



IMPLEMENTATION GUIDANCE FOR STATES:

HOME ELECTRIFICATION REBATE PROGRAM

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The Home Electrification Rebate program, previously known as "High-Efficiency Electric Home Rebate Program," is a new program developed in the Inflation Reduction Act (IRA) that supports electrification projects in single-family and multifamily residential units. These new point of sale rebates are available only to low- or moderate-income (LMI) households. The funding will be allocated to state energy offices (SEOs) once they design and submit a DOE-approved state program plan. The sooner they design the program, the faster the rebates become available to constituents. This guide summarizes the program, details how state offices can engage, and provides program plan design suggestions to support increased impact and low-income household access.

Program Details

The \$4.5 billion program sets aside \$4.275 billion for state energy offices and \$225 million for tribal governments. The funding is distributed by formula, with state totals published [here](#). The rebates are available to 1) LMI households 2) owners of multi-family units with greater or equal to 50% LMI occupants, and 3) any "government, commercial, or nonprofit entity" carrying out a qualified electrification project on behalf of 1 or 2. Rebate amounts are below. Recipients receive the lesser of the income eligibility cost covered and rebate max.

Exhibit 1. Home Electrification Rebate Values

Income Eligibility and % Cost Covered	
Low Income: <80% Area Median Income (AMI)	100% (including installation)
Moderate Income: 80%–150% AMI	50% (including installation)
Rebate Max for Qualified Electrification Projects	
Heat Pump HVAC	\$8,000
Heat Pump Water Heater	\$1,750
Electric Stove/Cooktop	\$840
Heat Pump Clothes Dryer	\$840
Breaker Box	\$4,000
Electric Wiring	\$2,500
Weatherization <i>Insulation, air sealing, ventilation</i>	\$1,600
Maximum Total Rebate	
Max Consumer Rebate	\$14,000
Max Contractor Rebates	\$500

Graphic Based on [Rewiring America](#)

Additional details can be found in the legislative text, [Section 50122](#).

Implementation Recommendations for States

Increase Impact

- **Train contractors on electrification:** The IRA includes \$200 million of funding for a new [State-Based Home Energy Efficiency Contractor Training Grant](#). State energy offices should apply for and implement these funds with the Home Electrification Rebate program in mind. States should seek to both build on existing networks and training programs and create new partnerships (such as with state housing finance agencies) to reach new audiences. Further, states should analyze what the electric appliance market looks like now (for both single-family and multifamily households), determine how much larger that market will get after this rebate program is implemented, and work with contractors, retailers, and distributors to make sure they are prepared.

Pitfall avoided: Heat pump water heaters and induction cooktops are relatively new technologies. If contractors are not trained on their installation and applicability, they are unlikely to recommend them to their clients. Additionally, there were very few cold-weather heat pumps available on the market until recently, and many contractors remain unaware of their expanded use-case. The success of this program will largely rely on the comfort and confidence of contractors in recommending and installing these technologies, along with promoting the rebates themselves. Also, the industry has faced a large labor shortage, so expanding existing training and reaching new audiences are both needed to boost the labor supply.

- **Encourage and inform incentive program stacking with Home Electrification Rebates:** Collaborate with other state agencies and stakeholders to develop clear guidance for Home Electrification Rebates that clarifies which federal, state, utility, and local incentives can be combined and how. Create contractor- and consumer-friendly one-stop-shop retrofit programs that: (a) enable consumers to understand the collective incentives available to them, and (b) simplify and consolidate reporting for the various state, utility, and local incentive programs. Further, consider mapping out which incentives are eligible for which sector of the population, and design implementation goals for the Home Electrification Rebate program to serve households that are not properly served elsewhere.

Pitfall avoided: Most contractors and consumers are not aware of rebates and tax credits they are eligible for or how they could be combined. Clear guidance and a list of eligible incentives will help provide financing certainty, spurring more projects. The complexity, number, and different program elements and their reporting create substantial administrative burden that discourages participation. Simplifying and consolidating reporting will reduce administrative burden, which can help increase adoption and delivery. Stacking and braiding Home Electrification Rebates and other federal, state, utility, and other incentives can help ensure proper equipment sizing, health and structural prerequisites are met, and deep retrofits can be achieved.

- **Utilize state administrative capacity as efficiently as possible:** States should inform DOE of the turnkey program resources and processes they want DOE to develop to minimize each state reinventing the wheel.

Pitfall avoided: States are allowed to use up to 20% of program funds toward administrative costs, reducing rebates available to consumers. The more states can rely on DOE resources to design and administer the program, the more households this program can touch.

Support Low-Income Access:

- **Prioritize low-income households through metric setting:** Set measurable goals to spend at an absolute minimum 40% (to mirror Justice40 goals) of program funding on low-income households, with a goal closer to 60%–80%.

