State and Community Energy Program Office (SCEP)

01



WAP

Weatherization Assistance Program

Helps **reduce energy burden** in **low-income households** in every county, state, D.C., and the five U.S. territories. Since 1976, more than **7 million low-income residences** have been weatherized through WAP, reducing energy bills by **\$250 to \$450 annually**. WAP supports approx. **8,500 jobs** and provides weatherization services to approx. **35,000 homes every year** w/DOE funds.

02



SEP

State Energy Program

Provides **formula funding** and technical assistance to 50 states, 5 U.S. territories, and DC to enhance energy security, **advance state-led energy initiatives**, and increase energy affordability. SEP funds numerous state-led initiatives and programs that generate substantial energy and cost savings, **moving states closer towards climate and clean energy goals**.

03



CEP

Community Energy Programs

Works with local and tribal governments, public schools, nonprofit organizations, workforce development groups, and other community-serving entities by acting as a front door for federal support and resources. CEP manages multiple active grant programs, including the EECBG, LGEP, EFG, workforce development and training grants, and public school and nonprofit funding programs.

04



TAP

Technical Assistance Partnerships

Serves at the nexus of state and local governments to catalyze lead-by-example programs by **developing tools and solutions to barriers facing state and local governments**, convening and creating peer exchanges to showcase public-sector leadership and effective public-private partnerships, and providing information from leading technical experts.

Programs Coming Out of SCEP

\$3.5B for
Weatherization Assistance Program

\$260M for
Building
Efficiency
Workforce
Training

\$500M for
State Energy
Program

\$500M for
Energy Efficiency
& Renewable
Energy in Public
Schools

\$250M for
Energy
Efficiency
Revolving Loan
Funds

\$50M for
Energy
Efficiency for
Non-Profits

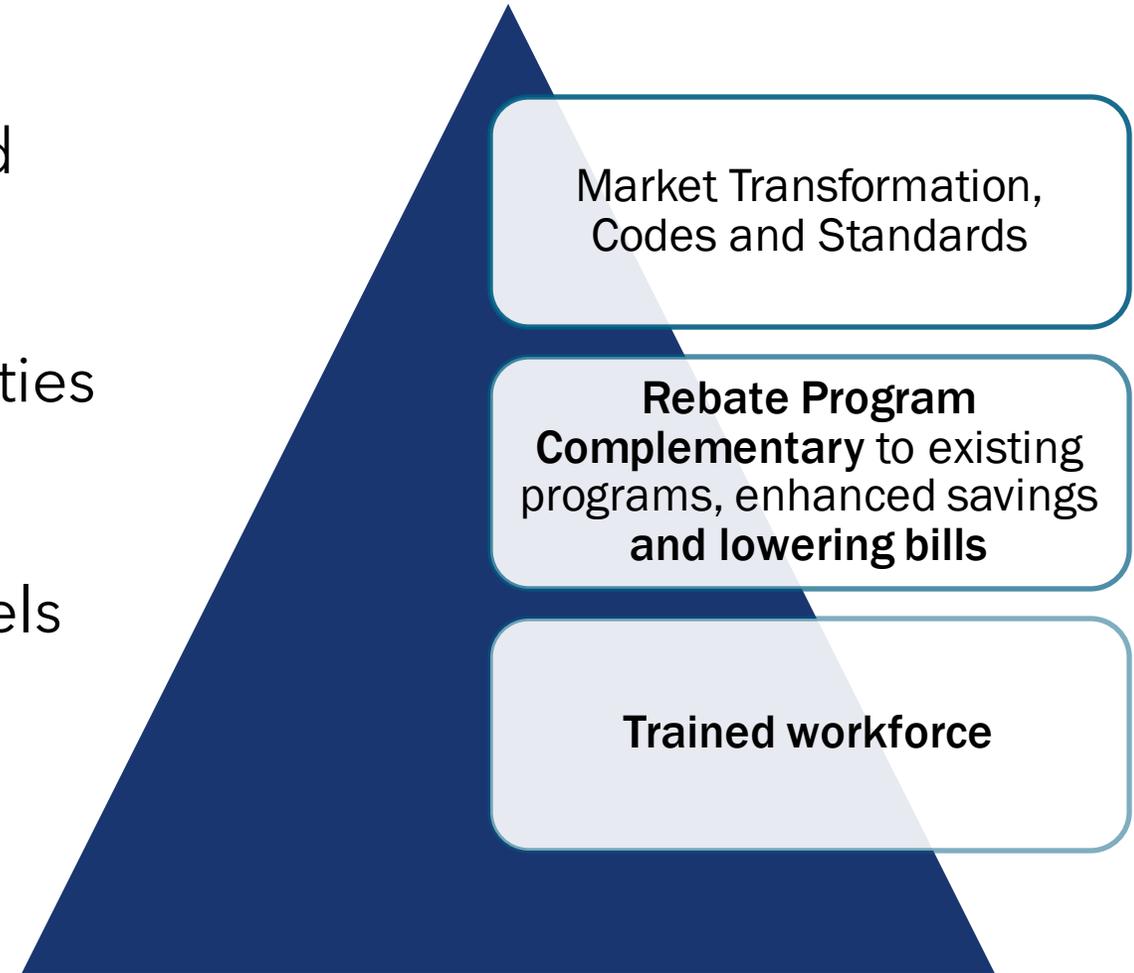
\$550M for
Energy Efficiency
& Conservation
Block Grants
Program

