

Home Energy Rebates

JOSH SHAPIRO, GOVERNOR | JESSICA SHIRLEY, SECRETARY



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Agenda

- Important Frameworks & Setting the Table
- HEAR // 50122
- HER // 50121
- Braiding Funds: Do's & Don'ts
- TREC
- Questions

Mission Statement of DEP

The Department of Environmental Protection's mission is to protect Pennsylvania's air, land and water resources and to provide for the health and safety of its residents and visitors, consistent with the rights and duties established under the Environmental Rights Amendment (Article 1, Section 27 of the Pennsylvania Constitution).

We will work as partners with individuals, organizations, governments, and businesses to conserve and restore our natural resources and to address all current and future environmental challenges including climate change and environmental justice.



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Mission Statement of EPO

Work as partners with individuals, organizations, governments and businesses to achieve a balance in the energy sector for deploying energy technologies that prevent pollution, protect our natural resources while ensuring affordable and abundant energy resources for Pennsylvanians that supports economic growth.



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Decarbonization

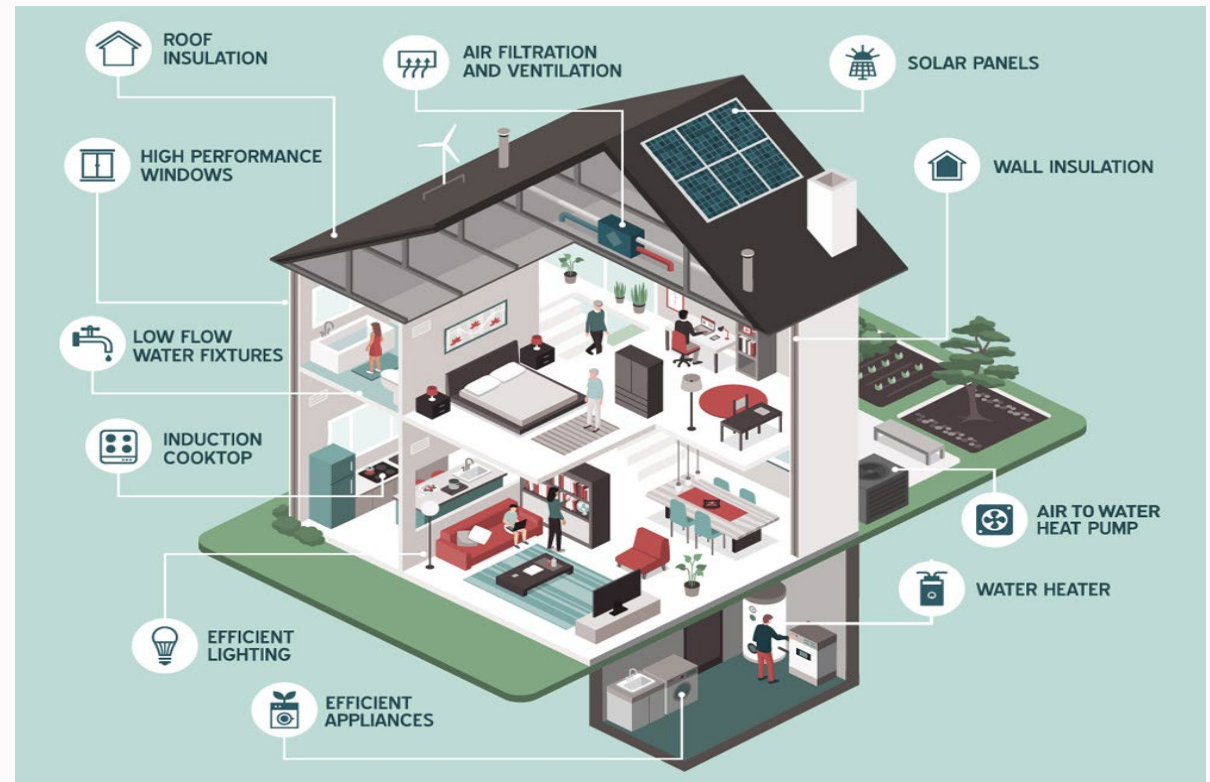
- Reduce Greenhouse Gas Emissions through electrification
- Carbon Reduction
- Save Money
- Support Grid Flexibility
- Improve Health/Environment



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Best Building Practices

1. Weatherization
2. Appliance Electrification
3. Renewable Energy Generation



Source: ADU Idea House - Energy Efficiency / Sustainability - ADU Magazine



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Building Decarbonization Strategy

