

HOMES in the Inflation Reduction Act:

A New Opportunity to Turbocharge Energy
Efficiency

Kara Saul Rinaldi
President/CEO
AnnDyl Policy Group

October 14, 2022



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 residential energy efficiency, smart technology, demand response, clean energy financing, renewable energy, carbon and climate policy, and much more.

| Agenda

IRA – Key Provisions

- Overview

HOMES Deep Dive

- Modeled Energy Savings Pathway
- Measured Energy Savings Pathway
- Specific Requirements

Q&A

Inflation Reduction Act (IRA): Big Picture

- ▶ Signed into law on **August 16**.
- ▶ Nearly **\$370 billion** in support of clean energy and energy efficiency, with an additional \$300 billion in deficit reduction.
- ▶ President Biden held a large event at the White House touting IRA on September 13.
- ▶ White House website: <https://www.whitehouse.gov/cleanenergy/>



Photo Source: The White House

IRA Overview – Key Residential Programs

Program	IRA Funding Level	Timeline
Home Owner Managing Energy Savings (HOMES) Rebates	\$4.3B	Available through 2031
State-Based Home Energy Efficiency Contractor Training Grants	\$200M	Available through 2031
High-Efficiency Electric Home Rebate Program	\$4.5B	Available through 2031
Greenhouse Gas Reduction Fund	\$27B	Available through 2024
25C Energy Efficient Home Improvement Tax Credit	CBO Estimate: \$12.4 billion over 10 years	Available through 2032
45L New Energy Efficient Home Tax Credit	CBO Estimate: \$2 billion over 10 years	Available through 2032

HOMES Deep Dive

- ▶ IRA provides **\$4.3 billion** in formula funding through **State Energy Programs for HOMES rebates**.
- ▶ Home Owner Managing Energy Savings (HOMES)
 - ▶ A little history...
- ▶ Provides direct rebates for home energy efficiency retrofits via either **measured** or **modeled** energy savings pathways.
- ▶ Fuel neutral.
- ▶ Rebates **double** for low- and moderate-income households (**up to 80%** of project cost).
- ▶ Includes both single-family and multifamily.
- ▶ No requirement for owner-occupied

| HOMES Rebates – Two Pathways

Modeled Energy Savings

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 Energy Savings

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.

HOMES - Modeled Energy Savings Pathway

- ▶ Projects using the **modeled** energy savings pathway must be calibrated to historical energy usage for a home **consistent** with BPI 2400.
- ▶ DOE guidelines will provide more details.

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- and moderate-income (LMI) individuals: \$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 LMI individuals: \$8,000 or 80 percent of the project cost (whichever is less).	

HOMES - Measured Energy Savings Pathway

- ▶ Projects using the **measured** energy savings pathway must use **open-source advanced measurement and verification software**, as approved by DOE, to determine and document monthly and hourly (if available) weather-normalized home energy use, both before and after home efficiency retrofits.
- ▶ DOE guidelines will provide more details.

Energy Savings

Single-Family & Multifamily

15 percent and over

\$2,000 payment rate per kilowatt hour saved equal to a 20 percent reduction for the average home in the state, or **50 percent** of project cost.

DOUBLE for LMI individuals, \$4,000 payment rate per kilowatt hour saved equal to a 20 percent reduction per home or dwelling unit, or **80 percent** of project cost. For multifamily buildings to qualify, at least 50 percent of residents must be LMI.

Prohibition on Combining Rebates

- ▶ In both HOMES and Electrification Rebates
- ▶ “may not be combined with any other Federal grant or rebate, including a rebated under [HEEH] rebate program...**for the same single upgrade**”
- ▶ IRA does not include any provision prohibiting combining federal rebates with state rebates, nor does it prohibit combining rebates with energy efficiency tax credits like 25C.
- ▶ What is “combined”? Is that the same as layering?
- ▶ The difference between combining or layering? And state incentives vs federal incentives.



| HOMES – Data Access

- ▶ IRA requires DOE to provide data sharing guidelines for state HOMES programs.
- ▶ Exact language here:
 - ▶ DOE “shall develop and publish guidelines for States relating to residential electric and natural gas energy data sharing” - IRA Sec. 50121(c)(5).
- ▶ DOE Guidelines will provide more details.

HOMES - Rebate Certification Requirement

- ▶ IRA requires State HOMES programs to implement a plan for **certification of all residential energy efficiency retrofits.**
- ▶ Certificates must be:
 - ▶ provided by the contractor and certified by a **third party** to the homeowner; and
 - ▶ detail the work performed, the equipment and materials installed, and the projected energy savings or energy generation to support accurate valuation of the retrofit.
- ▶ DOE Guidelines will provide more details.



Contractor Incentive

- ▶ “To provide a contractor performing a home energy efficiency retrofit or an aggregator who has the right to claim a rebate \$200 for each home located in a **disadvantaged community** that receives a home energy efficiency retrofit for which a rebate is provided under the program”
- ▶ The term “disadvantaged community” means a community that the Secretary determines, based on appropriate data, indices, and screening tools, is economically, socially, or environmentally disadvantaged.

In Summary....

A state energy office seeking a grant ...shall submit to [DOE] an application that includes a plan to implement a HOMES rebate program, including a plan:

- ▶ For... modeled performance home rebates
- ▶ For... measured performance home rebates
- ▶ To value savings based on time, location, or greenhouse gas emissions
- ▶ A documented certificate
- ▶ A contractor rebate
- ▶ No Double dipping with federal grants or rebates

Easy Peasy

Thank you!

Kara Saul Rinaldi

President & CEO
AnnDyl Policy Group

kara@anndyl.com