\$1B for
Energy Codes
Technical Assistance

\$8.8B for Home Energy Rebates

High Impact Goals

- Reduce home energy bills
- Home energy market transformation and activate the private market
- Successful collaboration with States, utilities and existing programs
- Successful transition to more efficient fuels and technologies
- Economic opportunities for workers and business



Quick Recap: Residential Efficiency Rebates (HOMES)

- Rebates vary with the energy savings from the household improvements.
- A wide range of energy-saving upgrades can be included.
- Low-income* households can access up to \$8,000, while other households can access up to \$4,000.

LOW-INCOME HOUSING*

- Projects with energy savings between 20% and 35%:
 - ✓ **80%** of costs up to **\$4,000** per home or housing unit
- Projects with energy savings greater than 35%:
 - ✓ **80%** of costs up to **\$8,000** per home or housing unit

MARKET RATE HOUSING

- Projects with energy savings between 20% and 35%:
 - ✓ **50%** of costs up to **\$2,000** per home or housing unit
 - ✓ **\$200,000** cap for multifamily building
- Projects with energy savings greater than 35%:
 - ✓ **50%** of costs up to **\$4,000** per home or housing unit
 - ✓ **\$400,000** cap for multifamily building

* Low income is defined as single family households with incomes less than 80% area median income, as well as multifamily housing with more than 50% of households having incomes less than 80% area median income.

Quick Recap: Residential Electrification Rebates (HEERHA)

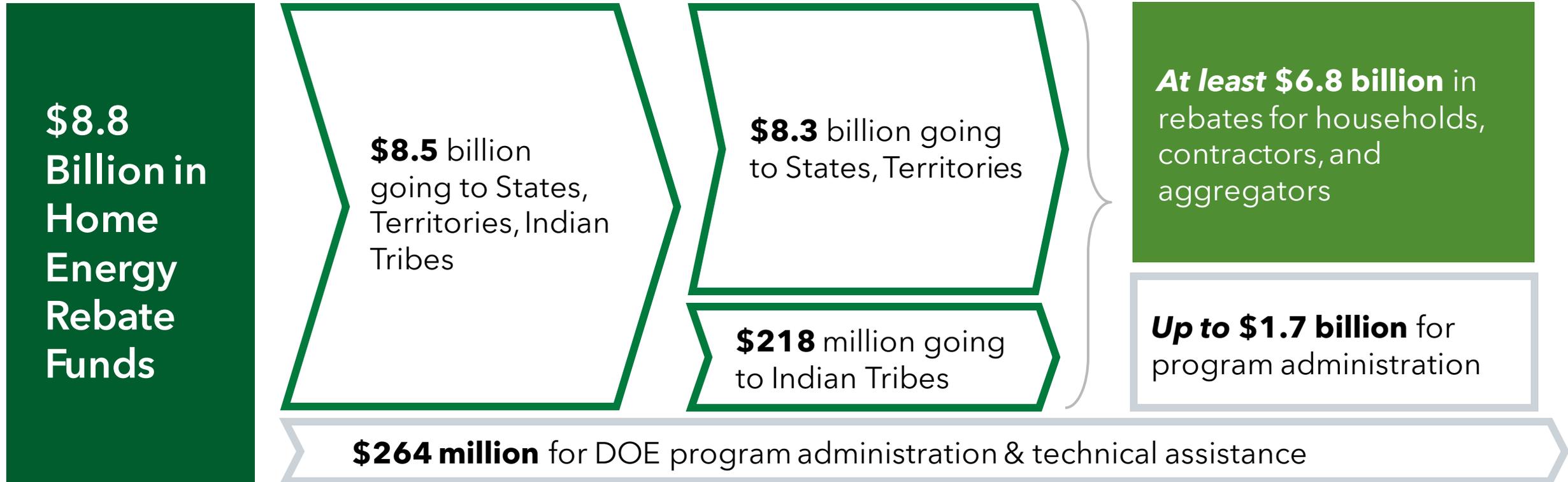
Rebates provide low- and moderate-income families ONLY up to \$14,000 total for products like electric heat pumps, electric stoves, and more.

- ✓ More than 70 percent of U.S. households are eligible for these rebates.
- ✓ Rebates cover up to 100% of costs for low-income households*
- ✓ Rebates cover up to 50% of costs for moderate-income households*
- ✓ Rebates cannot exceed the caps listed in the table.

