Open Office Hours Q&A: IRA Home Energy Rebates, Affordable Connectivity Program & Lifeline

National Consumer Law Center

Fighting Together for Economic Justice

Olivia Wein,
Senior Attorney
March 22, 2024

Roadmap

- Summary of IRA Rebate Programs
- Highlights of areas where states have flexibility with the rebate programs
- Providing feedback to DOER
- Status of the Affordable Connectivity Program
- Lifeline

IRA Rebate Programs

- On Aug. 16, 2022, President Biden signed the landmark Inflation Reduction Act, which provides nearly $400 billion to support clean energy and address climate change.
- $8.8 billion for the Home Energy Rebates Program:
  - Home Owner Managing Energy Savings (HOMES) Rebates Program or Home Efficiency Rebates Program (HER) (IRA Sec. 50121
  - High-Efficiency Electric Home Rebates or Home Electrification and Appliance Rebates (HEEHRA or HEAR) Program (IRA Sec. 50122).

MA Dept. of Energy Resources (DOER)

- **DOER is the state energy office that will be overseeing the 2 rebate programs**
- **DOER has a straw proposal and is seeking feedback.**
- **DOER plans to submit its 2 rebate plans to the Department of Energy this spring.**

Rebate Program Design Decisions

- The next slides provide some detail on aspects of the state rebate program design that can be modified by the state.
- Key takeaways, there is flexibility regarding the amounts set aside for low-income.
- It will be important that low-income households be directed to low-income weatherization programs.

Home Efficiency Rebates (HER) Program

- The Home Efficiency Rebates Program is an energy performance-based, whole-house rebates program that provide rebates for:
  - Energy efficiency retrofits from $2,000-$4,000 for individual households and up to $400,000 for multifamily buildings.
  - Up to $2,000 for retrofits reducing energy use by 20 percent or more, and up to $4,000 for retrofits saving 35% or more ($4,000 and $8,000 for low-income households (below 80% AMI)).
  - States can increase maximum rebates for low-income households up to 100% of project costs.

NCLC National Consumer Law Center

Home Electrification and Appliance Rebates (HEAR) Program

- **High Efficiency Electric Home Rebate Act (HEEHRA) or Home Electrification and Appliance Rebates (HEAR),** provides direct rebates for low- and moderate-income households for electric appliances.
- For low-income households, HEAR covers new, efficient electric appliances, providing low income households rebates of up to $14,000, covering:
  - Energy Star electric heat pump installation for space heating and cooling, up to a cap of $8,000;
  - Energy Star electric heat pump water heater, up to $1,750;
  - Energy Star electric stove, cooktop, range or oven or Energy Star electric heat pump clothes dryer, up to $840, and
  - Up to $4,000 for an upgraded breaker box, $2,500 for upgraded electrical wiring, and $1,600 for insulation, ventilation and sealing.
- For moderate income households, the same rebates are available to cover 50% of the costs ($7,000).

Home Energy Training Grants

- State-Based Home Energy Efficiency Contractor Training Grants makes $200 million available to state energy offices to train, test, and certify residential energy efficiency and electrification contractors.

- States can partner with nonprofit organizations to develop and implement these programs that will prepare contractors and their employees to bring clean energy technologies into homes.

- States can put contractors to work who are trained through this program by connecting them with projects funded by the Department of Energy's **Home Energy Rebates Programs** **(HOMES and HEEHRA)**, which provide rebates to eligible residents for retrofits and appliance upgrades that reduce energy use.

