Residential Retrofit Programs to Complement Federal Rebate Programs

Brief 1: Program Design and Delivery

DECEMBER 2024

Key Findings

- State energy offices and utility-sponsored energy efficiency programs should directly coordinate on implementation of the federal Home Energy Rebate programs (e.g., the Home Efficiency Rebate (HOMES) and the Home Electrification and Appliance Rebate (HEAR)) to maximize residential energy efficiency upgrades and the resulting energy savings and lower utility bills. Longer-term, this collaboration can support market transformation in home retrofits after the federal programs expire.
- Benefits of state-utility collaboration include more efficient and effective program delivery, more robust utility program portfolios, alignment toward state policy goals and mandates, and facilitation of ongoing market transformation.
- Utilities and other program administrators have experience and assets that can help accelerate states' deployment of federal Home Energy Rebates, such as relationships with virtually all residential customers and well-established structures for marketing and outreach, contractor networks that can be tapped to deliver upgrades with federal incentives, and access to the customer billing data that is critical to meeting the reporting requirements of the federal programs.
- The Home Energy Rebates programs cover measures that can complement existing energy efficiency program offerings. For example, the federal rebates cover the cost of electrical panel and wiring upgrades, which often fall outside the scope of ratepayer-funded energy efficiency programs but are sometimes necessary for home electrification projects, such as installing a heat pump or heat pump water heater.
- Some states have launched their Home Energy Rebate programs, and many others are in process. As utility-sponsored program administrators are seeking to work with states, these early programs provide useful examples of the roles utilities can play in delivering programs with the greatest impact.

Introduction

Utilities (and other administrators of utility-sponsored energy efficiency programs) are uniquely positioned to support the states in implementation of the federally-funded residential retrofit incentive programs included in the Inflation Reduction Act of 2022 (IRA). Among the many residential energy efficiency and electrification provisions in the legislation, the Home Efficiency Rebate (HOMES) and Home Electrification and Appliance Rebate (HEAR) programs are particularly well-aligned with utility program design and implementation, leading to opportunities for collaboration, coordination, and complementary program offerings.

IRA-funded home energy rebates: HOMES and HEAR

The Home Efficiency Rebate program (HOMES) provides $4.3 billion for performance-based retrofits of single-family homes and multifamily buildings. States have the option to offer rebates based on modeled energy savings, measured energy savings, or both. Contractors can receive a $200 incentive for projects completed in disadvantaged communities.

HOMES modeled energy savings	HOMES measured energy savings
$2,000 rebate (or up to 50% of project cost) for projects with modeled savings of at least 20%	Projects must achieve measured energy savings of at least 15% to qualify for rebates
$4,000 rebate (up to 50% of project costs) for modeled savings of at least 35%	Rebate is based on actual kWh (or kWh equivalent) savings at rate equal to $2,000 for a 20% reduction in energy use for the state average (up to 50% of project costs)
Rebates doubled (up to 80% of project costs) for low-income households	Rebates doubled (up to 80% of project costs) for low-income households

The Home Electrification and Appliance Rebate program (HEAR) is a $4.5 billion point-of-sale rebate program to support home electrification targeted to low- and moderate-income households. Multifamily buildings in which 50% or more of tenants are low-income also qualify. Low-income households qualify for rebates of 100% of project costs up to the caps listed in the table below; moderate-income households qualify for rebates up to 50% of project costs up to the caps below. Total household rebates are capped at $14,000 for all participants. Contractors are eligible for a $500 incentive for qualifying projects in disadvantaged communities.

HEAR product	Maximum rebate amount
Heat pump (space heating and cooling)	$8,000
Heat pump water heater	$1,750
Electric stove, cooktop, range, or oven	$840
Heat pump clothes dryer	$840
Insulation, air sealing, and ventilation	$1,600
Electric wiring	$2,500
Electric load service center (breaker box)	$4,000

The U.S. Department of Energy (DOE) requires states to allocate 1) a percentage of rebate funding for low-income households equivalent to the state's percentage of low-income households, and 2) a minimum of 10% of rebate funding for low-income multifamily buildings. However, the states have some flexibility in how they design their HOMES and HEAR programs to best serve their residents. For example, states can request DOE approval to offer rebates up to 100% of project costs for low-income households.

