

Preparing for the IRS 25C Tax Credits, Contractor Training, and Federal Rebates

NEIF Go Greener Academy
September 14, 2023

Larry Zarker
BPI
LZarker@bpi.org



Building
Performance
Institute, Inc.



Key Learning Objectives

- To learn how BPI Certifications can help your business maximize new incentive programs.
- To understand how the new Federal Tax Credits, Contractor Training Grants, and Rebate Programs can help you increase sales and profitability.
- To determine the best path forward to differentiate your contracting business and stay ahead of the curve.



Inflation Reduction Act Provisions

- **Residential Energy Efficiency Tax Credit (25C)**
- **Residential Clean Energy Tax Credit (25D)**
- **Contractor Training Grant Program (CTG)**
- **High Efficiency Electric Home Rebate Program (HEEHR)**
- **Home Energy Performance-Based, Whole House Rebates (HOMES)**
- **EPA Greenhouse Gas Reduction Fund (GGRF)**
- **Energy Efficiency, Water Efficiency, and Climate Resilience for Affordable Housing**



What Should You Be Doing Now?

- Selling your customers energy efficiency upgrades using the 25C tax credit.
- Selling your customers clean energy upgrades using the 25D tax credit.
- Working with progressive loan programs like NEIF to close your deals with financing.
- Working with your State Energy Office to prepare for the IRA rebate initiatives.



Residential Energy Efficiency Tax Credit (25C)

Available through 2031

Updated version launches Jan 1, 2023

Consortium for Energy Efficiency standards

Incentive Levels





- Electric Panel - \$600
- Energy Audit - \$150
- Non-heat pump energy properties - \$600
- Weatherization - \$1,200
- Heat Pump/Heat Pump Water Heater - \$2,000

Materials costs only? Check.

30% Tax Credit with these caps.



RECOGNIZED CERTIFICATIONS:

Logo	Organization	Recognized Program	Recognized For:
	American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE)	Building Energy Assessment Professional (BEAP)	Home Energy Audit
	Association of Energy Engineers (AEE)	Certified Energy Auditor (CEA)	Home Energy Audit
	Building Performance Institute (BPI)	Home Energy Professional (HEP) Energy Auditor	Home Energy Audit
		Building Analyst Professional (BA-P)	Home Energy Audit
	Residential Energy Services Network (RESNET)	Certified Home Energy Rater	Home Energy Audit



Residential Clean Energy Credit (25D)

30% Homeowners Personal Income Tax Credit

Primary residence or second home (with caveats). Not investment property.

Non-refundable. Must have tax liability.

Updated version launches Jan 1, 2023

Qualified Measures

Solar electric
Solar hot water heating
Fuel cell
Small wind
Geothermal heat pump
Biomass fuel property
Added battery storage (new 2023)



Moving Toward “Net Zero Energy” Homes

*Total Building
Performance*
certificate of
knowledge.

Online training modules
and pilot exams available
through NEEP in October.



Photo credit: Tom Perry, New Leaf Design & BPPA-VT



State-Based Home Energy Efficiency Contractor Training Grants

Office of State and Community Energy Programs





NATIONAL HOUSING TRUST

Workforce Development in Clean Energy

- \$200 million - Home Energy Efficiency Contractor Training Grants (\$150 million available through a state level procurement that ends on January 31. \$40 million set aside for an upcoming competitive grant program.)
 - stipends for contractor training,
 - transition workers to a green workforce
 - help small-businesses hire to meet worker demand generated by rebates.
- Target workers and MWBE businesses in historically marginalized communities
- Design program with longevity in mind, so training can continue after federal funds are complete



DOE's Contractor Training Program Goals

Near-term Program Goals:

1. Reduce the cost of training contractor employees.
2. Test and certify contractors trained and educated under state programs.
3. Partner with nonprofit organizations to develop and implement state programs
4. Prepare workers and businesses in every U.S. state and territory to deliver energy efficiency and electrification measures funded through the DOE Home Energy Rebate Programs

Long-term Program Goals:

1. Diversify the energy efficiency workforce and connect underrepresented workers with opportunities for economic mobility.
2. Stimulate high quality contracting across the residential sector.