Rebate Type	Equipment/Service	Maximum Rebate \$ Amount
Appliance Upgrades	Heat Pump Water Heater	\$1,750
	Heat Pump for Space Heating or Cooling	\$8,000
	Electric Stove, Cooktop, Range, Oven, or	\$840
	Electric Heat Pump Clothes Dryer	\$840
Non-appliance Upgrades	Electric Load Service Center Upgrade	\$4,000
	Insulation, Air Sealing, and Ventilation	\$1,600
	Electric Wiring	\$2,500
Maximum total across all upgrades per home or unit		\$14,000

*Low-income household defined as below 80% of area median income; moderate-income defined as between 80% and 150% of area median income.

Funding Opportunity Overview



Funding released in tranches, funding held back only if key requirements not fulfilled
Tribal program requirements and funding on separate timeline

Recap: Funding Allocations to States and Territories

Alabama	\$146 M	Iowa	\$121 M	New Mexico	\$88 M	Virginia	\$189 M
Alaska	\$75 M	Kansas	\$106 M	New York	\$318 M	Washington	\$166 M
Arizona	\$153 M	Kentucky	\$134 M	North Carolina	\$209 M	West Virginia	\$88 M
Arkansas	\$105 M	Louisiana	\$213 M	North Dakota	\$74 M	Wisconsin	\$149 M
American Samoa	\$50 M	Maine	\$72 M	Ohio	\$249 M	Wyoming	\$69 M
California	\$582 M	Maryland	\$137 M	Oklahoma	\$129 M		
Colorado	\$140 M	Massachusetts	\$146 M	Oregon	\$114 M		
Connecticut	\$99 M	Michigan	\$211 M	Pennsylvania	\$259 M		
District of Columbia	\$59 M	Minnesota	\$148 M	Puerto Rico	\$85 M		
Delaware	\$66 M	Mississippi	\$105 M	Rhode Island	\$64 M		
Florida	\$346 M	Missouri	\$151 M	South Carolina	\$137 M		
Georgia	\$219 M	Montana	\$71 M	South Dakota	\$69 M		
Guam	\$51 M	Northern Marianas	\$50 M	Tennessee	\$167 M		
Hawaii	\$68 M	Nebraska	\$91 M	Texas	\$690 M		
Idaho	\$81 M	Nevada	\$96 M	Utah	\$101 M		
Illinois	\$264 M	New Hampshire	\$70 M	Vermont	\$59 M		
Indiana	\$182 M	New Jersey	\$183 M	U.S. Virgin Islands	\$51 M		

Allocation of \$225M designated for Indian Tribes has not yet been determined.

Up to 20% of these funds may be used for program administration.

Allocations split roughly 50/50 between home energy and electrification rebates

NOTE: These figures are rounded. Exact amounts can be found here: <https://www.energy.gov/articles/biden-harris-administration-announces-state-and-tribe-allocations-home-energy-rebate>

Recap: Awardees must apply to DOE before receiving Funding

Home **Efficiency** Rebate Program (Section 50121) Applications Must Include Plans to -

- ✓ Determine modeled and/or measured energy savings from retrofit projects
- ✓ Use open-source measurement & verification software to measure the program impacts
- ✓ Value savings based on time, location, or greenhouse gas emissions
- ✓ Assure every home with a rebate is provided a third-party certificate documenting the upgrade and predicted savings
- ✓ Provide contractors/aggregators with \$200 rebate for each home retrofitted in a “disadvantaged community”
- ✓ Prevent multiple rebates for the same upgrade

**States and
Territories**

Home **Electrification** Rebate Program (Section 50122) Applications Must Include Plans to -

- ✓ Verify income eligibility of households
- ✓ Enable access to rebates at point of sale
- ✓ Prevent multiple rebates for the same electrification project
- ✓ Meet any other requirements determined by DOE

**States,
Territories,
and Tribes**

Program Timeline (TENTATIVE)

Development of model programs, tools, and technical support

MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN24 | FEB24 | MAR24

OPTION A: OPTIMIZED FOR MANY STATES TO DEPLOY TOGETHER IN 2023

Review RFI	ALRD 1 Posted			ALRD 2 Posted	States Submit Application, DOE Review Funds, disbursed	First Wave of States Launch Rebate Programs	Second Wave of States Launch Rebate Programs	Later States Launch Rebate Programs	Later States Launch Rebate Programs
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Later States continue to grow program offerings through 2024 →

Stay Connected!

Stay up to date by visiting our Home Energy Rebate Website:
<https://www.energy.gov/scep/home-energy-rebate-program>.

Home Rebate RFI: [Home Rebate RFI](#)

Contact us at IRAHomeRebates@hq.doe.gov
or EEWorkforcePrograms@hq.doe.gov.