Coordination on state and utility-funded residential energy efficiency efforts can leverage the increased federal investment to expand the reach and overall benefits of both the state and utility programs. Longer term, the boost provided by federal funding will help to bolster the retrofit market and program efforts that continue after the federal programs expire.

This brief is the first in a three-part series addressing opportunities and challenges related to coordination of state implementation of federal residential retrofit incentives with utility and other energy efficiency program efforts. The briefs are targeted toward energy efficiency program administrators, implementers, and evaluators, state energy offices, regulators, and others working to maximize the impact of expanded federal funding for residential retrofits for near-term energy savings and carbon reductions as well as long-term market transformation. Other briefs in this series focus on navigating utility regulatory requirements and leveraging long-term market transformation and will be published in early 2025.

Benefits of state-utility collaboration

By working together, state energy offices and utility program administrators can improve the efficiency and effectiveness of program implementation in the near-term while laying the groundwork for greater impact over the long term. State-utility collaboration in delivering these programs uses existing program infrastructure to reduce costs and enhance program success, expands or grows existing program portfolios, aligns programs with existing state policy goals and mandates, and facilitates ongoing market transformation.

Use of existing program infrastructure

While the size and sophistication of existing utility-sponsored energy efficiency programs vary widely from state to state, most states have some efficiency program infrastructure that can be leveraged to reduce the administrative costs associated with launching and maintaining state HOMES and HEAR programs and accelerate their implementation. Utilities already have relationships with virtually all residential customers and have the structures in place for consumer outreach and marketing to build awareness and interest in the new federal incentive programs.

Utility energy efficiency programs have invested in the development of contractor networks and trade partnerships that can be used to deliver the federal incentive programs to customers; working with these existing networks allows states to avoid duplicative efforts. Retail partners and utility online marketplace providers can support delivery of the HEAR rebates. Utilities also have access to customer billing data, a critical asset for meeting modeling and reporting requirements for the HOMES program, and, in many cases, have already set up web-based systems to facilitate customer, contractor, and program access to energy use and billing data.[i] In some cases, utilities and other program administrators also have systems in place to support income verification requirements.

In states where utilities offer residential customers different rate plans, programs can collaborate to ensure that customers receive information about these options and how they can maximize cost savings by pairing their planned upgrades with the rate plan that makes the most sense for them. Rate options designed to encourage electrification, load shifting, and demand response can pair with retrofit options included in the rebate programs. Collaboration on program materials and contractor education is important to matching each customer with the right rate plan.

Expansion of existing program portfolios and impacts

The federal incentive programs, when co-funded with utility programs, present opportunities to support an expanded set of energy efficiency measures, increase the savings per retrofit project, and increase the number of households served.

More measures

The HOMES and HEAR programs cover measures that may complement or supplement current utility program offerings. For example, the HEAR program provides rebates to cover the cost of electrical panel and wiring upgrades, which often fall outside the scope of utility ratepayer-funded energy efficiency programs. It also covers electric cooktops and ranges, measures that are important for electrification efforts but that typically do not meet cost-effectiveness criteria required for inclusion in utility programs. For utilities that do not currently offer a comprehensive whole-home retrofit program, HOMES provides a model for a utility offering that can be rolled out in coordination with the state program and continued by the utility once the federal incentive dollars are expended.

Greater savings per project

Collaboration can increase savings and improve outcomes for program participants. HOMES and HEAR present real opportunities for energy savings, but they don't necessarily capture the full opportunity for savings in many homes. This gap increases in markets where the costs of retrofit projects are higher than average (e.g., areas with higher cost of living and higher labor costs). Coupling these programs with the right utility program offerings can increase overall savings for participants.

HOMES program participants may leave significant savings on the table because project costs far exceed the program's rebate caps (i.e., $2,000-$4,000 for 20% energy savings depending on participant income). Additional utility incentives could be stacked with the HOMES rebate to help cover a portion of the costs to increase project savings from 20% to the higher rebate tier of 35%.

In the HEAR program, the maximum incentive for insulation and air sealing ($1,600) may fall short of the cost to optimize performance and ensure energy bill savings (if part of a full electrification project). Utility funds could be stacked with the HEAR rebate to help fill the gap, protecting consumers by reducing bills while delivering additional comfort benefits.