HEAR Installation Incentives for contractors

Qualifying Activity	Maximum Incentive
Substantial installation located within a disadvantaged community (excludes installations of electric stoves and electric heat pump dryers) per dwelling unit	$200
Installation of one or more electric heat pump water heaters	$150
Installation of one or more electric heat pumps for space heating and cooling per dwelling unit – ducted	$300
Installation of one more electric heat pumps for space heating and cooling per dwelling unit – unducted	$200
Installation of one electric stove, cooktop, range, or oven	$0
Installation of one electric heat pump clothes dryer	$0
Installation of one or more electric load service center	$150
Installation of insulation per dwelling unit	$250
Installation of air sealing and materials to improve ventilation per dwelling unit	$250
Installation of electric wiring per dwelling unit	$250
Total Incentives Cap	$500
Source: IRA Rebates Guidance, ver. 1.1 (Oct. 13, 2023) at 73-74.	

HEAR Installation Incentives Cont.

Excerpts from the IRA Guidance at 73-74:

- [A]n incentive must be provided to encourage governmental, philanthropic, commercial, and nonprofit (e.g., community groups) organizations to assist low-income and moderate-income households with accessing Home Electrification and Appliance Rebates
- States may elect to reserve these incentives for projects carried out in homes and dwelling units with households less than 80% AMI, and/or for installations of equipment not commonly installed to encourage contractors to serve low-income households and learn how to install newer technologies.
- The incentive is in addition to the available rebate.
- In the case of multifamily buildings, States shall establish a maximum incentive per each eligible entity representative based on either dollar amount per building or number of claimable dwelling units per building.
- States must provide meaningful installation incentives that reflect the scale of the upgrades installed.
- An eligible entity representative that owns a building that benefits from the upgrades is not entitled to an installation incentive (e.g., a multifamily building owner acting as an eligible entity representative on behalf of the households in the building is not eligible for the incentive).
- An eligible entity representative may not receive multiple installer incentives for completing a QEP on behalf of the same eligible entity more than once in a twelve-month period.

Definition of Low- and Moderate-Income Households

- **Low-income household**. A household below 80% AMI.[11]
- **Moderate-income household**. A household between 80% and 150% AMI.
- **Low-income multifamily building**. A building with at least 50% of households with incomes less than 80% AMI (<80%).
- **Major upgrade**. Energy usage, equipment, technologies, and services related to heating and cooling, envelope, and water heating end uses.
- **Moderate-income multifamily building**. A building with at least 50% of households with incomes less than 150% AMI (<150%).

---

[10] Available at https://screeningtool.geoplatform.gov/en/#3/33.47/-97.5.

[11] Section 50121 of the IRA defines "low- or moderate-income household" to mean an individual or family the total annual income of which is less than 80% of the AMI. 42 U.S.C. 18795(d)(3). Section 50122 of the IRA defines "low- or moderate-income household" to mean an individual or family the total annual income of which is less than 150% of the AMI. 42 U.S.C. 18795a(d)(4). For clarity and consistency, DOE is using the terminology and definitions provided in section 2.1 throughout the document.

Sign up for updates and learn more:
energy.gov/scep

SCEP
STATE & COMMUNITY ENERGY PROGRAMS

7

Source: DOE Guidance, ver. 1.1 (Oct.13, 2023) at 7.

NCLC National Consumer Law Center

MA's HER Allocations

STATE & COMMUNITY ENERGY PROGRAMS

State/ Territory	Home Energy Performance-Based, Whole-House Rebate Allocations	Max 20% Ceiling for Program Administration for Efficiency Rebates	% of Low-Income Households (<80% AMI) in the State[71]	Min Allocations for Low-Income HHs	Min 10% Low-Income Multifamily Allocation	Max Open Efficiency Rebate Allocation
Kentucky	$67,319,140	$13,463,828	40.6%	$21,852,975	$5,385,531	$26,616,806
Louisiana	$106,593,900	$21,318,780	41.4%	$35,291,484	$8,527,512	$41,456,124
Maine	$35,936,920	$7,187,384	40.4%	$11,612,124	$2,874,954	$14,262,458
Maryland	$68,611,060	$13,722,212	40.5%	$22,235,002	$5,488,885	$27,164,962
Massachusetts	$73,233,910	$14,646,782	41.3%	$24,172,599	$5,858,713	$28,555,816

