



Inflation Reduction Act

Summary of Residential Energy Efficiency and Electrification Provisions

The *Inflation Reduction Act (IRA)* provides billions of dollars for clean energy investments, including nearly \$9 billion for residential energy efficiency and beneficial electrification rebates to be administered and implemented by State Energy Offices. The following is a summary of the IRA provisions that establish the energy efficiency and electrification rebates and provide funding for residential contractor training.

We have convened the *NASEO Residential Energy Efficiency and Beneficial Electrification Task Force* to identify priority needs and model approaches for the implementation of both programs. This State-led Task force includes a working group of private-sector participants that will aid the states in developing recommendations from NASEO to the U.S. Department of Energy on guidance and operation of the programs. See <https://www.naseo.org/issues/buildings/ira-task-force> for more information.

Section 50121 Home Energy Performance-Based, Whole-House Rebates

Also known as Hope for Homes or HOMES rebates, this program provides \$4.3 billion for State Energy Offices to offer rebates for energy efficiency improvements. The funds will be deployed via the U.S. State Energy Program (SEP) formula. State Energy Offices will need to apply for funding. Rebate amounts will be determined based on the energy saved, either modeled or measured energy savings.

Energy savings	Rebate amounts			
	Single family	Single family LMI	Multifamily	Multifamily LMI
20-35% modeled savings	Lesser of \$2,000 or 50% of project costs	Lesser of \$4,000 or 80% of project costs	\$2,000 per dwelling unit, maximum \$200,000 per building	Lesser of \$4,000 per dwelling unit or 80% of project costs
35% or more modeled savings	Lesser of \$4,000 or 50% of project costs	Lesser of \$8,000 or 80% of project costs	\$4,000 per dwelling unit, maximum \$400,000 per building	Lesser of \$8,000 per dwelling unit or 80% of project costs
15% or more measured savings	Payment for kilowatt hour or kilowatt hour equivalent saved that is equal to	Payment for kilowatt hour or kilowatt hour equivalent saved that is equal to	Payment for kilowatt hour or kilowatt hour equivalent saved that is equal to	Payment for kilowatt hour or kilowatt hour equivalent saved that is equal to

	\$2,000 for a 20% reduction of energy use for average home in the state or 50% of project cost	\$4,000 for a 20% reduction of energy use for average home in the state or 80% of project cost	\$2,000 for a 20% reduction of energy use per dwelling unit for the average multifamily building in the state or 50% of project cost	\$4,000 for a 20% reduction of energy use per dwelling unit for the average multifamily building in the state or 80% of project cost
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Section 50122 High-Efficiency Electric Home Rebate Program

This provision provides \$4.275 billion for State Energy Offices to offer rebates for electric appliances. The funds will be distributed via the SEP formula. State Energy Offices will need to submit an application for this funding. An additional, separate \$225 million is available to Tribes for the same purpose. State Energy Offices will also need to apply for this funding. The rebate amounts are set by the legislation and are specifically targeted to low-income households.

Rebate amounts:

- Heat pump water heater: Up to \$1,750
- Heat pump for space heating and cooling: Up to \$8,000
- Electric stove, cooktop, range, or oven: Up to \$840
- Heat pump clothes dryer: Up to \$840
- Electrical load service center upgrade: Up to \$4,000
- Insulation, air sealing, and ventilation: Up to \$1,600
- Electric wiring: Up to \$2,500
- Installation: Up to \$500

There is a maximum of \$14,000 per building with percentage caps varying by income and building type.

- Single family 80-150% area median income: 50% of project costs
- Single family less than 80% area median income: 100% of project costs
- Multifamily 80-150% area median income: 50% of project costs
- Multifamily less than 80% area median income: 100% of project costs

Section 50123 State-Based Home Energy Efficiency Contractor Training Grants

\$200 million is available for training and education to contractors. Funds can be used to reduce cost of training contractor employees, to provide testing and certification of contractors, to partner with non-profits to develop and implement a state program.