Increased number of retrofit projects

Collaboration can also increase the number of households receiving energy efficiency upgrades. Coordinated outreach and marketing can increase interest in both the federal rebate programs and utility programs by capitalizing on increased media attention driven by the federal programs. The federal program allocation to each state will only meet a portion of the need. Complementary utility offerings can serve market segments, geographic regions, or other customers that are not targeted by the state's program, while the state program focuses on other market segments or households typically excluded from utility programs (e.g., customers using delivered fuels).

Alignment with state policy goals

Utilities are often key partners in delivering on energy-related state policy goals. Legislators and regulators across the country have enacted mechanisms that require utilities to support state efforts to reduce greenhouse gas and other pollutant emissions, improve system reliability and resiliency, or address energy inequities through energy savings targets, spending requirements, energy efficiency,

demand response, and load management programs such as virtual power plants. Just as these efforts have helped states make progress by aligning utility goals with state policy goals, partnerships between the state energy offices and utilities on development and implementation of IRA programs can support greater progress in making home energy efficiency and electrification affordable for all Americans. In states without these policy goals or where utilities are not required to align with these goals, the federal programs can be an opportunity for utilities to work with the state and see the co-benefits of the policies.

Facilitation of long-term market transformation

The one-time influx of federal funding for home energy efficiency and electrification projects is intended to leverage utility ratepayer investments toward longer-term market transformation that will reduce costs, increase demand for energy efficiency, and expand the availability and accessibility of high-quality home energy performance services. DOE is requiring each state to submit a market transformation plan to demonstrate how their programs will advance their market transformation objectives. The HOMES and HEAR programs present the opportunity to develop and refine new program designs, establish business and financing models that work for consumers, contractors, and other businesses supporting the industry, and improve the customer experience. Coordination between states and utilities on these programs will enable a more seamless transition to utility program implementation once the federal dollars are expended. The third brief in this series will focus on market transformation and cover these topics in greater detail.

Requirements for successful collaboration

Previous program experience from around the country as well as other states' and utilities' experiences developing their HOMES and HEAR program plans can provide invaluable insights and lessons to guide program design and delivery and demonstrate effective options for greater collaboration.

Support increased energy efficiency spending investments and greater savings

As in many successful collaborations, the effort should support parties in achieving more than they could acting alone. In the case of federal energy efficiency rebates, collaboration should support increased energy efficiency spending, greater savings, increased customer satisfaction, and market transformation. In other words, the funding should be additive to existing utility spending and energy savings goals. The IRA funding is not a substitute for current funding—though it will help to expand the scope and reach of projects for low-income customers, which may be covered at 100% with current incentives in some states—so it should not be used as an excuse to scale back current utility investments. Efforts to substitute federal funds for utility-sponsored program funding or to reduce utility program spending while the federal programs are in place pose a long-term threat to the utility energy efficiency portfolio and run counter to the goals and intent of the HOMES and HEAR programs.

Conduct advanced planning and coordination

Successful collaboration requires advanced planning and coordination. State energy offices and their program design and implementation contractors should begin working with utilities during the program design phase for the best results. In our discussions with state energy offices and utilities, it is clear that some states submitted their initial plans to DOE before any in-depth engagement with utilities. That

does not mean that it's too late for program design coordination; in accordance with DOE requirements, the initial state plans are generally a blueprint with many details left to be filled in.

Consider regulatory requirements and mandates that affect a utility's role

As part of program design and development, utilities must consider regulatory requirements and mandates imposed by their state regulatory commissions. States must also consider utility regulatory requirements. It is critical that state energy offices understand how these requirements shape utility decision-making and what utilities can bring to the table in any collaborative effort. Advanced planning provides utilities the opportunity to bring any issues related to these requirements to light.

Utility requirements and compensation based on savings attribution will likely be central to any utility or third-party implementer participation in federal rebate implementation. Given the importance of these issues, we will cover the impact of utility regulatory requirements on program coordination including cost-effectiveness, savings attribution, and more in greater detail in the second brief in this series, which is devoted entirely to these issues.

