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Home Energy Rebates from the Inflation Reduction Act of 2022, P.L. 117-169: Frequently Asked Questions

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Summary

P.L. 117-169, commonly known as the Inflation Reduction Act of 2022 (IRA), appropriated \$9 billion for residential energy efficiency and electrification financial assistance programs. These include two consumer rebate programs and funds for technical training—all of which are described more fully in CRS In Focus IF12258, *The Inflation Reduction Act: Financial Incentives for Residential Energy Efficiency and Electrification Projects*, by Martin C. Offutt. The rebates and technical training programs will be administered by states and Indian tribes. Eligible projects include those that reduce the overall energy consumption of homes and dwellings in multi-family buildings and that purchase and install common home electrical appliances. The U.S. Department of Energy (DOE) is in the process of soliciting and receiving applications from the states for funds. As part of their applications, states address DOE questions of program design and implementation. DOE expects states to make the funds available to consumers in 2024. The department has not yet published the program requirements for Indian tribes but identifies the goal of fall 2023 for release of program requirements.¹

What rebate programs does the IRA offer for home energy upgrades?

As noted above, there are two separate rebate programs.

1. The Home Efficiency Rebates Program, also known as HOMES (Home Owner Managing Energy Savings), will offer rebates for projects that reduce energy consumption in single-family homes (SFH) or dwellings in multi-family buildings (MFBs). While the IRA does not specify what retrofits would satisfy its requirements, these might include efficient windows, doors, and insulation materials. The size of the rebate depends on how much the energy upgrades reduce the overall energy consumption.
2. The second type of rebate, Home Electrification and Appliance Rebates, supports a menu of projects, including replacing appliances, adding insulation, and upgrading the in-home electrical delivery system itself in SFHs or MFBs.

The two rebate programs have their own means-testing provisions and cost recovery rates and caps. How the size of the rebates will be determined is described more completely in CRS In Focus IF12258, *The Inflation Reduction Act: Financial Incentives for Residential Energy Efficiency and Electrification Projects*, by Martin C. Offutt.

How large are the rebate programs overall?

Section 50121 of the IRA appropriated \$4.3 billion for the HOMES rebate program for states. For the Home Electrification and Appliance Rebates, Section 50122 of the IRA appropriated \$4.275 billion for states and \$225 million for Indian tribes. The IRA allows the DOE to use up to 3% of the monies appropriated for the two rebate programs for administrative expenses and technical assistance.

¹ DOE, Office of State and Community Energy Programs, *Home Energy Rebates Frequently Asked Questions*, Question 42, at <https://www.energy.gov/scep/home-energy-rebates-frequently-asked-questions>.

What are the contractor technical training funds?

Section 50123 of the IRA appropriates \$200 million for training and education for contractors and organizations involved in the rebate programs and for other purposes. By formula, \$150 million will be allocated to states; DOE published a state-by-state listing on July 17, 2023.² DOE will award up to an additional \$40 million through a competitive grants process. The IRA permits DOE to use up to 10% of the appropriated funds for administrative expenses and technical assistance.

What office or agency will be paying out the rebates?

The state energy offices (SEOs) defined in Section 124(a) of the Energy Policy Act of 2005 (P.L. 109-58) will interface directly with the consumer. A list of SEOs may be found on DOE's Federal Energy Management Program website.³ Indian tribes will implement their portion of Home Electrification and Appliance Rebates.

How much money is available in my state or Indian tribe?

The amount of money for the two rebate programs is allocated by formula and varies by state. DOE published a list of the state-by-state allocations on July 27, 2023.⁴ DOE published the draft allocations to Indian tribes for the Home Electrification and Appliance Rebates on August 16, 2023.⁵

Have the states begun making preparations for the rebate programs?

On March 23, 2023, DOE issued an "Early Administrative Funds" Administrative and Legal Requirements Document (ALRD), to allow SEOs "to begin to hire and conduct a minimum set of planning and administration activities." The money available to each state was determined according to formula, and DOE published the amounts on March 23, 2023.⁶ Generally speaking, the amount is "up to 2.5%, not to exceed \$2.5 million, of the total funding from each formula allocation of Sections 50121 and 50122 under this ALRD."⁷

² See DOE, *Administrative and Legal Requirements Document (ALRD)*, Appendix C, at <https://www.energy.gov/sites/default/files/2023-07/IRA-50123-ALRD-Contractor-Training-Program.pdf>.

