

## U.S. Department of Energy (DOE) State & Community Energy Programs (SCEP)

### [Inflation Reduction Act \(IRA\) Home Energy Rebates | Program Requirements & Application Instructions \(released 7/27/23\)](#)

The Inflation Reduction Act (IRA) called for the creation and implementation of two home energy rebate programs and appropriated \$8.8 billion in total funds for the benefit of U.S. households and home upgrades to be distributed to households by State Energy Offices (SEOs) and Indian Tribes.

The programs are as follows:

*Sec. 50121 Home Efficiency Rebates Program (HOMES) (\$4,300,000,000 total via SEOs)*

*Sec. 50122 Home Electrification and Appliance Rebates Program (HEEHRA) (\$4,275,000,000 total via SEOs, \$225,000,000 total via Indian Tribes)*

State and territory funding allocations can be found in the DOE SCEP guidance document Appendix A

#### Overview

*Choosing Not to Apply:* States that choose not to apply and therefore refuse allocated formula funding must sign and send a letter declining funds to its respective Project Officer indicating this decision to the DOE by the application due date of 8/16/2024. By signing this document, the SEO signifies its understanding that its allocation will be redistributed to other SEOs that applied for allocated funds.

Grant application instructions and management instructions, including the following, can be found here:

[Home Energy Rebate Programs Guidance | Department of Energy](#)

- (1) ALRD
- (2) Formula Allocations to States and Territories
- (3) Application Checklist
- (4) Home Energy Rebates Pre-Award Information Sheet
- (5) Home Energy Rebates Application Templates

Forthcoming information, including technical information, best practices, and implementation recommendations, will be available here: [Recommendations for Home Energy Rebate Program Administrators | Department of Energy](#)

States are required to submit their responses on the rebate programs to DOE through two documents:

1. State Application
2. State Implementation Blueprint (60 days prior to planned program launch)
  - a. Community Benefits Plan
  - b. Education and Outreach Strategy
  - c. Consumer Protection Plan
  - d. Utility Data Access Plan
  - e. Privacy and Security Risk Assessment for State Systems
  - f. Market Transformation Plan

*Overarching Goal:* Accelerate the transition to more affordable, efficient, resilient, and low-carbon homes through the following long-term outcomes:

- Well-established exemplary and innovative efficiency and electrification programs.
- Lower energy burden for low-income households and disadvantaged communities.
- Proven value streams and roles for sustained investments to continue market transformation.
- Reduced pollution from buildings and support for the clean energy economy (*reduce pollution from building energy use, including harmful indoor air pollution.*)

## **Sec. 50121 HOMES REQUIREMENTS**

*Use of funds and rebate eligibility:* Administrative funds must not exceed 20% of total grant funding over the total duration of the program. States may request to use a portion of rebate funds for project-related costs where they have estimated they may exceed the administrative cost allocation, however only after all other opportunities to reduce costs or apply alternative funding sources like utilities or third-party organizations.

*Rebate conditions and levels:* In general, Home Efficiency Rebates State programs must:

- Provide rebates only for projects initiated after the State receives its grant award.
- Provide rebates only for completed projects.
- Provide rebates for heating, cooling, and water heating products only if they are certified as meeting the ENERGY STAR product criteria in effect on the date of installation.
- Make increased rebate levels available to low-income households at less than 80% AMI.
- Provide and enforce the use of an acceptable method to verify income levels.
- Determine whether a multifamily building qualifies as a low-income building; If yes, a State may calculate the “per dwelling unit” value at less than 80% AMI amount for all units.
- Allow categorical eligibility determinations based on other Federal programs that meet the income thresholds, as listed in the supplemental document.
- Maintain a list of state or other programs that meet income thresholds and provide reliable income verification that the State uses for categorical eligibility.
- Retain a copy of the invoice for work performed at the eligible address. Additional requirements apply if work is funded by rebates from more than one source.
- Ensure rebate does not exceed total project cost when combined with other permissible/eligible program rebates accepted by eligible rebate recipient.
- Ensure rebates are not applied to specific energy efficiency upgrades funded with other Federal grants or rebates.
- Ensure upgrades benefit only the residential portion of a mixed-use building. Upgrades that benefit any portion of the commercial space are not eligible.
- Ensure a single address cannot receive both a measured and a modeled rebate under 50121.
- Ensure that a single address cannot receive a rebate from both HOMES (50121) and Electrification (50122) for the same measure.

