

Inflation Reduction Act

Peter Lindstrom

Clean Energy Resource Teams

Inflation Reduction Act Overview

Peter Lindstrom
Clean Energy Resource Teams
February 6 & 13, 2024

Today's Talk



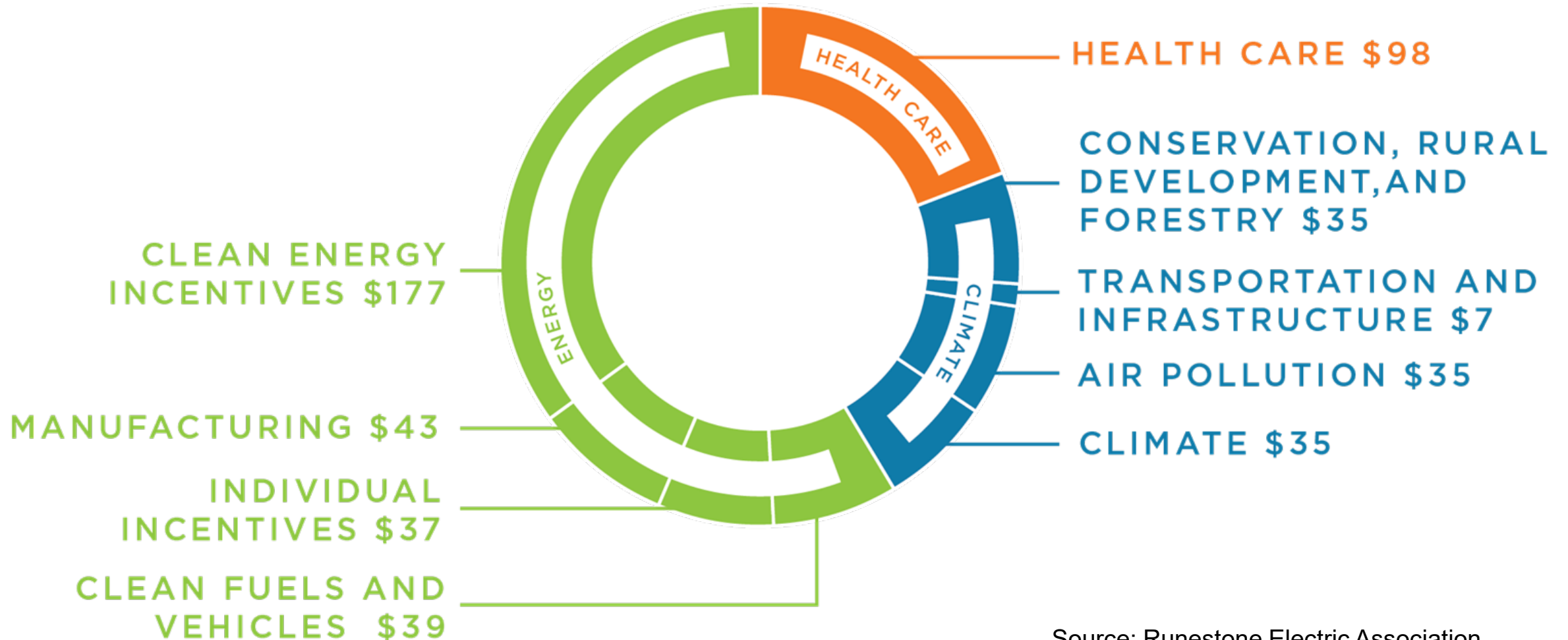
- **IRA Overview**
- **Residential: Efficiency & Renewables**
- **Electric Vehicles**
- **Commercial Efficiency & Renewables**
- **Direct Pay**



**We connect
individuals and
their communities
to the resources
they need to
identify and
implement
community-based
clean energy
projects**



Range of funds to drive supply and demand



Source: Runestone Electric Association

Residential Focused Opportunities

Energy Efficient Home Improvement Credit

30% tax credit

*\$1,200 tax credit cap for home
improvements plus a \$2,000 cap
for heat pumps*

Max Annual Cap: \$3,200



Example: Heat Pumps



Heat and Cool with



Air Source Heat Pumps

Air source heat pumps (ASHPs) use electricity to heat and cool.

