

# Preparing for Impact:

## Energy Efficiency Funding in the Inflation Reduction Act

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**Skip Wiltshire-Gordon**  
Senior Policy Associate, 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 residential energy efficiency, smart technology, demand response, clean energy financing, renewable energy, carbon and climate policy, and much more.



# Agenda

## IIJA - Big Picture Overview

## IRA – Overview and Key EE Programs

- Home Energy Performance-Based, Whole-House Rebates (HOMES)
- High-Efficiency Electric Home Rebate Program (HEEHR)
- Contractor Training Grants
- Contractor Survey (NEW!)
- Tax Credits (25C, 45L, 179D)
- Greenhouse Gas Reduction Fund
- Building Codes

## Q&A



# Infrastructure Investment and Jobs Act (IIJA)

- ▶ Signed into law on **November 15, 2021.**
- ▶ **\$1 trillion** for transportation, water, and energy infrastructure, with **\$550 billion** in new spending.
- ▶ Implementation is already underway...



# IIJA: Key Energy Efficiency and Workforce Development Programs

Program	Funding	Timeline
Weatherization Assistance Program (WAP)	\$3.5B	FY22 until expended
State Energy Program (SEP)	\$500M	FY22-26
Energy Efficiency and Conservation Block Grant Program (EECBG)	\$550M	FY22 until expended
EE Revolving Loan Fund (RLF) Capitalization Grants	\$250M	FY22 until expended
Energy Auditor Training Grant Program	\$40M	FY22 until expended
Career Skills Training	\$10M	FY22 until expended
Building, Training, and Assessment Centers	\$10M	FY22 until expended



# Inflation Reduction Act (IRA)

- ▶ Signed into law on **August 16**.
- ▶ Nearly **\$370 billion** in support of clean energy and energy efficiency.
- ▶ President Biden held an event at the White House on September 13 touting IRA.
- ▶ Implementation is just getting started...



# IRA: Key Energy Efficiency and Workforce Development Programs

Program	Funding	Timeline
Home Energy Performance-Based, Whole-House Rebates (HOMES)	<b>\$4.3B</b>	Available through 2031
State-Based Home Energy Efficiency Contractor Training Grants	<b>\$200M</b>	Available through 2031
High-Efficiency Electric Home Rebate Program (HEEHR)	<b>\$4.5B</b>	Available through 2031
Greenhouse Gas Reduction Fund	<b>\$27B</b>	Available through 2024
Building Codes	<b>\$1B</b>	Available through 2029
25C Energy Efficient Home Improvement Tax Credit	CBO Estimate: \$12.4 billion	Available through 2032
45L New Energy Efficient Home Tax Credit	CBO Estimate: \$2 billion	Available through 2032
179D Energy Efficient Commercial Buildings Deduction	CBO Estimate: \$362M over 10 years	Available permanently (no sunset)


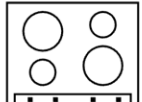

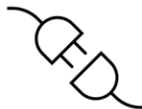
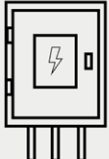

# IRA: Home Energy Performance-Based, Whole-House Rebates (HOMES)

- ▶ IRA provides **\$4.3 billion** in formula funding for state energy offices to set up HOMES rebate programs.
- ▶ Direct rebates for home energy efficiency retrofits via two pathways:
  - ▶ **Modeled:** **\$2,000** for 20% savings, **\$4,000** for 35% savings.
  - ▶ **Measured:** energy savings of at least **15% portfolio**, based on Average State House 20% energy savings.
  - ▶ Rebates are capped at 50% of project cost for market-rate (over 80% AMI).
- ▶ Rebates **double** for low- and moderate-income households (**up to \$8,000**, capped at 80% of project cost).
- ▶ Includes a "prohibition of combining rebates" provision to prevent double-dipping with other federal grants or rebates, including the High-Efficiency Electric Home Rebate Program - **for the same measure**.
- ▶ Covers Single-Family and Multifamily.