- Home Energy Rebates
- Solar For All
- Weatherization Assistance Program (WAP)
- Municipal Opportunities for Retrofits and Energy Efficiency (MORE)
- Shared Energy Manager
- Act 129 Utility Programs
- LIURP
- Sustainable Energy Funds

Home Electrification & Appliance Rebates

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HEAR: A High-Level Overview

- Home Electrification and Appliance Rebates (HEAR) was created by the Inflation Reduction Act of 2022
 - 8.8 Billion USD allocated for all the Home Energy Rebate Programs
- [Penn Energy Savers Program](#)
 - Encourages adoption of appliances that are electric, consume less energy, and lower costs
 - PA allocated \$129,000,000



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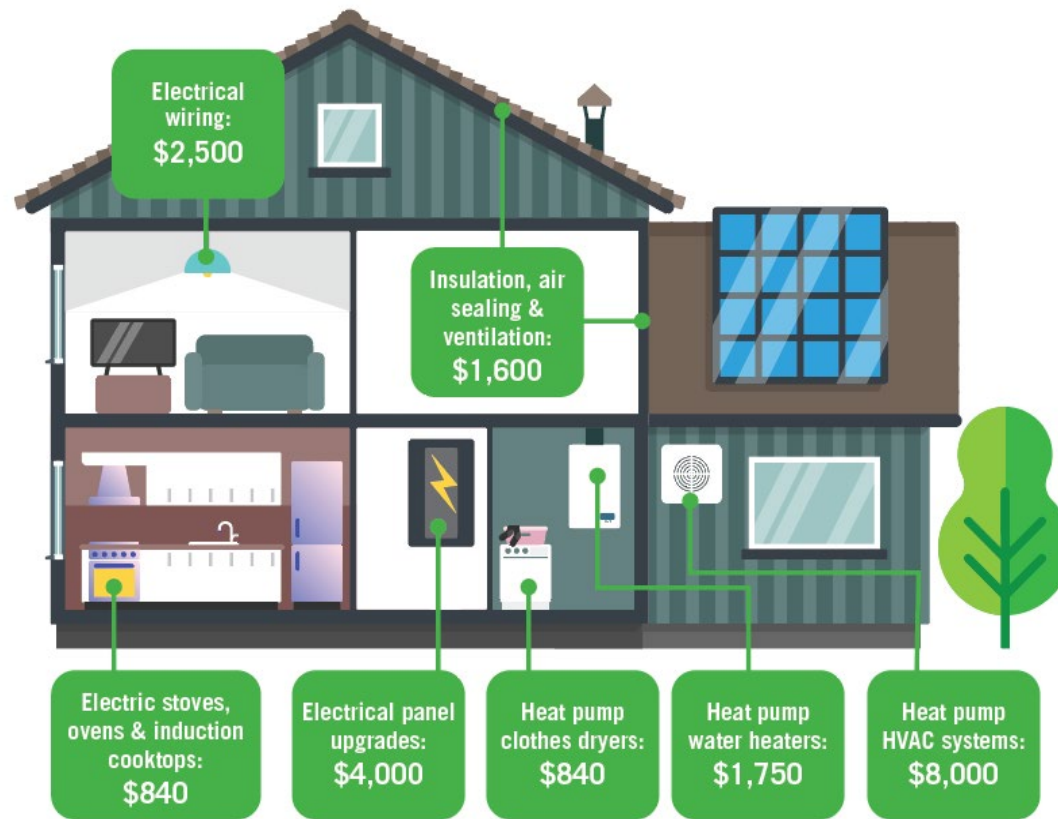
HEAR: An Example

- Residences are complex systems!
- Contain: building envelope, insulating material, and various appliances and technologies
- Best building science practices
- The HEAR program can help address weatherization and electrification
- PA's HEAR Program intentionally designed to incorporate best building practices
- Benefits (air quality, resident health, lower bills, etc.)



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HEAR: What's Eligible



Source: www.energysmartcolorado.org/tax-credits-incentives/



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HEAR: Income Eligibility

- All qualified applicants must make below 150% of their county's AMI
- 100% of project costs can be rebated if applicants are below 80% of AMI
- Eligibility Documents: IRS 1040 Form, Employer W-2 for each member of household, proof of residence
 - Other income verification sources will be considered during each application
- Categorical eligibility from participation in other programs is valid income verification
- It is the resident(s) living in the dwelling that is income qualified

HEAR: Personal Categorical Eligibility

- Medicaid
- Supplemental Nutrition Assistance Program (SNAP)
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
- Weatherization Assistance Program (WAP)*

*For WIC and WAP, Pennsylvania will use PNNL's AMI/FPL comparison tool during the application income verification process to confirm if an applicant that uses WAP or WIC meets criteria for categorical eligibility and to determine the rebate amount based on the household's location.

