



# The IRA and What it Means for You and Your Customers

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# The IRA and What it Means for You and Your Customers

- The largest clean energy investment in U.S. history
- \$370 Billion including tax credits and a GHG fund (EPA)
- **Home Efficiency Rebate - \$4.3 B**
- **Home Electrification and Appliance Rebates - \$4.28 B**
- **Reserved for Tribes - \$225 M**

# State Shares

- WA - \$83.3 M
- OR - \$57 M
- ID - \$40.6 M
- MT - \$35.7 M
  
- Direction is for funding to go to Income Qualified households in the proportion they are estimated in your state (40%)
  
- 10% is reserved for multifamily

# What It Means

- Significant investment in energy efficiency and electrification
- This will create demand for heat pumps, heat pump water heaters, and weatherization
- Prepare to field questions from your customers and know where to direct them
- Utilities do not have to be involved, but can accelerate adoption and help you meet your targets, and help your customers
- Product specifications are different than BPA, both more and less stringent

# Guidance Highlights

- Self attestation of income allowed (with 50% verification)
- 20% for administration, could be more with DOE approval
- On site or virtual audit required for HOMES, or geolocated photos of prior equipment
- On site inspection for first 5 jobs from new contractor, 5% QA after
- Quick Start programs for states that have existing programs
- Impact and process evaluations
- Requirements for landlords
- Payments in 60 days (measured) or 4 weeks (modeled)
- State approves aggregators (Implementors)

# What is Next

- State Dept of Energy needs to apply for funding
- States have a lot of responsibility and flexibility on how to meet guidelines, create programs, deliver funding
- NEEA Federal Funding Work Group is opportunity to interact with state Dept of Energy

# What Can I Do Now?

- Understand how many and where your income qualified customers are, strategies to engage them
- Engage with community organizations / CAP agencies, there is funding for them, they will be crucial to reach and communicate with targeted communities
- Understand the different pathways in HOMES
  - Home Efficiency Rebates (modeled vs measured)
  - Home Electrification and Appliance Rebates

# What Can I do Now?

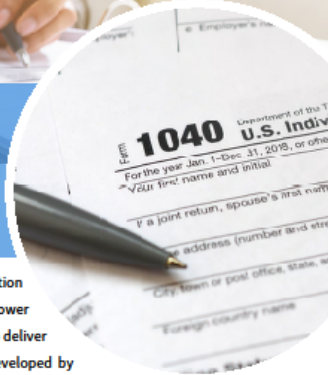
- Connect with contractors, new business, will need to be qualified by the state, there are incentives, connect them to work force development
- Understand what the incentives are and how they can/cannot be braided with BPA incentives (BPA legal guidance coming soon)
- Join the NEEA Federal Funding Work Group, 8/23 on workforce development and 9/25 Q3 meeting



# What Can I Do Now?

Did you know?

## Energy Efficiency Federal Tax Credits Are Now Available



On Aug. 16, 2022, Congress approved the most significant piece of clean energy legislation in the Nation's history. The Inflation Reduction Act, or IRA, will invest \$370 Billion to lower energy costs for families and small businesses while also creating good paying jobs to deliver energy investments. While many rules and guidelines for the IRA are still being developed by the Department of Energy along with state energy departments, households can already start taking advantage of Federal Home Energy Tax Credits. These are separate from BPA incentives but can also be offered at the same time to provide greater savings for your customers.

Incentives from BPA can be combined with Federal Energy Tax Credits to significantly reduce the cost of these energy saving investments and add more value to your program offerings. Tax Credits are available for Air Source and Ductless Heat Pumps, Heat Pump Water Heaters, Insulation, Windows, Doors and Central Air Conditioners. The table below provides more detail about the tax credits and required minimum specifications.

### Federal Energy Tax Credits for Calendar Year 2023

MEASURE TYPE	2023 TAX CREDIT	SPECIFICATIONS
Ducted Heat Pumps	30% of cost up to \$2,000 per year	SEER2 ≥ 15.2, EER2 ≥ 10.0, HSPF2 ≥ 8.1 ENERGY STAR Cold Climate CEE North Region Tier 1 certified (refer to <a href="#">CEE Product Directory</a> )
Ductless Heat Pumps		SEER2 ≥ 16.0, EER2 ≥ 9.0, HSPF2 ≥ 9.5 CEE North Region Tier 2 certified (refer to <a href="#">CEE Product Directory</a> )
Packaged Heat Pumps		SEER2 ≥ 15.2, EER2 ≥ 10.0, HSPF2 ≥ 8.1 CEE North Region Tier 1 certified (refer to <a href="#">CEE Product Directory</a> )
Heat Pump Water Heaters		UEF ≥ 3.30 ENERGY STAR Version 5.0 Compliant Refer to <a href="#">CEE Product Directory</a>
Central Air Conditioners	30% of cost up to \$600 per year	SEER2 ≥ 16.0, EER2 ≥ 12.0 CEE North Region Tier 2 certified ( <a href="#">CEE Product Directory</a> )
Attic, Wall, and Floor Insulation	30% of cost up to \$1,200 per year	Same as utility specification
Windows and Patio Doors		Meets ENERGY STAR <a href="#">Most Efficient Criteria</a>
Exterior Doors		ENERGY STAR Certified

Note: These tax credits do not disqualify a utility from claiming EEI incentives for these measures as long as they also meet minimum BPA requirements. See the Implementation Manual for current requirements.