- ASHPs work like air conditioners to cool, and work in reverse to move warmth from outside air into your home to heat.
- ASHPs heat homes up to three times more efficiently than forced air and electric resistance heating systems.

\$2,000 tax credit!



Residential **Rebate** Programs



Program	IRA Funding Level	Timeline
Home Owner Managing Energy Savings (HOMES) Rebates	\$4.3 B	Available through 2031
Home Electrification and Appliance Rebate (HEAR) Program	\$4.5 B	Available through 2031

Inflation Reduction Act: HOMES Rebates

(starting in 2024)



Who?

- Single-family homeowners and multifamily building owners

What?

- Rebates for energy efficiency
- Whole-house approach
- Rebate amounts based on energy savings:
 - \$2,000 for 20% energy savings
 - \$4,000 for 35% energy savings
 - **Doubled for LMI households!**



**Incentives for your
WHOLE HOME**

Start planning now!

Home Electrification and Appliance Rebate Program (HEAR) *(Starting in 2024)*



Electric Load Service Center Upgrades	\$4,000
Electric Stove, Cooktop, Range, and/or Oven	\$840
Electric Wiring	\$2,500
Heat Pump Clothes Dryer	\$840
Heat Pump Heating/Cooling	\$8,000
Heat Pump Water Heaters	\$1,750
Insulation and Air Sealing	\$1,600

Tip: You can combine these incentives with Utility Rebates for additional savings!

Q1
2024



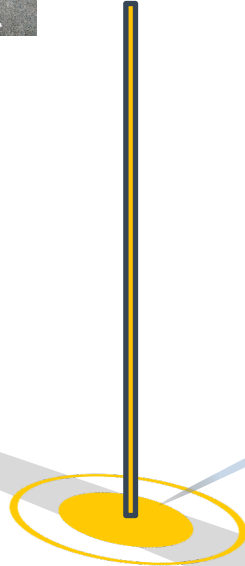
Program Design



Q3/Q4
2024



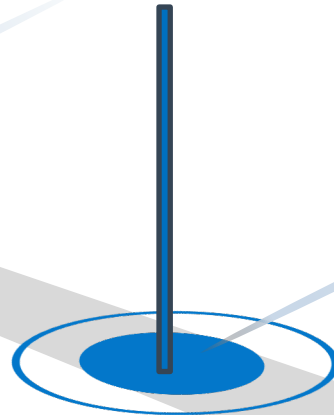
DOE Approves



Q3/Q4
2024



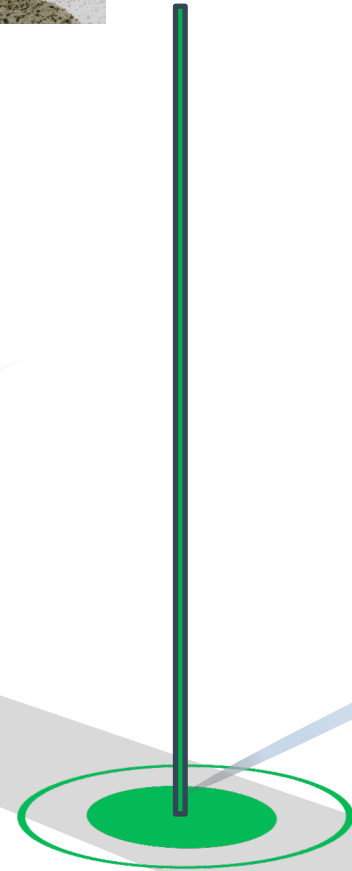
Build & Implement
Program



Early
2025



Program Opens



Residential Clean Energy Tax Credit



- 30% federal tax credit for solar
- Standalone storage qualifies for a 30% tax credit



New & Used EV Incentives – Available Now

Income Qualified:

- Single people making < \$150,000
- Married couples making < \$300,000

Conditions:

- Assembled in North America
- Meets battery sourcing requirements
- Complies with pricing requirements:
 - Less than \$80,000 for SUV, pickup trucks, vans;
 - < \$55,000 for other vehicles

EV Chargers: 30% tax credit - Available in rural & low-income areas.