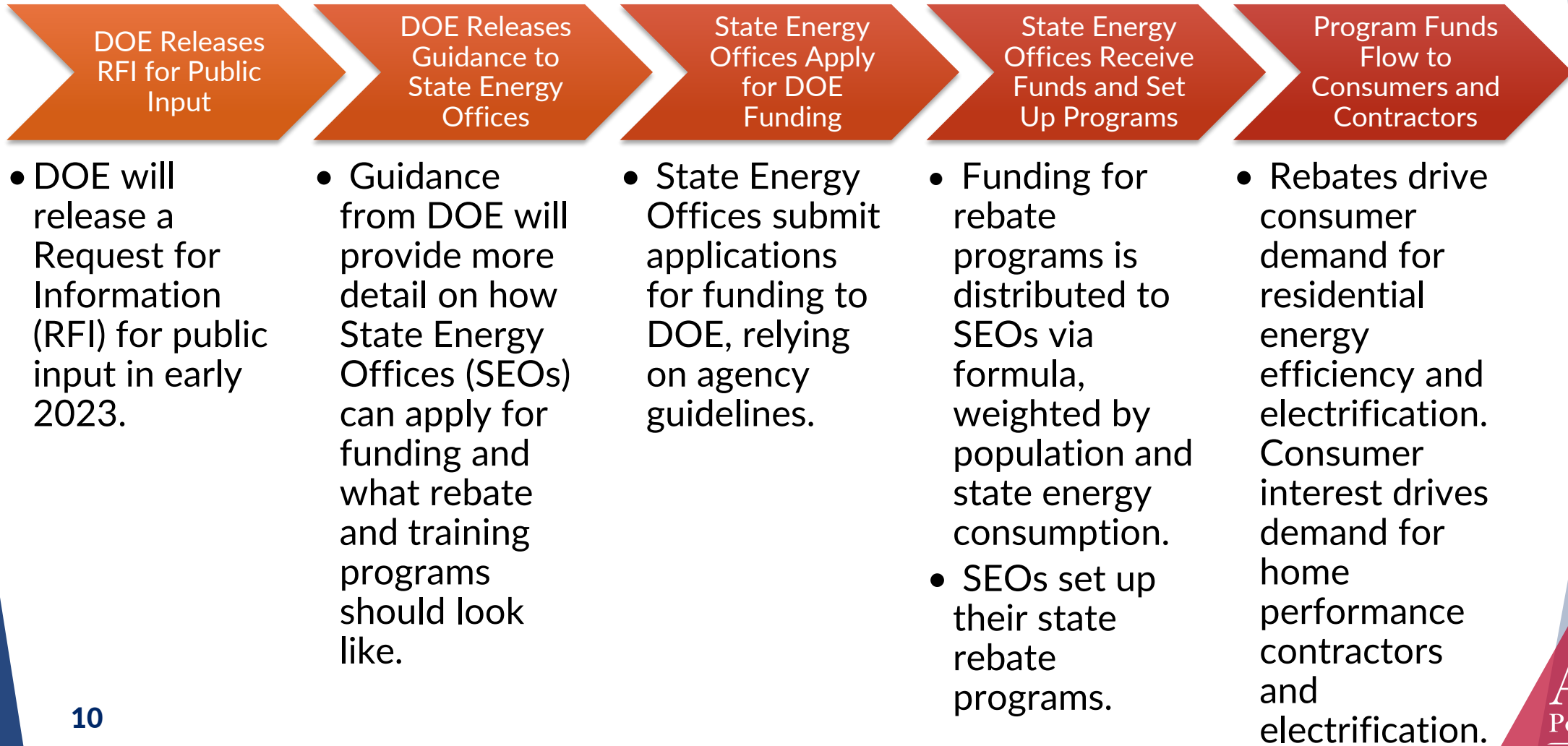
# IRA: High-Efficiency Electric Home Rebate Program (HEEHR)

- ▶ IRA provides **\$4.5 billion** in grants to state energy offices for the **High-Efficiency Electric Home Rebate Program (HEEHR)**.
- ▶ LMI households are eligible for rebates **up to a total of \$14,000** for electric systems/appliances.
- ▶ Includes an **\$500** installation incentive for contractors installing HEEHR upgrades.