Contractor Credentials Listed in the State-Based Contractor Training Grants Administrative and Legal Requirements Document

Information for State and Territory Energy Offices

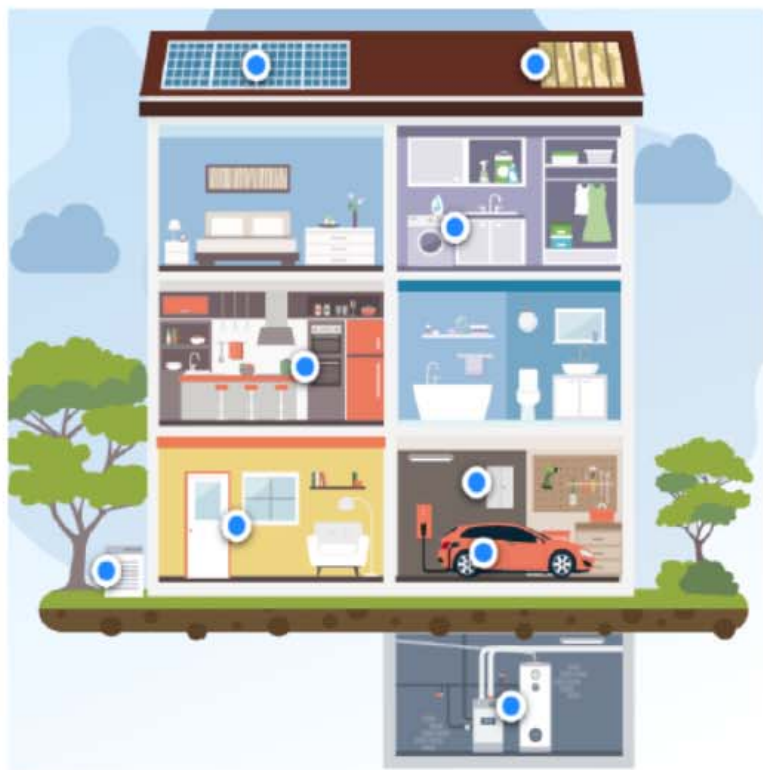
August 23, 2023

Building Performance Institute – *Energy Auditor* and *Building Analyst Professional*

1. Relevant occupation(s)	Energy auditors, home performance, air sealing, insulation, and HVAC contractors.
2. Brief description of your organization	BPI is a national non-profit standards setting and certification body for the existing residential buildings workforce. The BPI-1100 and BPI-1200 standards define what is contained in the energy audit and how to perform it. These standards are accredited by the American National Standards Institute (ANSI). BPI goes to market through a national network of 107 training partners who also serve as BPI Test Centers.
3. Overview of the certification program	The <i>Energy Auditor</i> certification was developed by BPI under license to NREL for DOE's Weatherization Assistance Program. The <i>Building Analyst Professional</i> certification serves market-based state/utility programs and the market for home energy upgrades. Both certifications point to the BPI-1100 and 1200 standards.
4. Certification requirements, timing, and fees	Fees are set by BPI Test Centers. <i>Energy Auditor</i> prerequisites can be found here: https://www.bpi.org/sites/default/files/Energy_Auditor_Prerequisites.pdf . The <i>Building Analyst Professional</i> requires passing the <i>Building Science Principles</i> certificate exam and the <i>Building Analyst Technician</i> certification as a prerequisite.
5. Certification website	<i>Energy Auditor</i> (https://www.bpi.org/certified-professionals/energy-auditor) and <i>Building Analyst Professional</i> (https://www.bpi.org/certified-professionals/building-analyst-professional-ba-p)
6. Contact name and email	Larry Zarker, CEO, LZarker@bpi.org



Rebate Programs



High Efficiency Electric Home Rebate Program (HEEHR)

- \$4.5B through FY2031
- Income-based incentive structure
- New construction and retrofits
- Contractor incentive up to \$500/project
- DOE is the lead federal agency
- State energy offices and Tribes will develop and administer
- Point of sale rebates for electrification upgrades
 - \$8,000 for heat pump
 - \$4,000 for electric panel upgrade
 - \$1,750 for heat pump water heater
 - \$840 for electric or induction stove
 - \$14,000 total