Pitfalls avoided: With [less than half of states](#) having metrics for serving low-income households through their energy efficiency programs, the majority of rebates currently go to middle- or high-income households, which continues to entrench inequitable systems. Further, low-income households can't take advantage of the Energy Efficient Home Improvement tax credits (25C) that support building retrofits due to lack of tax liability, while most middle-income and high-income households can. Since the tax credit funding is uncapped and this funding is not, more households can likely be upgraded overall if states prioritize low-income households for rebate programs.

- **Coordinate with state housing finance agencies:** State energy offices should engage with their state housing finance agencies early in the process before finalizing their plan.

Pitfalls avoided: Affordable housing finance stacking is incredibly complex, so this will ensure they are designing solutions that work for affordable housing and understand how well these new sources of funding would be able to layer into their deals.

- **Design financing that works for Low Income Housing Tax Credit (LIHTC) properties:** Provide a zero-interest, long-term loan option in lieu of rebates for affordable housing that uses LIHTC.

Pitfalls avoided: Under current policy, resources financed by federal rebates will either (1) count as taxable income to the partnership that owns the LIHTC property, substantially reducing the financial benefit of the rebate, or (2) reduce the eligible basis of the LIHTC property, decreasing the amount of LIHTC for which the property is eligible. Rebates in the form of zero-interest, long-term loans would not be treated as taxable income or reduce LIHTC eligible basis.

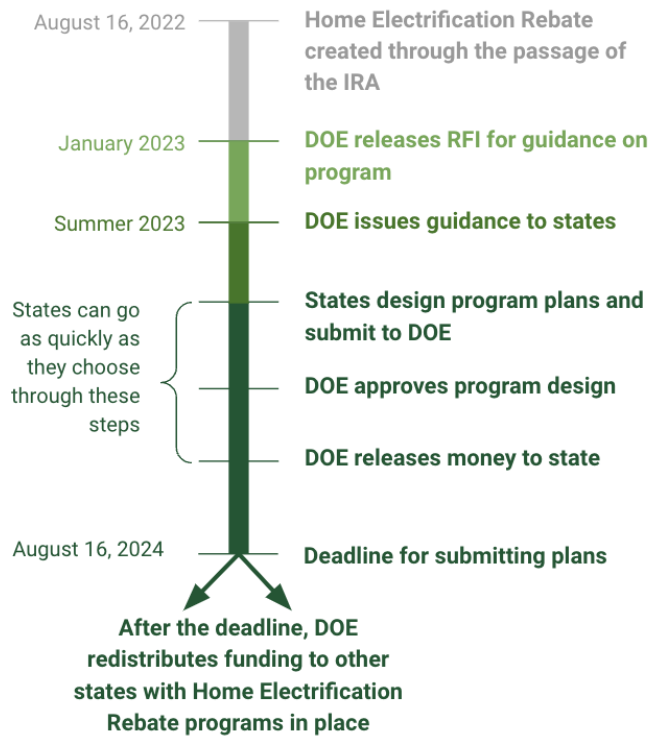
- **Minimize income documentation:** Identify and create a list of existing low-income federal and state programs that have the same or more stringent income requirements than the Home Electrification Rebate program to allow households that have already qualified for these existing programs to receive categorical eligibility. Work with other state departments to develop ways to leverage this into a point-of-sale program such as rapid cross verification or allowing certain paperwork as proof. Additionally, to minimize administrative burden, DOE should provide guidance on self-certification and income verification. To minimize fraud concerns, explore pairing self-certification with spot audits and high fines for violations.

Pitfalls avoided: Since this entire program is income restricted, reducing paperwork will make it easier for households to take advantage, and make it more likely for contractors to engage.

- **Require tenant protection:** States should consider developing guidance particularly for landlords that pursue these upgrades to ensure it doesn't result in inappropriate rent increases or tenant displacement. SEOs should task state consumer protection agencies to lead this work.

Pitfalls avoided: This gets ahead of unintended consequences of upgrading buildings and ensures tenants benefit from instead of being penalized for building upgrades

Implementation Timeline



The DOE Office of State and Community Energy Programs will release a guidance document to support states' design of the program. DOE is legislatively mandated to provide states guidance on providing point-of-sale rebates consistent with income eligibility requirements. States will have an opportunity to provide feedback to DOE before the guidance is issued through the RFI process, listening sessions, and other direct engagement.

States plans are legislatively mandated to include:

- A plan to verify the income eligibility of entities seeking a rebate and point of sale
- A plan to ensure an entity does not receive a rebate for the same qualified electrification project through both the Home Electrification Rebate program and any other federal grant or rebate program

Exhibit 2. Timeline for program implementation

Importantly, the faster states design their Home Electrification Rebate plans, the sooner rebates will be made available to constituents, so states should start designing the program and engaging with DOE now.

Additional Resources

[DOE Home Energy Rebate Programs resource page](#)

[Rewiring America High-Efficiency Electric Home Rebate Act \(previous name of the Home Electrification Rebate\)](#)