	Appliance	Rebate Amount (Maximum)
	Heat Pump (for space heating and cooling)	\$8,000
	Electric Stove, Cooktop, Range, or Oven, or Clothes Dryer	\$840
	Heat Pump Water Heater	\$1,750
	Electric Wiring	\$2,500
	Electric Load Service Center (Breaker Box)	\$4,000
	Insulation, Air Sealing, and Ventilation	\$1,600

# |IRA – Implementation Timeline for Rebates

► **Note: two-year deadline for States to secure funds.**



# IRA: HOMES and HEEHR Funding Allocations

- ▶ On November 2, DOE announced **state-by-state funding allocations** for state HOMES and HEEHR rebate programs, and announced a Request for Information (RFI) on these programs will be released early next year.
- ▶ States **will still need to apply for funding - and receive approval** from DOE on their rebate program plans.



## Colorado

HOMES: \$70.39M

HEEHR: \$69.98M





# IRA: State-Based Home Energy Efficiency Contractor Training Grants

- ▶ IRA provides \$200 million for **State-Based Home Energy Efficiency Contractor Training Grants**.
  - ▶ Grants to states through the State Energy Program to **support energy efficiency and electrification contractor training**.
- ▶ Specifications will be left up to DOE in implementation.

## Implementation Update

- **Today (12/15)**, DOE will release a Request for Information (RFI) on this program to solicit feedback from stakeholders on how funds should be distributed.

# Contractor Survey on HOMES, HEEHR, and Training Grants

- ▶ Contractor survey input will be compiled and shared with DOE and State Energy Offices to help contractors have a voice during implementation.
- ▶ Distributed by the Building Performance Association, E4TheFuture, Pearl Certification, The Home Depot, and others.
- ▶ Sharing personal information is **optional**.
- ▶ Responses will **only be shared in an anonymized/aggregated format** to protect confidentiality.
- ▶ Response deadline **extended** to Friday, January 6, at 3PM MST.



[SurveyMonkey.com/r/HOMESContractorSurvey](https://SurveyMonkey.com/r/HOMESContractorSurvey)

# IRA: Tax Credits

- ▶ IRA extends and expands energy efficiency tax credits including:
  - ▶ **Section 25C Energy Efficient Home Improvement Tax Credit** through September 2032.
  - ▶ **The Section 45L New Energy Efficient Home Tax Credit** through September 2032.
  - ▶ **The 179D Energy Efficient Commercial Building Deduction Tax Credit** (no sunset date - permanent).

## Implementation Update

- On November 4, the Building Performance Association **submitted joint responses to IRS notices Request for Comments on Incentive Provisions for Improving the Energy Efficiency of Residential and Commercial Buildings in the Inflation Reduction Act.**



# IRA: Greenhouse Gas Reduction Fund

- ▶ IRA provides **\$27 billion** for the **Greenhouse Gas Reduction Fund** through EPA, including:
  - ▶ **\$7 billion** for competitive grants to nonprofit, state, and local financing institutions to deploy zero-emission technologies in low-income and disadvantaged communities.
  - ▶ **\$11.97 billion** in competitive grants for projects, activities, and technologies that reduce emissions or other air pollution.
  - ▶ **\$8 billion** for competitive grants for financial and technical assistance in low-income and disadvantaged communities.
- ▶ **55 percent** (\$15B) of the total GGRF is explicitly directed towards low-income and disadvantaged communities.

## Implementation Update

- On **December 5**, the Building Performance Association submitted joint comments to EPA underlining the importance that GGRF funds complement the two home energy rebate programs (HOMES & HEEHR).

# IRA: Building Codes

- ▶ IRA provides **\$1 billion to implement energy efficient building codes** in residential and commercial buildings (through 2029).
- ▶ **\$330 million** to state and local governments to adopt residential building codes that meet or exceed the 2021 International Energy Conservation Code (IECC).
- ▶ **\$670 million** to assist state and local governments to adopt building energy codes for residential and commercial buildings that meet or exceed the **zero energy provisions in the 2021 IECC**, or an equivalent stretch code.
- ▶ Note: Paired with \$225 million in IIJA to create a grant program within the **Building Technologies Office (BTO)** to update and adopt building energy codes in new residential and commercial buildings across the States.

# Thank you!

**Skip Wiltshire-Gordon**  
Senior Policy Associate  
AnnDyl Policy Group  
[skip@anndyl.com](mailto:skip@anndyl.com)