### *Modeled vs. Measured Home Efficiency Rebates:*

**Modeled Home Efficiency Rebates** is a program path within Section 50121, using calibrated energy models consistent with the BPI 2400 standard to estimate energy savings prior to the upgrades, providing rebates for homes predicted to achieve a minimum of 20% energy savings. When a state allows rebates using a modeled savings approach, the State must calculate rebate amounts consistent with Table 2 and based on (1) estimated energy savings calculated reflecting only completed energy improvements, (2) household income level, (3) total project cost reflected in final invoice, and (4) home type consistent within the definitions in section 2.1 (See Table 2, page 12)

**Measured Home Efficiency Rebates** is a program path within Section 50121, using a DOE-approved open-source measurement and verification (M&V) methodology to measure home energy savings post-installation of the upgrades, providing rebates for homes or a portfolio of homes that achieve measured energy savings of at least 15%. When a State allows rebates using a measured savings approach, the State must calculate rebates consistent with Table 3 and based on (1) the reported energy savings measured through a DOE-approved open-source advanced M&V software, (2) household income level, (3) total project cost reflected in the final invoice or a payment rate as defined in Table 3, and (4) home type consistent with the definitions in section 2.1 (See Table 3, page 13)

### *Program Requirements for Low-Income Homes*

At a minimum, each State must:

- Allocate a percentage of rebate funding for each of the rebate programs in line with its percentage of low-income households. Appendix A contains information on the percentage of low-income households for each State and the associated minimum dollar amount that must be allocated to serve low-income households in each State.
- Allocate at least 10% of rebate funding to serve low-income multifamily buildings. This must be additional to and separate from the allocation for low-income households. See Appendix A.
- Design each program to be capable of delivering rebate allocations to low income single-family and multifamily households.
- If a State has failed to disburse rebate funds to low-income households within 5 years of total formula funding allocation, it can request that DOE authorize to reallocate those funds to households at other income levels.
- Ensure eligibility and income verification.

\*DOE, in collaboration with NASEO, will work with States to assist in developing effective methods for carrying out income verification. DOE will provide sample frameworks to help States work through the various steps of income verification and other processes involved in implementing rebate programs.

### *Program Requirements: Community Benefits Plan*

A State's Community Benefits Plan must address the following: (1) Engage Community and Labor including public input sessions and soliciting community feedback and describing engagement and outreach strategies, (2) Engage and support a skilled and qualified workforce, (3) Incorporate Diversity, Equity, Inclusion and Accessibility (DEIA), (4) Address Justice40 Initiative.

### *Program Requirements: Processing and Delivering Rebate Funds to Eligible Rebate Recipients*

[See: Data & Tools Requirements Guide](#)

### *Program Requirements: Data Collection & Evaluation*

1. Data Protection & Data Standards
  - a. State programs must collect household information as required in the Data & Tools Requirements Guide.
  - b. Home energy assessment data: data for all applicable building types must be consistent with HPXML Data Dictionary v.3, and program systems must be capable of sharing data using HPXML Transfer Standard (BPI-2100)
  - c. Home energy assessment data for large multifamily buildings must be consistent with BuildingSync.
2. Program metrics
  - a. States must include plans for how required data will be collected throughout the award period so that the metrics can be aggregated and evaluated across programs.
  - b. Plans must include how States will value savings based on time, location, or greenhouse gas emissions.
3. Program Evaluation
  - a. DOE will conduct process, impact, and market transformation evaluation activities as part of an independent evaluation process.
  - b. States must participate in DOE-led evaluations OR conduct their own process and impact evaluations.