More information:

- [Tax Credits for Homeowners | ENERGY STAR](#)
- [Home Energy Tax Credits | Internal Revenue Service \(irs.gov\)](#)

Questions? Please contact your Energy Efficiency Representative



# Tax Credits

## Federal Energy Tax Credits for Calendar Year 2023

MEASURE TYPE	2023 TAX CREDIT	SPECIFICATIONS
Ducted Heat Pumps	30% of cost up to \$2,000 per year	SEER2 $\geq$ 15.2, EER2 $\geq$ 10.0, HSPF2 $\geq$ 8.1 ENERGY STAR Cold Climate CEE North Region Tier 1 certified (refer to <a href="#">CEE Product Directory</a> )
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# Heat Pump Water Heaters

- ENERGY STAR
- 120 Volt (not new construction) or 240 Volt
- Replace non-electric water heater (BPA does not allow this)
- First time purchase of a HPWH

# Heat Pumps

- Ducted, Ductless, Geothermal, VRF
- ENERGY STAR
- New Construction
- Replacing a non-electric heating source
- First time purchase of a heat pump as the primary heating source, supplemental sources are allowed

# Heat Pump Clothes Dryer

- ENERGY STAR
- New Construction
- Replace non-electric clothes dryer
- First time purchase of heat pump clothes dryer

# Stove, cooktop, range, oven

- No BPA incentive
- ENERGY STAR
- New Construction
- Replacing non-electric stove, cooktop, range, oven
- First time purchase of all-electric stove, cooktop, range, oven

# Home Efficiency Rebates

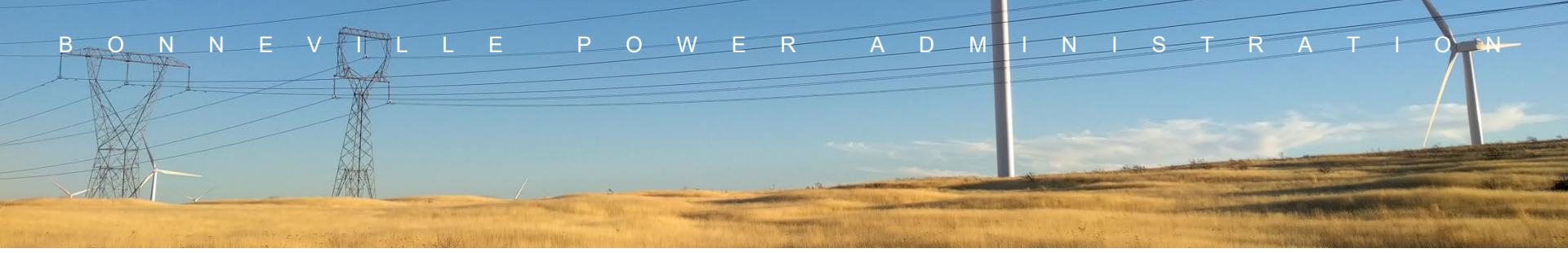
Single-Family		
Modeled Energy Savings	Income Level	Rebate Amount
20%-34%	Less than 80% AMI*	Lesser of \$4,000 or 80% of project cost
	80% AMI and greater	Lesser of \$2,000 or 50% of project cost
35% and greater	Less than 80% AMI*	Lesser of \$8,000 or 80% of project cost
	80% AMI and greater	Lesser of \$4,000 or 50% of project cost
Multifamily		
Modeled Energy Savings	Income Level	Rebate Amount
20%-34%	A building with at least 50% of households with incomes less than 80% AMI*	Lesser of \$4,000 per dwelling unit or 80% of project cost
	A building with at least 50% of households with incomes 80% AMI and greater	\$2,000 per dwelling unit up to \$200,000 per building
Greater than 35%	A building with at least 50% of households with incomes less than 80% AMI *	Lesser of \$8,000 per dwelling unit or 80% of project cost
	A building with at least 50% of households with incomes 80% AMI and greater	\$4,000 per dwelling unit up to \$400,000 per building

\*States may increase the maximum amount available for low-income households upon approval from DOE. <sup>19</sup> See section 3.1.3 for details.

# Contractor Incentives

Qualifying Activity	Maximum Incentive
Substantial installation located within a disadvantaged community (excludes installations of electric stoves and electric heat pump dryers) per dwelling unit	\$200
Installation of one or more electric heat pump water heaters	\$150
Installation of one or more electric heat pumps for space heating and cooling per dwelling unit - ducted	\$300
Installation of one more electric heat pumps for space heating and cooling per dwelling unit - unducted	\$200
Installation of one electric stove, cooktop, range, or oven	\$0
Installation of one electric heat pump clothes dryer	\$0
Installation of one or more electric load service center	\$150
Installation of insulation per dwelling unit	\$250
Installation of air sealing and materials to improve ventilation per dwelling unit	\$250
Installation of electric wiring per dwelling unit	\$250





# Questions?

Thank you!