Source: DOE IRA Home Energy Rebates Guidance, ver.1.1 (Oct. 13, 2023) at Appx. A, Table 13

National Consumer Law Center

MA's HEAR Allocations

SCEP
STATE & COMMUNITY ENERGY PROGRAMS

State/ Territory	High Efficiency Electric Home Rebate Allocations	Max 20% Ceiling for Program Administration for Electrification Rebates	% of Low-Income Households (<80% AMI) in the State[72]	Min Allocations for Low-Income HHs	Min 10% Low-Income Multifamily Allocation	Max Open Electrification Rebate Allocation
Maine	$35,728,050	$7,145,610	40.4%	$11,544,633	$2,858,244	$14,179,563
Maryland	$68,212,540	$13,642,508	40.5%	$22,105,852	$5,457,003	$27,007,177
Massachusetts	$72,809,130	$14,561,826	41.3%	$24,032,390	$5,824,730	$28,390,183
Michigan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: DOE IRA Home Energy Rebates Guidance, ver.1.1 (Oct. 13, 2023) at Appx. A, Table 14

DOER's straw proposal

DOER
Massachusetts Department of Energy Resources

Summary of DOER Proposed Programs

Municipal Light Plant Program
- *Approximately $22 million in HER funds*

Affordable Housing Decarbonization
- *Approximately $50 million in HER Funds*

Moderate Income Program Enhancement
- *Full $72.8 million from HEAR*

- DOER, as the State Energy office, will be the lead in running HER and HEAR programs. Partners include Mass Save®, MassHousing, and MLPs
- DOER is proposing the above three programs for HER and HEAR funding. Programs and budgets can be refined throughout implementation period. DOER may seek additional stakeholder feedback to complete that refinement
- A focus on leveraging existing Commonwealth and Federal opportunities like Mass Save® instead of stand-alone direct point-of-sale rebate
- Roll out beginning in Fall 2024

NCLC National Consumer Law Center

Key Features in the Rebate Programs

- The two rebates are intended to act like an immediate discount on the measure or appliance price for the consumer.
- States must maintain a public-facing qualified contractor list.
- Programs include a contractor incentive ($200) for work in disadvantaged communities.
- States must submit a Consumer Protection Plan 60 days before the launch of the rebate programs and these plans must be updated every 2 years.
- Statute prohibits combining rebates with other federal grants/rebates for the same measure/upgrade.
- Solar is not included in the IRA rebates programs.
- IRA rebates are not treated as income.

DOE Guidance on Leveraging

Guidelines for Leveraging Other Funding Sources with Home Energy Rebates

Sources of Funding	Allowance	Requirements to Leverage Funding within Same Household	Examples
Other Federal Grants (e.g., funding from the Weatherization Assistance Program (WAP), Low Income Home Energy Assistance Program (LIHEAP))	**Can Braid**	Must "braid" and use other federal grants to fund distinct and separable measures from the "single upgrades" or "qualified electrification projects" (QEPs) funded by a Home Energy Rebate.	Energy efficiency (EE) measures from WAP (insulation and air sealing), appliance measures from rebate (heat pump, heat pump water heater, and associated wiring)
Federal Loans or Loan Guarantees (e.g., loan from DOE Revolving Loan Fund (RLF))	**Can Co-Fund**	Can co-fund any remaining costs for the same "single upgrade" or "QEP" above the value of the Home Energy Rebate.	Loan from a state's DOE RLF covers remaining upgrade costs after rebate has been applied
Non-Federal Funding (e.g., EE utility $, state/local $)	**Can Co-Fund**	Can co-fund any remaining costs for the same "single upgrade" or "QEP" above the value of the Home Energy Rebate.	Utility incentive provides additional funding toward remaining upgrade costs after rebate has been applied
Tax Credits (e.g., federal/state/local tax credits, may vary based on state/local law)*	**See IRS or Tax Authority guidance**	Refer to IRS guidance on the energy efficiency home improvement tax credit, available at https://www.irs.gov/credits-deductions/home-energy-tax-credits	

