

Welcome!



We will get started around 8:30am. There is no audio right now.

Please ensure your mic is muted when you are not speaking, in order to preserve audio quality – video is welcome!

Feel free to introduce yourself in the chat and share any questions there!



**BUILDING
PERFORMANCE**
ASSOCIATION

AnnDyl
Policy Group 

A construction worker wearing an orange hard hat, safety glasses, a yellow high-visibility vest, and white gloves is working on an electrical panel. He is standing on a red step ladder and using a pair of pliers to work on the wiring. The background is a textured, light-colored wall.

Federal Programs Update for Arizona Contractors

August 20, 2024



The Building Performance Association is a membership-driven 501(c)6 industry association dedicated to advancing the home and building performance industry. Built upon three decades of experience, the Association is well-positioned to provide industry support through key areas including advocacy, education, programs, networking, publications, and community.

BPA reaches more than 20,000 individuals and organizations working in contracting services, weatherization, product manufacturing and distribution, program administration, building science, and nonprofits through our various programs and events.

www.Building-Performance.org.

Robin Yochum, Director of Programs and Partnerships
Katie Miller, Director of Marketing and Communications
Haley Pegg, Marketing Manager for Industry Development



AnnDyl Policy Group is a Washington, DC-based policy strategy firm that focuses on energy efficiency, renewable energy, and climate change policy, programs, financing, and technology.

We represent clients from across the energy efficiency and clean energy industries, including technology and financial sector companies, energy trade associations, and non-profit organizations.

www.anndyl.com

Kara Saul Rinaldi, President and CEO
Doug Presley, Director of Government and Regulatory Affairs
Valentina Salinas, Policy Associate



Programs Overview

IRA: Key EE and Workforce Development Programs



Signed into law on **August 16, 2022**

Nearly **\$370 billion** in support of clean energy and energy efficiency

Program	Funding	Status
HEAR: Home Electrification & Appliance Rebate Program	\$4.5B	States working on applications, anticipate mid-2024 program availability
HOMES: Home Energy Performance-Based, Whole-House Rebates	\$4.3B	States working on applications, anticipate mid-2024 program availability
TREC: Training for Residential Energy Contractors	\$200M	\$150M available for State applications, due January 31, 2024. \$40M in competitive funding, NOIs due May 9, 2024.
GGRF: Greenhouse Gas Reduction Fund	\$27B	Award to Solar4All applicants and green banks in 2024, funding available subsequently
25C Tax Credit (30% of cost)	\$12.4B <i>CBO estimate</i>	Available now; capped at \$1,200 for envelope + \$2,000 for heat pump or HPWH

Residential Rebate Programs: HOMES & HEAR

HOMES Energy Rebates

Projects must achieve a certain amount of **energy savings** to qualify for rebates.







Rebates **double** for low- and moderate-income individuals.

Larger rebates are available for retrofits that **save more energy**.

Two approaches: **modeled** savings and **measured** savings

HOMES AZ Allocation: \$76.7 million

HEAR Program

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

HEAR AZ Allocation: \$76.4 million

HEAR Allocation for Tribes within AZ: \$31.1 million

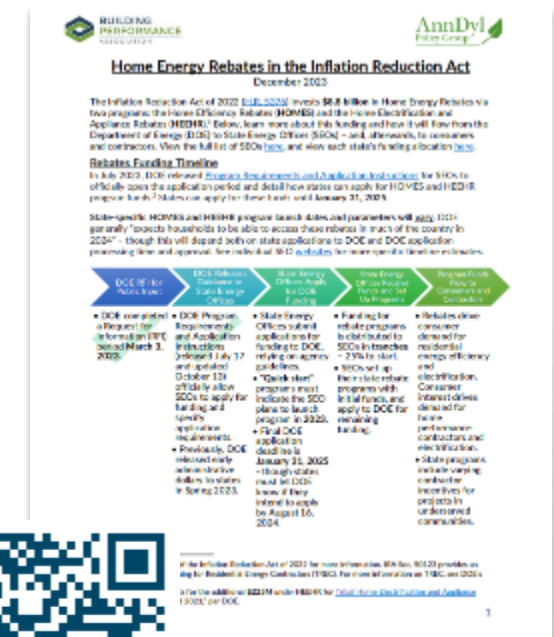
HEAR requires rebates be applied with income verification at the “point of sale”