HEAR: Building Categorical Eligibility

- Public Housing (housing owned and operated by Public Housing Authorities)
- Privately owned multifamily buildings receiving project-based assistance (Section 8, Section 202, Section 811)
- Privately-owned multifamily buildings that house residents receiving tenant- based assistance
- Section 42 Low Income Housing Tax Credit (LIHTC)



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HEAR: Rebate Values

Upgrade Type	Qualified Product	Rebate Amount Not to Exceed
Appliance	Heat Pump Water Heater	\$1,750
	Heat Pump for Space Heating or Cooling	\$8,000
	Electric Stove, Cooktop, Range, Oven	\$840
	Heat Pump Clothes Dryer	\$840
Building Material	Electric Load Service Center	\$4,000
	Insulation, Air Sealing, and Ventilation	\$1,600
	Electric Wiring	\$2,500
Maximum Rebate		\$14,000

Eligible Rebate Recipient	Income Level	Rebate Amount Not to Exceed
Low- or Moderate-Income (LMI) Household or Eligible entity representative representing LMI household	Less than 80% AMI	100% of qualified project cost
	81%-150% AMI	50% of qualified project cost
Owner of multifamily building or Eligible entity representative representing owner of multifamily building	At Least 50% of residents with income less than 80% AMI	100% of qualified project cost
	At least 50% of residents with income of 81%-150% AMI	50% of qualified project cost

Home Efficiency Rebates (HER)

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HER: A High-Level Overview

- Home Efficiency Rebates (HER) is one of the Home Energy Rebate programs created by the Inflation Reduction Act of 2022
 - 8.8 Billion USD allocated for all the Home Energy Rebate Programs
 - PA allocated \$129,000,000
- Encourages adoption of energy efficiency measures in low-income multi-family buildings – must be 20% energy reduction
 - Higher rebates for projects achieving 35% energy reduction

HER: PA's Design Considerations

- Limited programmatic funding for multi-family projects
- Limited programmatic low-income funding
- Homes with electric resistance have higher energy burden than homes with gas
- 7% of multifamily homes heat with delivered fuels
- Costs for major energy efficiency upgrades can range from \$15,000 to \$20,000
- Heat Pump Installation = ~31% energy savings at a cost of \$9,520
- Heat Pump & Weatherization = ~54% energy savings at a cost of \$16,020



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HER Rebate Values

Modeled Energy Savings	Income Level	Details
20-34%	<80% AMI	Lesser of \$10k or 100% of project cost
	81-150% AMI	Lesser of \$2k or 50% of project cost
+35%	<80% AMI	Lesser of \$16k or 100% of project cost
	81-150% AMI	Lesser of \$4k or 50% of project cost



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HER: Other Eligibility Topics

- Any measures that contribute to energy savings are all eligible
 - Measures do not necessarily need to be electrification
- Federal funds that are direct payments to consumers (Weatherization program as an example) cannot co-fund measures
- Federally funded loans can co-fund measures
- State, City, Local and Utility programs can assist in filling cost share gaps for rebatable items
- If a renter is being income qualified, landlords must agree to not raise the rent due to rebate incentivized improvements for 2 years
- HER rebates are not retroactive



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HER: Progress & Timeline

- Application submitted October 2024
- Application partially & conditionally approved January 2025
- RFP for primary program implementer developed and released in Q2 2025
- Program launch dependent on full DOE approval

