

HOME Energy Rebates

Implementation Insights and Trends

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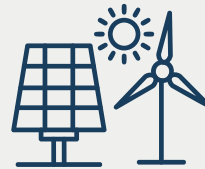
The AnnDyl Policy Group



Washington, DC-based policy strategy firm that focuses on Federal and State legislative, regulatory, and administrative energy and environmental policy.



Our team brings together extensive knowledge, experience, and expertise to take a substantive approach on policy and advocacy.



We specialize in advanced grid infrastructure, energy efficiency, smart technology, demand response, clean energy financing, renewable energy, carbon and climate policy, and much more.

Emerging Success for HOMES Rebates

- ✦ State Programs aligning with the local markets – contractors, manufacturers, realtors.
- ✦ States continue to improve their programs to streamline deployment and market transformation
- ✦ WI, DC, MI, NC, GA, CA, NY – leading through existing programs and pilots
- ✦ Market Transformation – Data, Certification, Contractor Training

HOMES is Fuel-Neutral, Performance-based, and Historically Bipartisan

- ✦ 2008 - 2010 Home Star (Silver and Gold)
- ✦ The HOMES Act was historically Bipartisan – co-sponsored by then-Reps McKinley and Welch, and reintroduced in each Congress (2012-2021)
- ✦ HOMES aimed to address challenges in traditional programs by rewarding energy savings and leveraging the market-based measures.
- ✦ HOMES was designed to be fuel-neutral. Savings is based on performance – Kwh or Therm.
- ✦ In 2021, The HOMES Act became The HOPE for HOMES Act to add workforce training (H.R.3456) and was incorporated into the IRA in 2022.

Residential Program Stacking Overview

Allowed

HOMES Modeled + HEAR
(for separate upgrades)
HOMES Measured + HEAR
(HEAR Panels and Wiring)

25C + HEAR

Stacking either rebate with
other federal non-
grants/rebates

Latest update adds new federal requirements and considerations for stacking with **WAP, GGRF, and retail products.**

Prohibited

HOMES Measured + HEAR
(for HEAR energy saving
upgrades only)

HOMES Measured + HOMES Modeled

Stacking rebates with other
federal grants/rebates
(for the SAME single upgrade)

The Residential Capital Stack
Maximizing Impacts of HOMES, HEEHR, 25C Tax Credit, WAP, and Utility Programs for Existing Single-Family Homes
Kara Saul Rinaldi and Skip Wilshire-Gordon
August 1, 2023

The Department of Energy (DOE) Home Energy Rebate Programs, enacted in the Inflation Reduction Act (IRA) of 2022, aim to save consumers money on home efficiency and electrification upgrades to cut energy use and carbon emissions in residential buildings. The historic \$6.8 billion in funding for these programs—the largest pot of money ever for home energy efficiency and electrification rebates—has tremendous potential to reduce residential greenhouse gas emissions, while also helping low- and moderate-income households better heat and cool their homes, save money on their utility bills, and increase resiliency to extreme weather.

To ensure these investments reach their full potential, state rebate programs should coordinate federal, state, and utility dollars while pointing participants to additional federal tax credits. Stacking rebates and tax credits will unlock maximum decarbonization outcomes while saving consumers the greatest amount of money.

Recent DOE Home Energy Rebate guidance² affirms the performance-based (HOMES) and electrification-focused (HEEHR) rebates are not taxable and can be paired with the 25C Energy Efficient Home Improvement Tax Credit.³ While the IRA does not allow HOMES and HEEHR to both be used for the same single upgrade, the law does allow for “stacking” of these rebates across federal funding sources, including the Weatherization Assistance Program (WAP), provided that “each Federal grant uses funds distinct, separable upgrades.” Per guidance, HOMES Measured Energy Savings rebates cannot be stacked with HEEHR, but HOMES Modeled Energy Savings rebates can be—again, provided they are for a different single upgrade.

For non-federal funding, DOE guidance “strongly encourages” states to design rebate programs that combine funding—including state, local, utility



¹ This document reflects Department of Energy (DOE) guidance as of August 1, 2023. DOE may make additional clarifications and modifications to guidance in the coming weeks.
² DOE Home Energy Rebate Program Requirements & Application Instructions (2023).
³ The DOE guidance is clear that the HEEHR rebate should reduce the amount of the expenditure on which the consumer calculates the amount of the credit. Additional clarification is needed on HOMES. Per DOE, consumers receiving IRA rebates are not required to report the value of the rebate on income. For more on the 25C tax credit, see the AnnDyl Policy Group’s Building Performance Association (BPA) Technical Issues and Solutions (TIS) document.
⁴ Per DOE, “rebates may be used to supplement, and no funds may be used to supplant, weatherization activities under the Weatherization Assistance Program for Low-Income Persons” (2023, Sept. 1). For rebates on HOMES Measured/Measured stacking with HEEHR, DOE guidance defines an “upgrade” as “a single energy improvement to a dwelling unit or multifamily building that is a distinct and separable part of the overall scope of work of a home efficiency or electrification project” (2023). Clarification or modification of DOE guidance could adjust stacking rules between Measured/HOMES programs and HEEHR, but this analysis follows the guidance as of August 1, 2023.

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1) Low-Income Households
Low 200% Federal Poverty Level (FPL) for WAP eligibility
of Area Median Income (AMI) for maximum HOMES/HEAR rebate eligibility



Low-income families below the 200% FPL should first qualify for the Weatherization Assistance Program to receive up to \$8,487 to fully cover cost-effective energy conservation measures.¹¹ This initial investment can be coupled in the same home with up to \$14,000 in HEAR rebates for up to 100% of the HVAC and electrification upgrades, provided WAP and HEAR funds are not for the same measure(s)—plus any additional support from utility rebates or potential funding in the form of loans or grants provided by GGRF recipients under the National Clean Investment Fund (NCIF), Clean Communities Investment Accelerator (CCIA), or Solar for All (SFA).¹² Importantly, HEAR rebates must be provided at the point-of-sale or project.