Home Energy Performance-Based, Whole-House Rebates (Homes)

- \$4.3B through FY2031
- Savings-based retrofit program
- Increased rebates for low-moderate income households
- Contractor incentive
- Rebates range from \$2,000 - \$8,000 depending on income and energy savings
- DOE is the lead federal agency
- State energy offices and Tribes will develop and administer



DOE High-Efficiency Electric Home Rebate Program

\$4.5 B through September 2031, via State Energy Offices (SEOs)

Rebates for Qualified Electrification Projects per Dwelling Unit			
Heat pump HVAC	\$8,000	Heat pump clothes dryer	\$840
Heat pump water heater	\$1,750	Breaker box/ Electric wiring	\$4,000/\$2,500
Electric stove/cooktop	\$840	Weatherization (e.g., insulation, air sealing)	\$1,600

Income Level*	Maximum Financial Incentive
80-150% AMI	50% project costs, up to \$14,000/unit
Less than 80% AMI	100% of project costs, up to \$14,000/unit

**at least 50% of multifamily units must be occupied by HHs at income levels*

DOE Home Energy Performance-Based, Whole-House Rebate (HOMES)

\$4.3 B through September 2031, via State Energy Offices (SEOs)

Eligible Recipients: Homeowners, MF owners and aggregators who achieve at least 20% energy savings

- **LMI Multifamily:** 50%+ units occupied by households with incomes at or below 80% AMI

	Single / Multifamily	Multifamily LMI
20-35% building wide modeled savings	\$2,000/unit, up to \$200K/building	Lesser of \$4,000/unit or 80% of project cost
35%+ building wide modeled savings	\$4,000/unit, up to \$400K/building	Lesser of \$8,000/unit or 80% of project cost
At least 15% portfolio wide measured savings	Savings rate multiplied by kWh saved, up to 50% of the project cost**	Low-income savings rate multiplied by kWh saved, up to 80% of the project cost**

***Savings rate calculation: $\$2,000 / (\text{average home or multifamily building energy usage in kWh} * 0.2)$; Low-income savings rate: $\$4,000 / (\text{average home or multifamily building energy usage in kWh} * 0.2)$*



How Much Money is Potentially Available Per Project?

Type of Home Energy Project	Households Below 80% Area Median Income (AMI) ¹	Households Between 80% and 150% AMI	Households Above 150% AMI
Home Efficiency Project with at least 20% predicted energy savings ²	80% of project costs up to \$4,000	50% of project costs up to \$2,000 (maximum of \$200k for a multifamily building)	
Home Efficiency Project with at least 35% predicted energy savings ²	80% of project costs up to \$8,000	50% of project costs up to \$4,000 (maximum of \$400k for a multifamily building)	
Home Electrification Project Qualified Technologies (only households with an income below 150% AMI are eligible)	100% of project costs up to \$14,000	50% of project costs up to \$14,000 (households with incomes above 150% AMI are not eligible)	Not applicable
	ENERGY STAR electric heat pump water heater	up to \$1,750	
	ENERGY STAR electric heat pump for space heating & cooling	up to \$8,000	
	ENERGY STAR electric heat pump clothes dryer	up to \$840	
	ENERGY STAR electric stove, cooktop, range, or oven	up to \$840	
	Electric load service center	up to \$4,000	
	Electric wiring	up to \$2,500	
	Insulation, air sealing, and ventilation	up to \$1,600	

¹See Area Median Income (AMI) for your area: https://www.huduser.gov/portal/datasets/il/il2022/select_Geography.odn

²Other rebate amounts (roughly within these ranges) may be available if efficiency rebate rates are determined through measured performance.