Incorporate a robust stakeholder engagement process

Successful collaboration must also incorporate a robust stakeholder engagement process to bring in the input and experiences of program participants. Key stakeholders for the HOMES and HEAR programs include homeowners, renters, property owners, energy efficiency program administrators, community-based organizations, state agencies, contractors, consumer groups and advocates (including public advocates within the utility commission), and the many other trade partners that make up the home performance industry (e.g., software providers, distributors, aggregators, retailers, lenders).

DOE requires each state to include consumer and contractor outreach and education plans in their HOMES and HEAR applications. Many states started their stakeholder engagement process earlier, as part of developing their program applications. Utility participation in these engagement opportunities, including publicizing events to their customers, contractors, and trade partners can ensure that all voices are heard and enrich the dialog and outcomes as programs move toward launch and into implementation. The most effective engagement will include both in-person and virtual participation options and opportunities for written comment on proposed program plans, as well as listening sessions to hear the perspectives and address the concerns of each stakeholder group.

Anticipate potential challenges

Despite the significant benefits of state-utility collaboration in delivering IRA residential retrofit programs, program managers also report numerous challenges. States and utilities preparing to collaborate should anticipate and plan around the following challenges:

- Increase in data collection, management, and reporting: DOE may require additional data collection. This makes it more challenging to add HOMES and HEAR rebates into existing programs, and may result in separate application and data tracking processes, which can also add complexity and burden for program participants and data privacy challenges for program managers.
- Differences in program methodologies: The modeling for HOMES will likely be different from some current programs' calculated savings approach. Program administrators may need to

manage two sets of savings or align existing program design with HOME modeled savings. Other methodological differences can include metrics, installation standards, and low-income eligibility (e.g., Federal Poverty Level versus Area Median Income). Some of these challenges can be addressed through revisions to program design for the next utility program cycle.

- Collecting customer income data: DOE requires customer income for each housing unit, which may affect which multifamily properties may be targeted for participation in the program.
- Integration of separate programs: Combining incentives will require different program components to work together, making them dependent on each other, which increases complexity and could affect timing.
- Requirement for both low- and medium-income: DOE has specified that HEAR rebates shall be available to both low- and moderate-income customers, which will double the integration challenges.

Collaborative utility and non-utility programs

The degree and type of collaboration between utilities and their state's HOMES and HEAR programs will depend largely on the specifics of the state energy efficiency program landscape and how its programs are administered. Without coordination in advance, the state and utility-sponsored programs are likely to compete for customer attention with many customers losing out on opportunities to stack incentives and increase their savings and increasing overall program administrative costs. States should consider hiring the same third-party program administrator/implementer that already serves as program implementer for one or more utilities in the state to take advantage of their knowledge and experience.

Program types

States with one dominant utility or those with statewide energy efficiency programs—whether administered by the utilities or by a statewide program administrator—may be particularly well-suited to adopt integrated state-utility programs or closely coordinated program offerings. In an **integrated program** scenario, the existing utility program administrator(s) takes on full responsibility for program administration. The federal incentives may be incorporated into an existing program offering (as long as the program is amended, if necessary, to meet federal guidance) or offered as a new program separate from the utility's other programs.

Others might find it more manageable for existing utility or statewide program administrators (PAs) to provide administrative support to assist the state energy office and its team with program implementation. In this type of PA-supported **coordinated program**, the state program implementer takes advantage of the utility's existing program infrastructure (e.g., eligibility verification, contractor network) to reduce program costs and administrative burden.

In other cases, the utility may work with the state on a set of **complementary program** offerings, including new and existing programs, that are coordinated with the state HOMES and HEAR programs. While the programs are independent, they are designed to complement each other by targeting different energy efficiency measures, market segments, or geographic regions of the state. For states with mature utility home energy efficiency and electrification programs, HOMES and HEAR may be targeted to very specific markets to minimize overlap or disruption to the existing programs.

Program elements

Beyond consideration of the degree of coordination between utilities and states, program planners should consider the program elements for which coordination will be most effective.