Additionally, a Modeled/HOMES rebate of \$4,000 for 20% improvement or \$8,000 for a 35% improvement¹³ could be included up to 80% of the project cost¹⁴. Because the savings in the model must be achieved without accounting for the same measures included in WAP/HEAR, the most cost-effective pairing for a low-income homeowner would likely be to take advantage of WAP, HEAR, and other funding state low-income programs. Where the resident qualifies for low-income HEAR (<80% of AMI) and not WAP (200% FPL), HOMES should be considered. HOMES should also be considered if the homeowner chooses a gas furnace upgrade and therefore will not qualify for a HEAR heat pump rebate. However, if the state takes advantage of increasing the rebate for low-income HOMES participants by using the flexibility provided by IRA Sec. 50121(x)(3) to “increase rebate amounts for low or moderate-income households,”¹⁵

¹¹ See DOE’s WAP 24.1 (2023) WAP Adjusted Average Cost Per Dwelling Unit (ACDU) calculation on p.7. Per DOE’s WAP 25.1, the 2025 WAP Adjusted ACDU will be \$8,347.¹²
¹³ All three GGRF programs for energy efficiency upgrades, as an eligible expense, NCIF and CCIA projects may include “whole-home retrofits for 1- to 4-family, owner-occupied homes to improve energy efficiency” (DOE, 2023, CCIA, 12). If a project uses whole-home upgrades that include energy efficiency measures, up to 20% of the cost (FA, 12).
¹⁴ DOE’s guidance states that “rebates may be used to supplement, and no funds may be used to supplant, weatherization activities under the Weatherization Assistance Program for Low-Income Persons” (2023, Sept. 1). For rebates on HOMES Measured/Measured stacking with HEEHR, DOE guidance defines an “upgrade” as “a single energy improvement to a dwelling unit or multifamily building that is a distinct and separable part of the overall scope of work of a home efficiency or electrification project” (2023). Clarification or modification of DOE guidance could adjust stacking rules between Measured/HOMES programs and HEEHR, but this analysis follows the guidance as of August 1, 2023.
¹⁵ DOE requirements allow states to impact authority to provide even larger HOMES rebates—up to 300% of project costs and larger rebate caps (12).

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Contractor Feedback

Contractors have a lot of opinions, priorities, and feedback about rebate programs:

- Targeted communications and contractor training;
- Free in-person training;
- Balance low-income, multi-family, and market rate programs;
- Cover 100% of the costs for low-income recipients;
- Easy pre-project verification of eligibility (leverage retail);
- Reimburse contractors within two weeks;
- Streamline QA inspections;
- Provide a one-stop shop to both contractors and the public;



For contractors:



For states:



Thank You

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HOMES: Key Requirements Comparison

Requirement	Modeled Approach	Measured Approach
Home Assessment	40+ data elements required; additional 20+ data points recommended by DOE guidance	40+ data elements required
Rebate calculation	Based on BPI-2400 whole-home energy model via approved modeling software	Based on actual whole-home energy savings via approved open-source measurement software
Customer utility data	Required; 12 months (per BPI-2400)	Required; 9-12 month (for measured savings comparison)
ENERGY STAR for HVAC & water heating	Required	Required
Home certificate	Required	Required
Risk of underperformance	State bears risk if energy savings aren't achieved	Aggregator bears risk if energy savings aren't achieved
Technology Braiding	Can braid with all HEAR technologies (for separate measures)	Only braiding with non-energy, enabling HEAR technologies (panels, wiring)
Homeowner receives up-front rebate?	Required on invoice; may be provided upfront to homeowner and carried by contractor until rebate processed @ 4 weeks	Required on invoice; typically provided upfront to homeowner and carried by aggregator until rebate processed @ 12 months

HOMES: Modeled Energy Savings Pathway

Contractors use approved (BPI2400) software to model homes using past utility data, assess potential improvements, and predict energy savings

Energy Savings	Single-Family	Multifamily
20 – 34 percent	\$ 2,000 or 50 percent of the project cost (whichever is less).	\$ 2,000 per dwelling unit, with a maximum of \$200,000 per multifamily building.
	DOUBLE for low-income households: \$ 4,000 or 80 percent of the project cost (whichever is less).	
35 percent and over	\$ 4,000 or 50 percent of the project cost (whichever is less).	\$ 4,000 per dwelling unit, with a maximum of \$400,000 per multifamily building.
	DOUBLE for low-income households: \$ 8,000 or 80 percent of the project cost (whichever is less).	

HOMES: Measured Energy Savings Pathway

Contractors and aggregators use approved software to measure home energy usage post-installation, providing rebates based on actual achieved energy savings across a portfolio

Energy Savings	Single-Family & Multifamily
<p>15 percent and over (portfolio)</p>	<p>\$2,000 payment rate per kilowatt hour saved equal to a 20 percent reduction for the average home in the state, or up to 50 percent of project cost.</p>
	<p>DOUBLE for LMI individuals, \$4,000 payment rate per kilowatt hour saved equal to a 20 percent reduction per home or dwelling unit, or up to 80 percent of project cost. For multifamily buildings to qualify, at least 50 percent of residents must be LMI.</p>

Potentially **higher rebates** for leaky & poorly insulated homes.

Aggregators can provide up-front payments to contractors and building owners, avoids waiting for rebate payments.