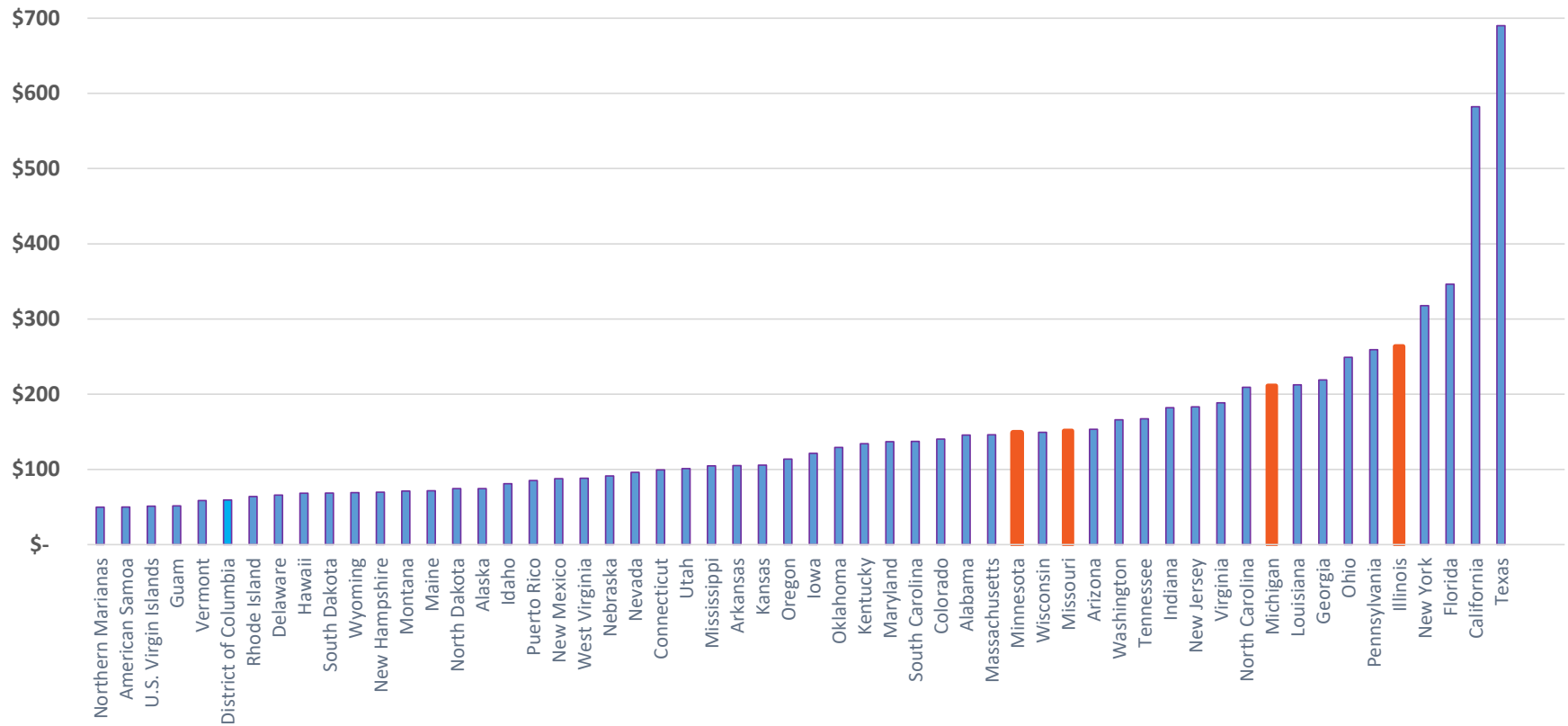
Home Energy Rebate Program Stacking

Allowed	HOMES Modeled + HEERH (for separate upgrades)	25C + HEERH	Stacking either rebate with other federal funds (for separate upgrades)
Prohibited	HOMES Measured + HEERH	HOMES Modeled + HOMES Measured	Clarification Needed: HOMES + 25C



State allocations for DOE rebates

Total
State
Rebate
Allocations
(\$M)



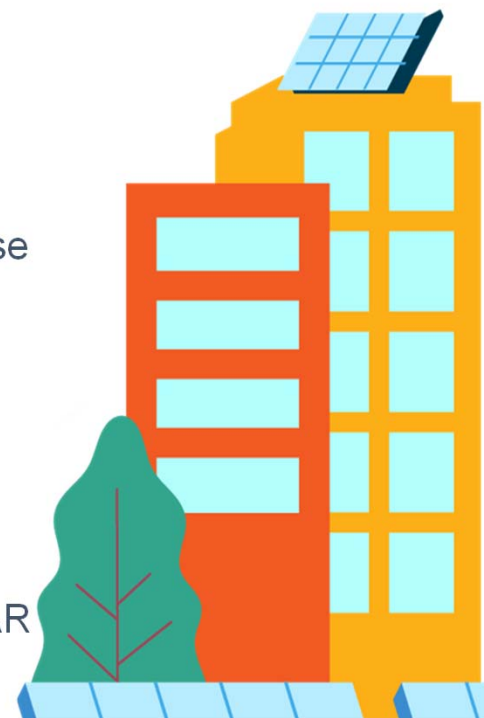
State allocations: <https://www.energy.gov/articles/biden-harris-administration-announces-state-and-tribe-allocations-home-energy-rebate>