Case Study: The Addams Family



- The Addams are a family of five outside of Babbitt, MN.
- They own a 1,300-square-foot, 3-bedroom home built in 1966, and heat it with propane.
- They have an annual household income of \$55,000, which is under 80 percent of the Area Median Income.
- They qualify for up-front discounts that can cover 100 percent of their electrification costs up to \$14,000.



The Addams Family IRA Journey

Year	Replacing	Buying	Est. Cost, installed	Upfront Discount	30% Tax Credit	Final Cost
2024	Propane Range	Electric Range	\$749	-\$749 (HEAR)		\$0
	Old Wiring	Electric Wiring	\$1,500	-\$1,500 (HEAR)		\$0
2025	Tank Propane Water Heater	Heat Pump Water Heater	\$3,000	-\$1,750 (HEAR)	-\$375 (25C)	\$875
2026		Weatherization	\$1,600	-\$1,600 (HEAR)		\$0
	Window AC Unit	Ducted Mini- Split Heat Pump	\$7,500	-\$7,500 (HEAR)		\$0
	Propane Clothes Dryer	Heat Pump Clothes Dryer	\$798	-\$798 (HEAR)		\$0
2027	Gas Car	Used EV	\$14,000	-\$4,000 (25E)		\$10,000
Total			\$29,174	-\$17,897	-\$375	\$10,075

Case Study: The Brady Family



- The Brady's are a family of eight in Worthington, MN.
- They own a 1,600-square-foot, 4-bedroom home built in 1972, and heat it with natural gas.
- They have an annual household income of \$115,000, which is just under 150% of the Area Median Income.
- They qualify for up-front discounts that can cover 50% of their electrification costs up to \$14,000.



The Brady Family IRA Journey

Year	Replacing	Buying	Est. Cost, installed	Upfront Discount	30% Tax Credit	Final Cost
2024	Gas Car	Used EV	\$17,000		-\$4,000	\$13,000
		EV Charger	\$1,200		-360 (30C)	\$840
	60A Electric Panel	200A Electric Panel	\$2,000	\$1,000 (HEAR)	-\$300 (25C)	\$700
		Electric Wiring	\$2,500	-\$1,250 (HEAR)		\$1,250
2025	Gas Range	Induction Range	\$1,300	-\$650 (HEAR)		\$650
2026		Weatherization	\$1,600	-\$800 (HEAR)		\$800
	Gas Furnace & Central AC Unit	Central Heat Pump	\$12,000	-\$6,000 (HEAR)	-\$1,800	\$4,200
2028		Rooftop Solar	\$19,000		-\$5,700 (25D)	\$13,300
Total			\$59,600	\$11,200	-\$12,610	\$34,990

For businesses and farms

Commercial Solar Incentives



- Project < 1MW: 30% tax credit
- >1 MW: get 30% if meet prevailing wage and apprenticeship requirements
- 2025: Clean Electricity Investment Credit
- **Transferability**



Tax Credit Adders



THE STACK OF IRA “ADDERS” FOR CLEAN ENERGY PROJECTS

10% for Projects in Low-Income or Tribal Communities

20% for Projects Financially Benefiting Low-Income or Tribal Communities

10% for “Energy Communities”

10% for “Domestic Content”

30% for Investment Tax Credit (w/
Prevailing Wages)

OR



And Storage!



The most important change for the energy storage industry is that standalone energy storage assets are now eligible for the investment tax credit (ITC).





Rural Energy for America Program

- Rural businesses and agricultural producers
- Renewable energy and energy efficiency upgrades
- 50% grants
- Additional \$2 billion for grants and loan guarantees

Digging into Direct Pay



Direct Pay

Allows tax-exempt entities to take advantage of new tax incentives.