Braiding Do's and Don'ts

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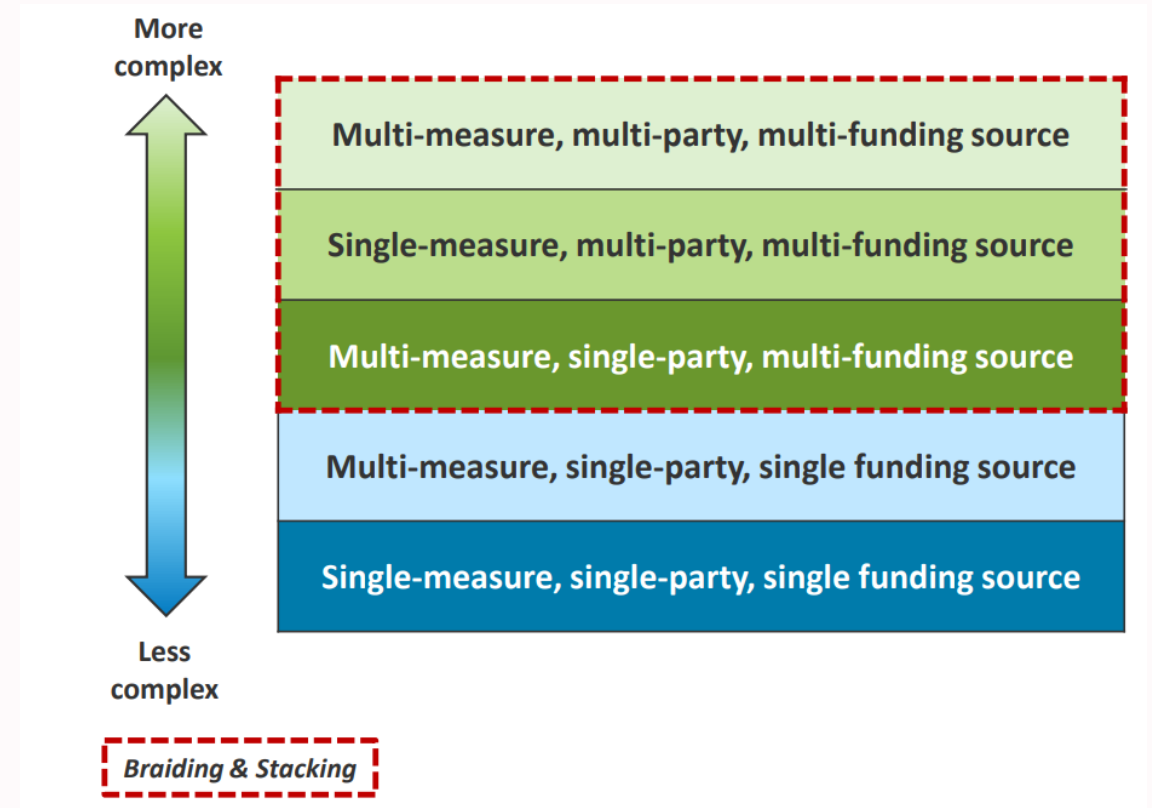
Braiding: A Snapshot

DON'T:

- Use federal rebates and direct incentives to co-fund measures
- Take a tax credit for full project costs if rebates are used

DO:

- Use State and Local direct incentive funding sources for the same measure
- Use utility funding sources for the same measure
- Use federal and state loan funding for gap financing cost share payments
- Leverage federal tax credits for project costs not covered by direct incentive funding





Braiding: DOE Guidance

Sources of Funding	Allowance	Requirements to Leverage Funding within Same Household	Examples
Other Federal Grants (e.g., funding from the Weatherization Assistance Program (WAP), Low Income Home Energy Assistance Program (LIHEAP))	Can Braid or Stack 	Must "braid" and use other federal grants to fund <u>distinct and separable measures</u> from the "single upgrades" or "qualified electrification projects" (QEPs) funded by a Home Energy Rebate.	Energy efficiency (EE) measures from WAP (insulation and air sealing), appliance measures from rebate (heat pump, heat pump water heater, and associated wiring)
Federal Loans or Loan Guarantees (e.g., loan from DOE Revolving Loan Fund (RLF))	Can Co-Fund 	Can co-fund any remaining costs for the <u>same</u> "single upgrade" or "QEP" above the value of the Home Energy Rebate.	Loan from a state's DOE RLF covers remaining upgrade costs after rebate has been applied
Non-Federal Funding (e.g., EE utility \$, state/local \$)	Can Co-Fund Blend, Braid, or Stack 	Can co-fund any remaining costs for the <u>same</u> "single upgrade" or "QEP" above the value of the Home Energy Rebate.	Utility incentive provides additional funding toward remaining upgrade costs after rebate has been applied
Tax Credits (e.g., federal/state/local tax credits, may vary based on state/local law)*	See IRS or Tax Authority guidance	Refer to IRS guidance on the energy efficiency home improvement tax credit, available at https://www.irs.gov/credits-deductions/home-energy-tax-credits	

*DOE does not provide tax advice; please refer to IRS guidance or relevant state guidance for relevant tax laws and requirements for tax credits.

Source: DOE

Training for Residential Energy Contractors (TREC)

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TREC: Heat Pumps in PA

It's important to get heat pumps installed correctly

- Supplements existing training programs
 - New Worker Track
 - Wraparound Services
 - Stipends for training
 - Existing Worker Track
 - NATE certification
 - Stipends for training
- Training Syllabus Review & Evaluation



Get In Touch!

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