DOE HOME ENERGY REBATE GUIDANCE

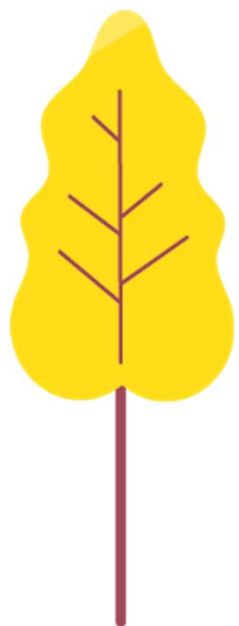
DOE released Home Energy Rebate Program Guidelines on July 27th

<https://www.energy.gov/scep/home-energy-rebate-programs-guidance>

- **Minimum set aside requirements for low-income (LI) and low-income multifamily (MF) households (HH).**
 - States ***must reserve at least 40%*** of their rebates for LI HHs
 - AND states ***must reserve at least 10%*** of their rebates for LI MF HHs (in addition to the 40% LI requirement)
 - States can request to reallocate LI funds if show good faith but fail to disburse funds to LI HH within 5 years.
 - Applies to both the Whole HOMES Energy and Home Electrification Rebate programs
- **Rebates can be used for upgrades to central systems/common areas**
 - Electrification rebates can only fund central systems and common area upgrades that also benefit individual dwelling units
 - Central heat pump water heating systems are not eligible until ENERGYSTAR certified



DOE HOME ENERGY REBATE GUIDANCE



- **Categorical eligibility to verify household income**
 - States must allow for categorical eligibility based on other Federal programs
 - DOE has [released a list](#) of federal programs that qualify
Includes LIHEAP, WAP, Medicaid, SNAP, SSI, Head Start, public housing, Section 8 project-based assistance, tenant-based assistance, and Low-Income Housing Tax Credits
 - Or other state-proposed programs approved by DOE
- **Minimum affordability and tenant protections for 2 years after rebate**
 - Must rent to a low-income tenant
 - Cannot evict the tenant for reasons related to the building upgrade
 - Cannot increase the rent for reasons related to the building upgrade
 - Written notification provided to tenants
- **Leveraging funding**
 - States are strongly encouraged to design their rebate programs in ways that allow for effective combinations of various funding sources, including through integration with existing incentive programs.



DOE HOME ENERGY REBATE GUIDANCE

Federal guidance leaves key decisions about program design up to the states...

- How to design outreach and engagement to ensure low-income households are served
- Establish rebate distribution timing and rules, e.g. point of sale, reimbursement
- Exceed the minimum rebate reservation requirements for low-income households and low-income multifamily households
- Processes to protect tenants from unjustified rent increases
- Identify which efficiency programs the State will actively seek to integrate

Request community and stakeholder input in program design to inform RFP for a program administrator



HUD Green and Resilient Retrofit Program (GRRP)

- **Eligible Recipients:** HUD-subsidized Section 202, 811, Project-based Section 8, and Section 236 property (agree to extended affordability)
- **Eligible Uses:**
 - Energy or water efficiency, indoor air quality or sustainability
 - Low-carbon emission technologies or processes, including zero-emission electricity generation, energy storage or building electrification
 - Climate resilience
 - Energy and water benchmarking
- **Funding Amount: \$1B appropriations through September 30, 2028**
 - \$837.5M in grants and direct loans, including to subsidize up to \$4B in direct loans
- **Three cohorts for properties at different stages of development**
 - Elements: \$68M
 - Leading Edge: \$160M
 - Comprehensive: \$609M