Arizona Rebates Timeline

- ▶ July 2024 - Arizona HEAR application approved by DOE and contract awarded to Resource Innovations for implementation
- ▶ Late August - Initial HEAR rollout: Pilot program to address backlog at Community Action Agency for AC-to-Heat pump replacements. Initial limited availability program to accelerate rollout
- ▶ Coming this Fall: HEAR: retail availability of appliances, full program availability through contractors to follow later this year
- ▶ Remainder of 2024
 - ▶ HOMES application submitted ~Fall 2024, program start early 2025
 - ▶ Office of Resiliency and Resource Innovations expected to release additional program details:
 - ▶ Contractor participation and certification requirements
 - ▶ Income verification processes
 - ▶ Rebate values and limits, funding allocations for low-income and multifamily
 - ▶ Program design options – measure or modeled approaches, retail participation
 - ▶ Consumer- and contractor-facing resources, Spanish-language content
 - ▶ Continuing to incorporate inputs from contractor roundtables and feedback into program design

DOE Requirements for State Rebate Programs

- ▶ Low-income funding allocations
 - ▶ Low-Income (39.7%)
 - ▶ Low-Income Multifamily (10%)
 - ▶ States **may** choose to increase these allocations
- ▶ Stacking encouraged
- ▶ Multifamily buildings can combine funds for larger projects
- ▶ Audit and cost estimate requirements
- ▶ \$200 Disadvantaged Community contractor incentive
- ▶ Stackable with tax credits and utility rebate programs



HOMES: Modeled Savings Pathway

Contractors use approved BPI-2400 software to model homes using past utility data, assess potential improvements, and predict energy savings

Energy Savings	Single-Family	Multifamily
20 – 34 percent	\$ 2,000 or 50 percent of the project cost (whichever is less).	\$ 2,000 per dwelling unit, with a maximum of \$200,000 per multifamily building.
	DOUBLE for low-income households: \$ 4,000 or 80 percent of the project cost (whichever is less).	
35 percent and over	\$ 4,000 or 50 percent of the project cost (whichever is less).	\$ 4,000 per dwelling unit, with a maximum of \$400,000 per multifamily building.
	DOUBLE for low-income households: \$ 8,000 or 80 percent of the project cost (whichever is less).	

Update:
SnuggPro
and
OptiMiser
approved for
BPI-2400

States may
increase the
low-income
cap to 100%
of project
costs

HOMES: Measured Savings Pathway

Aggregators use approved software to measure home energy usage post-installation, providing rebates based on actual achieved energy savings

Energy Savings	Single-Family & Multifamily
15 percent and over	\$2,000 payment rate per kilowatt hour saved equal to a 20 percent reduction for the average home in the state, or 50 percent of project cost.
	DOUBLE for LMI individuals, \$4,000 payment rate per kilowatt hour saved equal to a 20 percent reduction per home or dwelling unit, or 80 percent of project cost. For multifamily buildings to qualify, at least 50 percent of residents must be LMI.

Potentially **higher rebates** for leaky & poorly insulated homes.

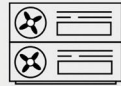
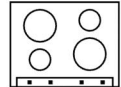




Aggregators can provide up-front payments to building owners, avoids waiting for rebate payments.