³ DOE, "State Energy Offices and Organizations," at <https://www.energy.gov/femp/state-energy-offices-and-organizations>.

⁴ DOE, "IRA Home Energy Rebates State Allocations," at <https://www.energy.gov/sites/default/files/2023-07/IRA%2050121%20%26%2050122%20Home%20Energy%20Rebates%20State%20Allocations.pdf>.

⁵ DOE, "Intended Allocations for the DOE Tribal Home Electrification and Appliance Rebates Program," at <https://www.energy.gov/sites/default/files/2023-08/DOE-Intended-Allocations-for-the-Tribal-Electrification-and-Appliance-Rebates-Program-8.16.2023.pdf>.

⁶ DOE, "Inflation Reduction Act, Home Energy Rebates, Early Administrative Funds ALRD Allocations," at <https://www.energy.gov/scep/articles/home-energy-rebate-programs-early-administrative-funds-alrd-state-allocations>.

⁷ See "Apply for Early Administrative Funds," at <https://www.energy.gov/scep/home-energy-rebate-programs-guidance>.

If the rebates are not yet available in my state, what still has to happen?

Most recently DOE issued the “Full Program” ALRD on July 27, 2023, which SEOs will use in developing their applications for the funds in their formula allocation.⁸ In a separate instructions document, DOE stated its expectation that “States must submit applications describing state plans for their proposed rebate programs.”⁹ After DOE has reviewed and approved a state’s application, DOE will begin the grants-making process. DOE has indicated that they will review and approve state applications on a rolling basis. DOE has not yet published the program requirements for Indian tribes but identifies the goal of fall 2023 for release of program requirements.¹⁰

When can I start projects for them to be eligible for the rebates?

The HOMES rebates can start anytime according to the IRA, which specified that SEOs provide rebates “for whole-house energy saving retrofits begun on or after the date of enactment of this Act” or August 16, 2022. (136 Stat. 2034.) The SEOs have yet to issue the guidance to consumers, pending conclusion of the application process with DOE. DOE has advised that “it will be difficult to offer [HOMES] rebates for projects completed before program requirements are fully defined and programs are operational.”¹¹

Home Electrification and Appliance Rebates will not be payable for work begun prior to the commencement of an SEO’s or Indian tribe’s programs.

When will the rebate money be paid out?

The SEOs will receive their formula allocation in the form of grants after the conclusion of their application to DOE. According to its website, “DOE expects households to be able to access these rebates in much of the country in 2024.”¹² The Home Electrification and Appliance Rebates will not be operational until after states have received the grant monies from DOE.

⁸ DOE, “Administrative and Legal Requirements Document (ALRD): Home Efficiency Rebates & Home Electrification and Appliance Rebates,” at https://www.energy.gov/sites/default/files/2023-07/Home_Energy_Rebates_ALRD.pdf.

⁹ DOE, “Inflation Reduction Act Home Energy Rebates: Program Requirements & Application Instructions,” p. 1, at https://www.energy.gov/sites/default/files/2023-07/Home_Energy_Rebates_Program_Requirements_and_Application_Instructions.pdf.

¹⁰ DOE, Office of State and Community Energy Programs, *Home Energy Rebates Frequently Asked Questions*, Question 42, at <https://www.energy.gov/scep/home-energy-rebates-frequently-asked-questions>.

¹¹ DOE, Office of State and Community Energy Programs, *Home Energy Rebates Frequently Asked Questions*, Question 21, at <https://www.energy.gov/scep/home-energy-rebates-frequently-asked-questions>.

¹² DOE, Office of State and Community Energy Programs, *Home Energy Rebates Frequently Asked Questions*, Question 4, at <https://www.energy.gov/scep/home-energy-rebates-frequently-asked-questions>.

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