Shared contractor networks

Many utilities have spent years building up and supporting networks of contractors qualified to perform high quality home energy assessments, retrofits, and equipment replacements. These existing contractor networks can serve as the qualified contractor list included under the Consumer Protection Plan requirements for the HOMES and HEAR programs. DOE allows the states flexibility in how they develop their contractor list and the requirements for contractor participation. With advance coordination, existing utility processes can be used for vetting and approving new contractors interested in participating. This would reduce the time needed to ramp up program implementation, eliminate the burden on state program implementers, avoid duplication of effort, and simplify participation for contractors. Utility-state collaboration on the delivery of education and training on the specifics of the state's HOMES and HEAR programs, reporting requirements, quality assurance process, and other details can also yield efficiencies and improve outcomes.

Marketing, messaging and (co)branding

States can leverage utilities' well-established marketing and outreach platforms—websites, newsletters, social media, messaging through behavioral programs —to reach consumers and educate them about the energy efficiency opportunities offered through a combination of state and utility programs and how they can participate. This will enable states to get more out of the administrative dollars they devote to reaching potential program participants. The outreach can be particularly effective if it builds on messaging and branding that has already proven to be effective and widely recognized among utility customers. Consistent messaging and branding can help customers understand and navigate the program offerings, including any opportunities to stack incentives that are available to them whether integrated or coordinated state-utility programs or state HOMES/HEAR programs and complementary utility offerings. This can also include awareness of the Federal Energy Efficient Home Improvement Tax Credit (Section 25C).

Data access

Utilities and states can collaborate to develop and implement data access plans for customer utility billing data in compliance with DOE requirements for the HOMES program. Data access processes are already in place in many states to support consumers, building owners, and contractors including custom utility/PA systems as well as platforms like Green Button. Utility data can also be used for customer targeting, allowing program administrators to identify customers that could most benefit from energy upgrades. It is also needed for modeling, measuring, and evaluating projects.

Target market segments

Utility program offerings can complement HOMES and HEAR rebates by targeting market segments that are not the focus for their state's programs. States have some flexibility to target their programs to best meet the state's needs and goals. Some are focusing on multifamily housing, others on rural communities or households using delivered fuels. While the federal programs have minimum requirements for the percentage of rebates serving low-income households, some states are choosing

to exceed these minimum requirements (e.g., Illinois, Maine, Massachusetts, New Jersey, Tennessee, Vermont).

Supplemental incentives

HOMES and HEAR rebates will not cover the full cost of many energy efficiency and electrification projects. For example, the $8,000 cap for heat pumps in HEAR will not cover the cost of a heat pump installation project in some markets or housing types. HOMES rebates can cover up to 50% of project costs up to a $2,000 maximum for 20% energy savings (or 80% of costs up to $4,000 for low-income households). Few projects will achieve 20% or higher savings for $4,000 or $5,000.

Utility programs can supplement by offering rebates that can be stacked on what the state is offering. Utility programs can also provide access to low-cost financing by buying down interest rates, offering on-bill financing, and working with lenders to offer energy efficiency financing products that qualified contractors can offer customers during the sales process. To make this most effective, upfront coordination and robust contractor training are needed to ensure the requirements are consistent and followed.

Rebates and financing can be designed to cover all or a portion of the project costs above the HOMES or HEAR rebate caps. For example, HEAR offers a rebate of up to $1,600 for insulation, air sealing, and ventilation. In homes with significant envelope deficiencies, this may fall far short of what is needed to ensure that a household upgrading from a gas furnace to a heat pump doesn't incur increased utility bills. A utility rebate to cover some or all of the costs for a deeper envelope improvement could make the difference in moving the project forward and ensuring a good outcome for the homeowner or renter. Rebates covering all or a portion of the cost of the home energy assessment required for participation in the HOMES program could also help eliminate a barrier to participation in the program, particularly for low- and moderate-income households.

Program case studies

Many examples of these different types of program collaboration are emerging to deliver the federal rebate incentives, often building on prior experiences. We have compiled a number of case studies drawing from existing programs as well as new and proposed HOMES and HEAR programs.

Wisconsin HOMES program

In May 2023, the Public Service Commission of Wisconsin (PSC-WI) directed Focus on Energy (Focus), the statewide utility program administrator, to implement the HOMES and HEAR programs on behalf of the state energy office to "leverage existing Focus on Energy infrastructure to maximize administrative efficiency and improve customer experience…"[ii]. This is an example of an integrated program that will be funded and managed by Focus separately from its other residential retrofit programs. The program was launched in August 2024.