### *Application Requirements: Use of Funds and Rebate Eligibility*

See: Table 4 Application Requirements (page 23)

### *Consumer Experience*

#### *Program Requirements: Education & Outreach*

At a minimum, a State's outreach and education strategy must include (1) a brief description of planned activities for household outreach, (2) a brief description for contractor outreach, (3) a high-level timeline for executing these activities, (4) estimated budget for education and outreach

#### *Program Requirements: Home Assessments*

An assessment is required for every single-family home and multifamily building receiving HOMES rebates. States programs are required to establish basic requirements to ensure that each home assessment complies with home energy auditing consistent with ANSI/BPI 1100-T-2023 and ANSI/BPI 1200-S-2017, except that the cost-benefit analysis is not required.

*Program Requirements: Access to Residential Utility Data*

IRA Section 50121 states that *the Secretary shall develop and publish guidelines for States relating to residential electric and natural gas energy data sharing.*"

[Utility Data Access Guidelines](#) includes best practices for data access and sharing and recommendations for developing a comprehensive Data Access Plan.

Outlined in the Utility Data Access Guidelines is the following: *By following these Guidelines, States and other stakeholders can contribute to the responsible and sustainable growth of the residential electric and natural gas energy sectors while protecting the privacy, security, and interests of customers*

*States are encouraged to leverage established data-sharing processes and guidelines and reference the following examples and tools:*

*Standards that have been developed through the Green Button Protocols. Green Button Connect My Data (CMD) is an open data standard designed to unlock access to utility interval usage and billing data, providing easy, seamless access for software applications. Green Button CMD enables utility customers to authorize third-party solutions to quickly and securely obtain interval meter data and enables an accurate and detailed level of analysis to inform energy and water management decisionmaking while ensuring customers' data are protected and their privacy is maintained.*

*Parties should review North American Energy Standards Board (NAESB) standards, including third-party access to smart meter-based information, available at [https://naesb.org/retail\\_standards.asp](https://naesb.org/retail_standards.asp).*

*The U.S. Environmental Protection Agency (EPA) Guidance for Utilities on Providing Whole-Building Energy Data to Enable Benchmarking in ENERGY STAR Portfolio Manager® resource provides guidance for utilities and states. In many parts of the country, whole-building energy data are not readily available to multifamily building owners, making it difficult if not impossible for them to track or report whole-building energy use. To enable multifamily building participation in Section 50121 programs,<sup>6</sup> EPA is available to assist States looking to require or support utilities to make this data available; please contact [statelocal@energystar.gov](mailto:statelocal@energystar.gov).*

A State may use existing data access plans if those plans fulfill the DOE requirements.

*Program Requirements: Project-Specific Energy Savings Calculations*

States may choose to implement the modeled path, measured path, or both but must inform DOE of which path(s) they chose. States must adhere to energy savings requirements pertaining to either path as described in the guidance.

Calculating energy savings→ modeled and/or measured energy savings must be calculated and reported in a manner that.... Does not include onsite generation technologies.

*Program Requirements: Consumer Protection through Quality Assurance*

States must develop and implement a Consumer Protection Plan that includes the following elements (1) consumer feedback, (2) resolution procedures, (3) data review, (4) onsite inspection, (5) contractors and other partners, (6) installation standards, (7) continuous improvement.

See Table 5. Application Requirements (page 40)

*Program Requirements: Post-Installation Certificate*

States must provide a post-installation project certificate to the household that has been certified by a quality third party to confirm quality monitoring and accurate valuation of the upgrade.

*Maximizing Impact—Program Requirements—Supporting the Clean Energy Economy Through Market Transformation*

States must submit a Market Transformation Plan within the first year after receiving financial assistance award.