EPA Greenhouse Gas Reduction Fund (GGRF)

Direct Recipients of Funding

National Clean
Investment Fund
\$14B (\$2B LI)

Clean Communities
Investment Accelerator
Fund
\$6B (100% LI)

Solar for All
Fund
\$7B (100% LI)

2-3 Eligible Nonprofit Lenders

2-7 Eligible Nonprofit Lenders

Up to 60 states/localities/tribal
govts and nonprofits

Distributed
Power
Generation

Net zero
emissions
buildings

Zero
emissions
transport
ation

Capitalization Funding and
Technical Assistance

HFAs

CDFIs

Other
Community
Lenders

Solar and Storage
Programs

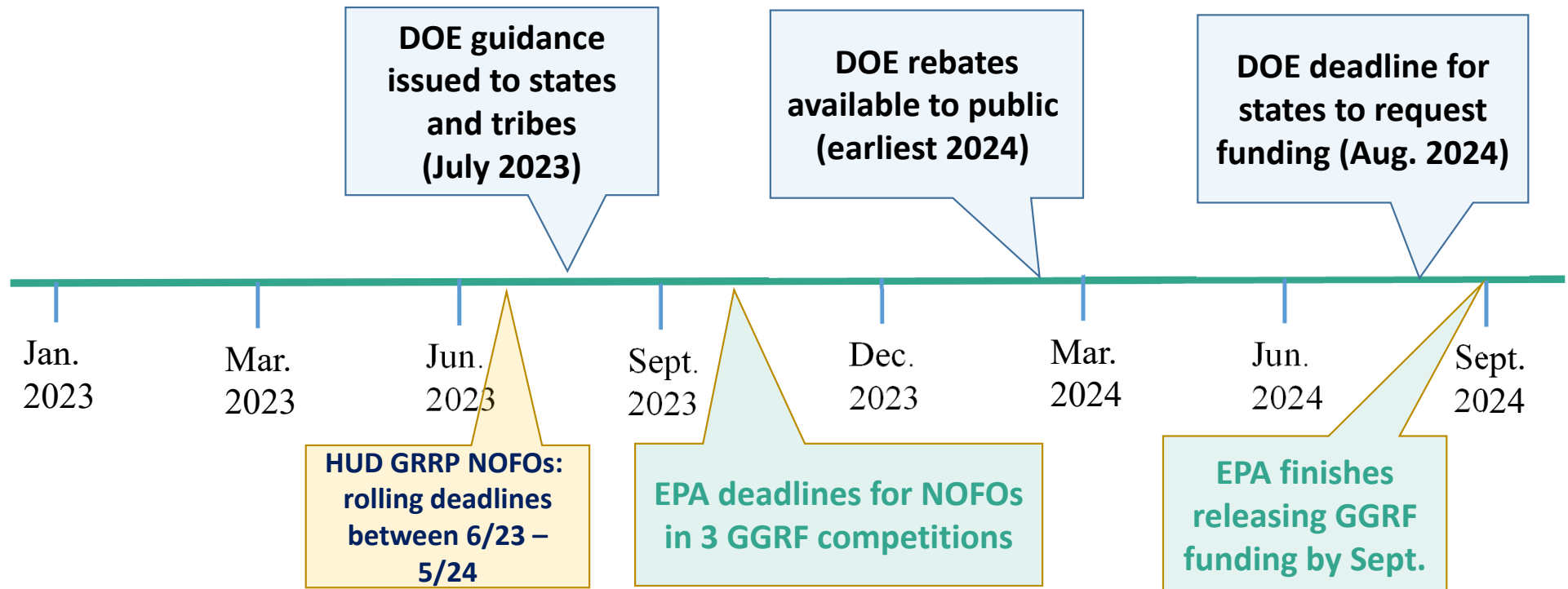
Based on EPA's [GGRF Implementation Framework](#) released April 19, 2023.

Key Implementation Dates

DOE

HUD

EPA



Discussion? Questions? Ideas?



SM

Larry Zarker, CEO

BPI

lzarker@bpi.org

(202) 256-3893 direct

Building Performance Institute, Inc.

63 Putnam Road, Suite 202

Malta, NY 12866

1-877-274-1274

www.BPI.org

