

Public Service Department Briefing on Vermont’s Home Energy Rebate Programs

Background

The Inflation Reduction Act provided \$8.8 B to states for standing up two Home Energy Rebate programs. Vermont’s allocation is \$58,555,080 in formula funds divided between the programs.

IRA Section 50121: “**HOMES**” Home Efficiency Rebate program – \$29,362,920

IRA Section 50122: “**HEAR**” Home Electrification and Application Rebate program – \$29,192,160

HOMES Program:

- The State Energy Office must use the awarded funds to provide single-family and multifamily households with discounts for efficiency upgrades that are predicted to save at least 20% of the home’s energy use.
- Rebate funds may be used to offset the costs of weatherization, air sealing, insulation, and Energy Star appliances.
- Rebate amounts are tiered based on projected energy savings and household income level and range from \$2,000 to \$8,000.

HEAR Program:

- The State Energy Office must use the awarded funds to give rebates on electric appliances to households earning less than 150% AMI.
- DOE provides a list of eligible products and maximum rebates amounts that may be given to a household.
- A household may receive no more than \$14,000 in total rebates.
- The SEO has discretion over which appliances from the DOE list are eligible for rebates in their state and the rebate amount available per product.
- Households with <80% AMI can receive a rebate for 100% of product costs. Households with incomes between 80% and 150% AMI can receive a rebate for up to 50% of the project cost.

Product Rebates		
Upgrade Type	Qualified Product	Rebate Amount Not to Exceed
Appliance	Heat Pump Water Heater	\$1,750
	Heat Pump for Space Heating or Cooling	\$8,000
	Electric Stove, Cooktop, Range, Oven, or Heat Pump Clothes Dryer	\$840
Building Materials	Electric Load Service Center	\$4,000
	Insulation, Air Sealing, and Ventilation	\$1,600
	Electric Wiring	\$2,500
Maximum Rebate		\$14,000

**For cold climate heat pumps to be eligible for rebates under HEAR, the heat pumps must be the primary heating source, supplying more than 50% of the heat to the residence.

PSD is Proposing 3 Programs under HOMES and HEAR

1. \$39,362,920 to Low-Income Weatherization and Electrification through the existing Weatherization Assistance Program (WAP) (\$29 million from HOMES + \$10,000,000 from HEAR)

PSD would commit the \$29,362,920 from the HOMES program and \$10,000,000 from the HEAR program to WAP, administered by the Office of Economic Opportunity (OEO). The WAP serves low-income Vermonters by offering no-cost energy efficiency and electrification improvements qualifying households.

Rationale:

- WAP contractors are experienced with the energy efficiency measures and modeling methods required to comply with the HOMES program requirements and the electrification upgrades allowed by HEAR.
- OEO has an established income verification system and every household must be income verified before it can receive rebates through HOMES.
- OEO and the WAPs are experienced with handling federal money, i.e. tracking and reporting project and labor costs and allocating them to appropriate funding streams.
- The HOMES' low-income threshold (<80% AMI) aligns with the population served by the WAP (<80% AMI)
- WAP received an influx of funding through BIL that allowed it to increase its staff, project output, and services to include electrification (heat pumps and heat pump water heaters). HOMES funding would stave off a funding cliff and sustain the current level of service OEO provides to low-income households.
- Credits for this work could be sold for compliance under the proposed Clean Heat Standard creating an ongoing revenue stream with which to fund weatherization.

2. \$10,000,000 for an Affordable Multifamily Housing New Construction Program (HEAR)

PSD proposes to use HEAR funds to offset the costs of energy efficient electric appliances and heating to be installed in new construction of affordable, multifamily buildings in which at least 50% of future tenants will be income qualified (<80% AMI).

Rationale:

- Vermont's building codes have become more stringent, but incentives for developers to build more energy efficient buildings have diminished, making it challenging for developers to build efficient housing.
- Electrification and efficiency lead to lower monthly utility bills for tenants.
- Investing in efficiency and electrification at the time of construction is less costly than retrofitting existing buildings. Building less efficient housing creates a lost opportunity and defers costs.

3. \$9,192,160 for Moderate Income Heat Pump Rebates (HEAR)

PSD proposes using the remaining HEAR funds to offer rebates for heat pumps to moderate income households that are ineligible to be served by WAP.

Rationale:

- The most salient aspect of the Home Energy Rebate program to the public has been the promise of heat pump rebates. PSD consistently receives inquiries about when and how rebates will be available.
- This would expand accessibility to energy-efficient heating and cooling technologies for moderate-income families, ensuring broader participation and support in transitioning to sustainable home energy solutions.