See Table 6. Application Requirements (Page 46)

*Maximizing Impact*

*Program Requirements—Integrating with Other Programs*

States are strongly encouraged to design their rebate programs in ways that allow for effective combinations of various funding sources, including through integration with existing programs, with the exception of two prohibitions: (1) total combo of all immediate funding sources cannot exceed total project cost and (2) Neither HOMES nor HEEHRA can be combined with other Federal grants or rebates for the same single upgrade or qualified electrification project that receives rebate funds from Section 50122, respectively.

Four categories of funding can be combined, each with different requirements:

- (1) Combining a rebate with other Federal rebates or grants
- (2) Combining a rebate with Federal loans or loans from previously granted Federal funds
- (3) Combining a rebate with non-Federal funding: Non-federal funding, such as funding authorized by a state government, local government, or available through a utility program or philanthropic support can be used to co-fund any remaining costs for upgrades and individual components or qualified electrification projects beyond the value of the Federal rebate. DOE is intending to work with EPA to add state rebates to their EnergyStar rebate finder tool in the coming months. States are

encouraged to coordinate with DOE and EPA as rebates are being developed. For States utilizing DOE reporting tools, rebate information will be provided directly to EPA.

(4) Taxability of home energy rebates

Sharing Tax Credits with Home Energy Rebates: Consumers that receive IRA rebates for products that may be eligible for the 25C tax credit may claim the credit after reducing the amount of the expenditure on which the consumer calculates the amount of the credit by the rebate.

*Program Requirements: Quick Starts*

A State may apply for up to 25% of its allocated funds to develop a Quick Start State program. DOE will prioritize the processing of applications identified for Quick Start. To qualify, a State must plan to achieve rebate program launch in 2023.

**Section 50122 HEEHRA Requirements**

Product Service Rebate and Rebate Limitations – Table 7, page 50

Table 7. Product Service Rebates and Rebate Limitations

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

Qualified electrification project (QEP):

QEP means a project that:

- (a) Includes the purchase and installation of:
  - a. An electric heat pump water heater;
  - b. AN electric heat pump for space heating and cooling;

- c. An electric stove, cooktop, range, or oven;
  - d. An electric heat pump clothes dryer;
  - e. An electric load service center;
  - f. Insulation;
  - g. Air sealing and materials to improve ventilation; or
  - h. Electric wiring; and
- (b) With respect to any appliance described in clause (a), the purchase of which is carried out:
- a. As part of new construction;
  - b. To replace a non-electric appliance; or
  - c. When the purchase is a first-time purchase of a heat pump for space conditioning and is installed to provide the primary heating and cooling for the household; and
- (c) Is carried out, or relating to, a single-family home or multifamily building, as applicable.

Programs must ensure that (a) (b) and (c) are met for every rebate.

Regarding appliance rebates for HEEHRA—all appliances must be ENERGY STAR certified. \*For HEEHRA, this is specified in the statute. For HOMES, it does not appear that the ENERGY STAR requirement is written into the law.

DOE recognizes that central heat pump water heating systems currently do not have an ENERGY STAR specification that addresses their system-based efficiency, which would encompass the heat pump, storage tanks, booster heaters, pumps, and ancillary controls. Central heat pump water heaters may not qualify as an eligible appliance until ENERGY STAR establishes system-based criteria for central heat pump water heating systems addressing all components within the system. DOE will issue further guidance on this as available.

Regarding electric stove, cooktop, range or oven—DOE specifies that dual-fuel models are not eligible.

**Installation incentives**—Incentive payments are available to encourage governmental, philanthropic, commercial, and nonprofit groups to assist households with accessing electrification rebates. See Table 9-Qualifying Activities and Maximum Incentives- page 72

\*THIS INCENTIVE DOES NOT EXIST IN HOMES.

**REVISIONS AND GUIDANCE**—If DOE needs to revise these requirements, DOE will publish a notice at <https://www.energy.gov/scep/home-energy-rebate-programs-guidance> and will send a copy of the notice directly to Grantees. States should address questions regarding requirements to their respective Project Officers.

**STATE TRACKER (AGA) :**  [IRA State Tracker - Copy.docx](#)