As part of the planning process, PSC-WI hosted a series of stakeholder engagement sessions to provide information and gather feedback; in total, five in-person and two interactive virtual public meetings were held along with eight trade ally breakfasts for contractors currently participating or interested in Focus on Energy programs, and meetings with public and private program stakeholders.[iii]

Wisconsin will target their HOMES program toward:

- households that have not participated in Focus's programs because of upfront cost barriers;

- areas of the state with high energy burdens; and
- service territories depending on delivered fuels and electric resistance heat (typically excluded from existing Focus heat pump programs which are funded by the state's electric and gas utility ratepayers).

The state expects integration of their HOMES program with the Focus portfolio to streamline and simplify program administration. As noted in their program application:

> "By deeply integrating the Home Efficiency Rebates with Focus on Energy, the state will build on existing consumer education materials, quality assurance activities, and workforce qualifications. For example, Focus on Energy has well established quality assurance efforts which can be carried out in concert with the QA needed for ensuring effective use of the Home Efficiency Rebates. As another example, Focus on Energy has well established workforce standards that the state may adopt as either a minimum standard or one acceptable method for becoming a qualified contractor for the program."[iv]

Maine HOMES and HEAR programs

Efficiency Maine has developed a plan to implement the Home Energy Rebates in coordination with the Governor's Energy Office and the Maine State Housing Authority. The state's $72 million HOMES and HEAR funding allocation will complement existing single-family weatherization and electrification programs that are on track to meet the state's climate plan goals and already offer incentives similar to the federal programs. Public input on the state plan was collected through a public meeting in January 2024 and in writing through February 2024.

The state will focus its HOMES program on multifamily housing, as their existing programming is targeted towards single-family. Keeping the two markets separate allows for a simpler landscape for customers to navigate. Low-income multifamily buildings have priority with market-rate multifamily buildings included as funding allows. Efficiency Maine estimates a total of 4,500 dwellings will be served through the program. This program will use a modeled savings approach, allowing for upfront rebates and maintaining program simplicity.

Maine's HEAR program will focus solely on heat pumps and the panel and wiring upgrades needed to support them. This is again to limit the redundancy with existing programs that cover weatherization, water heating, and appliance upgrades. Priority will be given to low-income single-family homes (890 targeted) and low-income multifamily units (1,700 targeted), with moderate-income single-family homes included as funding allows.[v]

Commonwealth Edison Weatherization Assistance Program (Illinois)

The Illinois Department of Commerce and Economic Opportunity administers the federal- and state-funded weatherization assistance program, the Illinois Home Weatherization Assistance Program (IHWAP), providing weatherization and retrofit services to income-eligible households. This includes air sealing, insulation, HVAC and water heater repairs or replacement, electric base load reduction, and ventilation and moisture control measures for income-eligible households. The program provides up to $16,000 for energy-related improvements and $3,500 for health and safety measures.[vi]

As of 2018, Commonwealth Edison (ComEd) began partnering with IHWAP to serve income-eligible single- and multifamily customers with approval from the state's public utility regulator, the Illinois Commerce Commission. The partnership allows for braiding (i.e., co-funding and coordination) with

IHWAP to expand and simplify participation for eligible ComEd customers. This partnership allows ComEd to offer free weatherization services, air sealing, insulation, HVAC replacement, repairs, and home energy assessments to qualifying single-family customers and deeply discounted measures for qualifying multifamily building owners. This utility-state coordination can serve as a model for coordinated administration of the HOMES and HEAR programs in Illinois (and elsewhere) building on existing whole home and retail products programs.

Specific to Home Energy Rebates, ComEd's collaboration with IHWAP is a prime example of how coordinating utility and government-funded programs can significantly enhance their reach and impact. In 2023, over 2,800 eligible single-family customers received weatherization retrofits through ComEd's Home Energy Savings offering, with nearly 400 projects also benefiting from IHWAP funding. This coordination provided free services and saved participating ComEd customers an average of more than $800 in annual energy costs, improving energy affordability, indoor air quality, and home comfort.[vii] In addition to coordination of utility funding and state IRA rebate funding, there are opportunities to stack HEAR funds with state WAP program funding (for different measures) to significantly enhance the impact of rebate funding. By combining resources, this approach not only maximizes the effectiveness of funding, but also accelerates the deployment of HEAR funds by leveraging existing program infrastructure.