U. S. DEPARTMENT OF ENERGY | OFFICE OF STATE AND COMMUNITY ENERGY PROGRAMS

**DOE does not provide tax advice; please refer to IRS guidance or relevant state guidance for relevant tax laws and requirements for tax credits.*

National Consumer Law Center

Tenant Protections in the IRA Home Rebate Programs

The HER and HEAR tenant protections below apply to single-family and multi-family rentals.

For at least two (2) years following the receipt of the IRA Home Energy Rebates:

- The owner agrees to rent the dwelling unit to a low-income tenant. This is a minimum requirement and affordability requirements should be commensurate with total rebate amount awarded.
- The owner agrees not to evict a tenant to obtain higher rent tenants based upon the improvements.
- The owner agrees not to increase the rent of any tenant of the building as a result of the energy improvements with exception of increases to recover actual increases in property taxes and/or specified operating expenses and maintenance costs.
- The owner agrees that if the property is sold within two years of receipt of the rebates, the aforementioned conditions apply to the new owner and must be part of the purchase agreement.
- In the event the owner does not comply, the owner must refund the rebate.
- A specific and verifiable mechanism (e.g., addendum to the lease) is in place for providing tenants with written notice of their rights and their building owner's obligations.
- Enforcement and penalties are clear and sufficient to act as a deterrent for owner violations and provide for damages and attorney's fees recoverable by tenants.

IRA Guidance ver. 1.1 (Oct. 13, 2023) at 17 and 54

NCLC National Consumer Law Center

Consumer Protections if Financing is Involved

The following protections do not apply if Tariff-on-Bill/ Pay-as-You-Save (PAYS™)/Inclusive Utility Investment (IUI) loans are involved (per DOE IRA Rebates FAQ 16)

- Ensure an ability to repay determination that does not include projected savings from an energy report because expected savings may not materialize due to household and market developments.
- Ensure a disclosure and cooling off period. Clear, written advance disclosures should be required, with a 7-day waiting period between the disclosure and the contract signing. This waiting period should only be removed in a personal emergency (see Truth in Lending Act rules on this), where the homeowner, in their own handwriting, describes the emergency and the need for the emergency work and their understanding that they are waiving the waiting period. In non-emergency circumstances, there should also be a 3-day right to cancel after the contract has been signed (such that the work is not done during that period).

IRA Guidance ver. 1.1 (Oct. 13, 2023) at 40 and 79

Areas for state program flexibility

- States can increase the maximum HER rebate to cover 100% of project costs for households up to 80% AMI
- States can increase the allocations of both rebate programs for households at or below AMI and can increase the low-income multi-family allocation.
- States can use categorical eligibility
- Sequencing, braiding and stacking of the rebates program can improve the ability to right-size equipment, lower risk of increased electric bills (e.g., weatherize home first if possible) and increase investments in homes.
- Direct low-income households to existing low-income programs and prohibit situations where low-income households are asked to finance clean energy measures. Outreach and education needs to steer people to the right places.
- Defining disadvantaged communities for aspects of the rebate programs, including applicability of the $200 contractor incentive.
- Ensuring that there are strong tenant protections.

Providing Feedback to DOER

DOER Massachusetts Department of Energy Resources

Public Input - Questions

We anticipate a launch of the HER/HEAR programming sometime in the Fall of 2024.

DOER is seeking public input on this proposal before submitting our application to DOE. DOER plans to submit the initial HER and HEAR application in late April. A further planning blueprint will be submitted over the summer.

Please free to use the questions below as prompts for your thoughts.