HOMES: Key Points

- HOMES Energy Audit Requirements
 - ▶ DOE removed BPI-1100 requirements, full data collection recommended for Modeled projects
- HOMES Energy Modeling Requirements – **BPI-2400**
- States will be required to set and issue third-party certifications.
- **ENERGY STAR certification required** for heating, cooling, and water heating products
- **\$200 Contractor/Aggregator Installer Benefit** for work in **underserved** households (per dwelling unit)

HEAR: Electrification Rebates

- ▶ Low- to Moderate-Income households are eligible for rebates **up to a total of \$14,000** for electric systems/appliances.
- ▶ Income qualified at point of sale.
 - ▶ <150% AMI = 50% of project cost
 - ▶ <80% AMI = 100% of project cost
- ▶ Fuel-Switching or First-Time Installation – cannot replace an old heat pump
- ▶ Home Assessments
 - ▶ On-site/virtual (Heat Pumps) + QA inspections
 - ▶ Geolocated Photos (all other projects)

	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

Qualified Contractor Lists

- ▶ States will need to determine qualification(s) that contractors will be held to, potentially including (but not limited to):
 - ▶ Home performance industry credentials
 - ▶ Training requirements
 - ▶ Business insurance and licensure
 - ▶ Skills standards
 - ▶ Labor standards
- ▶ States will also need to plan out delisting processes to protect against fraud and abuse.

Additional Federal Funding

Greenhouse Gas Reduction Fund (\$27B)

- ▶ Solar for All (\$7B)
 - ▶ Arizona receive \$150M award
 - ▶ Enabling upgrades (including efficiency) can be included
- ▶ National Clean Investment Fund (\$14B) and Clean Communities Investment Accelerator (\$6B)
 - ▶ Green Bank-type entities, loans for homeowners and EE businesses
- ▶ All GGRF programs requires Davis-Bacon prevailing wage accounting

EE Revolving Loan Fund:

- ▶ AZ's formula allocation is \$1,660,180.
- ▶ Supports loans/grants for EE projects.
- ▶ AZ application submitted; awaiting DOE award.

Weatherization Assistance Program (WAP):

- ▶ Additional \$47.5M from IIJA
- ▶ DOE approved Arizona's plan in January 2023

Energy Efficiency and Conservation Block Grant (EECBG):

- ▶ Over \$9.5 million in formula grant allocations for state and 20 counties/cities; can support a wide range of energy efficiency and conservation activities; check with your local jurisdiction on their plans.

Workforce Training Grants:

- ▶ Training for Residential Energy Contractors (TREC): Arizona allocation of \$2.6 million for residential workforce training and support. Awaiting DOE approval of application.

Federal Residential Tax Credits: *Available now!*

Existing Homes: 25C Energy Efficient Home Improvement Credit, 25D Residential Clean Energy Credit

25C: <https://www.irs.gov/pub/irs-pdf/p5967.pdf>

25D: <https://www.irs.gov/pub/irs-pdf/p5968.pdf>

25C: 30% for residential energy efficiency upgrades, electric heat pumps and heat pump water heaters

- **Stackable** with state and federal incentives
- **Renters can qualify** for HVAC equipment and energy audits (but NOT insulation, air sealing, windows, doors)
- **\$3,200 maximum allowable annual credit**
 - Up to \$1,200 for efficiency upgrades; up to \$2,000 for heat pumps and HPWHs
- **Audits:** Requires written report of measures/savings
 - As of Jan. 1, 2024, requires "qualified" auditor certification (AEE, ASHRAE, BPI, BSI, or RESNET)



25D: 30% for the costs of solar panels, geothermal heat pumps, and other clean energy systems.

New Homes: 45L New Energy Efficient Home Credit

\$2,500 for ENERGY STAR New Homes

\$5,000 for DOE Zero Energy Ready Home (ZERH)

Multi-family residences must meet prevailing wage standards for full credit

How You Can Prepare to Participate?

- ▶ BPA will continue to provide updates as further details are released:
 - ▶ Let us know if you are not currently receiving update emails, and visit our site for additional resources: <https://building-performance.org/arizona-home-energy-rebates-for-contractors/>
- ▶ Share your EE story with BPA to highlight
 - ▶ Customer projects, workforce stories, challenges and opportunities



**AZ Contractor
Handout &
Information**



**HOMES/HEAR
Fact Sheet**



**Residential
Capital Stack**



**25C Tax Credit
Fact Sheet**

Thank you!

kara@anndyl.com

doug@anndyl.com

valentina@anndyl.com

ryochum@building-performance.org

kmiller@building-performance.org

hpegg@building-performance.org