New York: Integrating HEAR with statewide income-eligible program

On May 30, 2024, New York became the first state to launch a Home Energy Rebate program, making $39.6 million in HEAR funding available for income-qualified residents. This initial funding, which will expand in a second phase, supports a limited number of qualified electrification products (QEPs) and home types. The New York State Energy Research and Development Authority (NYSERDA) is integrating HEAR into its existing EmPower+ program, which began in 2023 and offers free home energy assessments and incentives for energy efficiency upgrades.

In April 2024, DOE approved NYSERDA's partial-scope HEAR proposal, allowing a phased rollout of rebates and an expansion of EmPower+ to include more energy efficiency upgrades. Previously, NYSERDA's incentives covered insulation, air sealing, and heating system replacement. With HEAR funding, the program now includes rebates for heat pumps and electrical upgrades.

Phase one of New York's HEAR program offers incentives to low-income residents earning below 80% of the area median income (AMI), including $1,600 for air sealing, insulation, and ventilation; $2,500 for electrical wiring; $4,000 for electric service upgrades; $1,750 for heat pump water heaters; and $8,000 for heat pumps, with a maximum rebate of $14,000. This phase is available to single-family and multifamily homeowners with up to four units within this income bracket or those participating in utility assistance programs. The second phase will extend eligibility to moderate-income households and larger multifamily buildings and will include additional QEPs like electric cooktops and Energy Star appliances.

Integrating HEAR into EmPower+ streamlined the application and approval process, reducing administrative hurdles. NYSERDA is leveraging the EmPower+ contractor network, income verification infrastructure, and reach among low-income residents for a smoother rollout. Additionally, NYSERDA provides low-interest financing and guidance on Inflation Reduction Act tax credits to support deeper retrofits. With HEAR funding, low-income consumers can now receive up to $24,000 in total rebates by combining the $10,000 EmPower+ incentive with the $14,000 HEAR program, significantly increasing the impact of these funds on low-income households.[viii]

Conclusions

Collaboration among states and utility-funded energy efficiency program administrators can reduce the costs and administrative burden of implementing the HOMES and HEAR programs while improving program outcomes for participating households and contractors and delivering more impact towards energy and carbon reduction goals. The type and level of collaboration and program coordination will vary with the state's efficiency program structure and its regulatory and policy landscape. Engagement early and throughout program design and delivery can yield the greatest benefits.

Utility-sponsored energy efficiency programs have the experience, infrastructure, and resources to support the states, which in many cases are new to implementation of residential energy efficiency programs of the nature and scale of the HOMES and HEAR programs. Successful collaboration can leverage these assets but must recognize and accommodate the unique set of regulatory requirements for utility-sponsored energy efficiency programs. These issues will be addressed in greater detail in the second brief in this series.

Endnotes

[i] The IRA Home Energy Retrofits Program Requirements and Application Instructions, version 2, published by DOE on June 17, 2024 can be found here: https://www.energy.gov/sites/default/files/2024-06/program-requirements-and-application-instructions_061324.pdf.

[ii] https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=494921.

[iii] In March 2024, PSC-WI posted its Stakeholder Outreach Engagement Summary as Attachment 10 to its memorandum and request for comments on the Home Energy Rebate application materials. https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=494921.

[iv] https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=494921.

[v] https://www.maine.gov/energy/sites/maine.gov.energy/files/meetings/Maine%20Plan%20for%20IRA%20Home%20Energy%20Rebates_January%202024_Updated.pdf and https://www.maine.gov/energy/initiatives/infrastructure/home-energy-rebates

[vi] https://dceo.illinois.gov/communityservices/homeweatherization.html

[vii] https://www.ilsag.info/wp-content/uploads/CY2023-Q4-ComEd-EE-Report.pdf and https://www.businesswire.com/news/home/20220624005291/en/

[viii] https://www.nyserda.ny.gov/All-Programs/EmPower-New-York-Program and https://www.nyserda.ny.gov/About/Newsroom/2024-Announcements/2024_04_18-Governor-Hochul-Announces-Department-of-Energy-Approval-to-Fund-Energy-Affordability