Eligible technologies: Solar, Energy Storage, Geothermal, Electric Vehicles & EV Charging (in rural/low-income areas)



Key Takeaways

- Targeted incentives for LMI residents;
- Increases the investment tax credit to 30%, plus adders;
- Standalone storage systems are also eligible for the ITC;
- Used EVs are now eligible for tax credits;
- Huge REAP incentive;
- Tax credits are transferable; and
- Implementation of direct pay

Great Resources

- DSIRE (Database of State Incentives for Renewables & Efficiency)
- ReWiring America
- FuelEconomy.gov
- EnergySage
- US Green Building Council
- Dept. of Energy & IRS
- Clean Energy Resource Teams!!!!



IRA Ambassadors

**Recorded Presentations, Scripts, Handouts, Slide
Decks, Email Updates**



CERTS

CLEAN ENERGY RESOURCE TEAMS

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FY 2023 INCOME LIMITS DOCUMENTATION SYSTEM

First select a state:

- Indiana - IN
- Iowa - IA
- Kansas - KS
- Kentucky - KY
- Louisiana - LA
- Maine - ME
- Maryland - MD
- Massachusetts - MA
- Michigan - MI
- Minnesota - MN

Then select a county:

- Mower County, MN
- Murray County, MN
- Nicollet County, MN
- Nobles County, MN
- Norman County, MN
- Olmsted County, MN
- Otter Tail County, MN
- Pennington County, MN
- Pine County, MN
- Pipestone County, MN

[View County Calculations](#)

Or view FY 2023 statewide Income Limits for Minnesota:

[View State Calculations](#)

Or select a FY 2023 HUD Metropolitan Fair Market Rent/Income Limits Area (HMFA):

Abilene, TX MSA

[View HMFA Calculations](#)

[Income Limits | HUD USER](#)

[huduser.gov/portal/datasets/il/il2023/select Geography.ondn](https://huduser.gov/portal/datasets/il/il2023/select_Geography.ondn)

Prepared by the [Program Parameters and Research Division](#), HUD.



FY 2023 INCOME LIMITS DOCUMENTATION SYSTEM

[HUD.gov](https://www.hud.gov) [HUD User Home](#) [Data Sets](#) [Fair Market Rents](#) [Section 8 Income Limits](#) [MTSP Income Limits](#) [HUD LIHTC Database](#)

FY 2023 Income Limits Summary

FY 2023 Income Limit Area	Median Family Income Click for More Detail	FY 2023 Income Limit Category Click for More Detail	Persons in Family							
			1	2	3	4	5	6	7	8
Otter Tail County, MN	\$90,100	Very Low (50%) Income Limits (\$) Click for More Detail	30,900	35,300	39,700	44,100	47,650	51,200	54,700	58,250
		Extremely Low Income Limits (\$)* Click for More Detail	18,550	21,200	24,860	30,000	35,140	40,280	45,420	50,560
		Low (80%) Income Limits (\$) Click for More Detail	49,400	56,450	63,500	70,550	76,200	81,850	87,500	93,150

* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as [established by the Department of Health and Human Services \(HHS\)](#), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low income limits may equal the very low (50%) income limits.

Income Limit areas are based on FY 2023 Fair Market Rent (FMR) areas. For information on FMRs, please see our associated FY 2023 [Fair Market Rent documentation system](#).



For last year's Median Family Income and Income Limits, please see here:



LEGEND


Coal Closure Energy Communities

Tract Status

-  Census tract directly adjoining a census tract with a coal closure
-  Census tract with a coal closure

MSA/Non-MSAs that are Energy Communities

Status

-  MSAs/non-MSAs that meet both the Fossil Fuel Employment (FEE) threshold and the unemployment rate requirement

[IRA Energy Community Tax Credit Bonus \(doe.gov\)](https://www.doe.gov)

MAP LAYERS

- Coal Closure Energy Communities ...
- MSA/Non-MSAs that are Energy Communities ...
- MSAs and Non-MSAs that only meet the Fossil Fuel Employment Threshold ...