- Do these approaches make sense for HER and HEAR?
- Is DOER doing enough to leverage HER and HEAR with equity in mind?
- Are there other uses for HER and HEAR we have not considered?
- What should be the final budget allocation of HER and HEAR between its intended uses?
- Do you have recommendations on seeking public input on further planning and implementation?
- Please provide any other input.

DOER will continue to engage with stakeholders and partners throughout the program implementation.

DOER appreciates the submission of written comments no later than **Monday March 25, 2024** to:

Christina Moroney-Ebarb at christina.moroney-ebarb@mass.gov. Please include "Energy Rebates" in the subject line of your email. All comments will be posted publicly.

Resources

- DOE State and Community Energy Programs (SCEP) is building out resources on the IRA Home Energy Rebates Programs.
- DOE IRA Rebates Guidance, ver. 1.1 (Oct. 13, 2023).
- NASEO has an IRA Resources Hub.
- NCLC and NHLP has a IRA Home Energy Rebates Resource for Advocates that will be available this month.

NCLC National Consumer Law Center

The Affordable Connectivity Program (ACP)

- The Infrastructure Investment and Jobs Act provided $14.2 billion for ACP, which modified and replaced the Emergency Broadband Benefit (EBB) COVID-era low-income broadband affordability program.
- ACP began on December 31, 2021 and is expected to run out of funds by May 2024 (with April as the last fully funded month) unless Congress appropriates additional funding.
- As of February 8, 2024, the ACP stopped enrolling new households onto the program (the enrollment freeze)
- The FCC has issued an ACP wind down order that sets forth carrier notices, consumer protections.

Recap: The Affordable Connectivity Program

- The ACP benefit is a broadband benefit for eligible households that provides up to $30/month off of broadband service.
- Eligible households on Tribal lands can receive an ACP benefit of up to $75/month off of broadband service.
- Eligible households in certain high cost areas will have an enhanced ACP benefit of up to $75/month in the NTIA BEAD program.
- Many states are counting on ACP to help with the BEAD requirements for an affordable service tier.

NCLC National Consumer Law Center

The Affordable Connectivity Program

- There are several proposals in Congress to provide short-term funding for ACP, but so far no movement.
- The proposals range from a providing a year of funding for ACP with no changes to the program and there are proposals that would modify the eligibility criteria and some other components of the ACP program.
- There is also a Senate study group on reforming the federal Universal Service Fund programs (reforming Lifeline to become more like ACP).
- The landscape is fluid and there is a real risk of a lapse in funding for low-income broadband assistance.

NCLC National Consumer Law Center

Lifeline recap

- Eligible households on Tribal lands can receive an ACP benefit of up to $75/month off of broadband service.
- The **Lifeline** program is funded out of the Universal Services Fund and provides a $9.25/month benefit to eligible households for voice and/or broadband service.
- In MA, Lifeline has a 13% participation rate

Eligibility Criteria for ACP and Lifeline

(Household must have 1 member who meets one of the criteria)

ACP Eligibility:

Income ≤ 200% FPL; WIC; Pell Grant; Free and Reduced School Lunch or breakfast/CEP; participation in broadband provider's low-income program

or

Lifeline Eligibility:

Income ≤135% FPL; SNAP; Medicaid, Supplemental Security Income (SSI), Federal Public Housing Assistance, Bureau of Indian Affairs General Assistance, Tribal TANF, Food Distribution Program on Indian Reservations

NCLC National Consumer Law Center

The Future of Lifeline?

- The Senate Universal Services Working Group (bi-partisan) has been looking at the future of all Universal Services Programs.
- USF funding mechanism is under attack.
- USF funding mechanism could be reformed.
- The Lifeline program design could be changing in the future.

Questions?

- Olivia Wein: owein@nclc.org

National Consumer Law Center

NCLC National Consumer Law Center

Since 1969, the nonprofit **National Consumer Law Center® (NCLC®)** has worked for consumer justice and economic security for low-income and other disadvantaged people in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. **www.nclc.org**