

IRA Rebate & State Tax Credit Update

Colorado Energy Office

July 31, 2024



Two IRA Home Energy Rebates Programs

Title	CO Amount
IRA 50122: Home Electrification and Appliance Rebates (HEAR)	\$69.9MM
IRA 50121: Home Energy Performance-Based, Whole Home Rebates (HOMES)	\$70.3MM

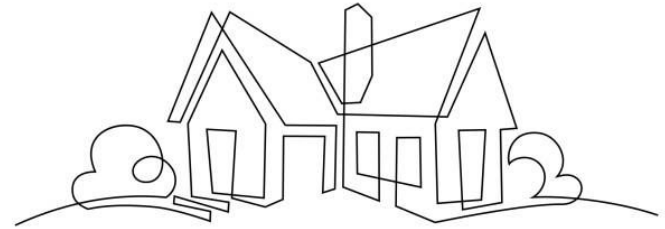
HOMES - Programmatic Focus in Colorado

- Large multi-family buildings and manufactured housing only
- Modeled pathway requires energy savings of >20-35% or >35%
- Measured pathway requires demonstrated energy savings of >15%



HEAR - Programmatic Focus in Colorado

- **Low-to-moderate income households**
 - Must verify income is less than 150% AMI (area median income)
- Single-family homes, manufactured housing, and multi-family will be eligible
- Rebates for weatherization, appliances, electrical upgrades (not just heat pumps!)



HEAR - Maximum Rebate Amounts

Qualified Electrification Project	Rebate Maximum
Heat Pump Water Heater	\$1,750
Heat Pump for Space Heating or Cooling (standard vs cold-climate)	\$3,000 vs \$8,000
Electric Stove, Cooktop, Range, Oven, or Heat Pump Clothes Dryer	\$840
Electric Load Service Center	\$4,000
Insulation, Air Sealing, and Ventilation	\$1,600
Electric Wiring	\$2,500
Aggregate Rebate Maximum Per Address	\$14,000



HEAR - How the Rebate Amount is Calculated

Eligible Rebate Recipient Income Level	Rebate Amount Not to Exceed
Less than 80% AMI	100% of project cost
81% - 150% AMI	50% of project cost
Aggregate Rebate Maximum Per Address	\$14,000

- Project cost includes: labor, materials, new equipment, and disposal

Example project... electric load service center installation with project cost of \$6,000

- If household income is <80% AMI, rebate amount is \$4,000
- If household income is 81-150% AMI, rebate amount is \$3,000

HEAR - Eligibility

- Equipment must be Energy Star certified to qualify
 - Applicable for HVAC HPs, HP water heaters, stoves, HP clothes dryers
- Contractors must be on the “State Qualified Contractor List” in order to receive rebates
 - Applies for HVAC HP installs, air sealing, wiring, and electric panels
 - State is still designing requirements for these lists
- Rebate eligibility depends on the type of equipment being replaced
 - Applicable for HVAC HPs, HP water heaters, stoves, HP clothes dryers

HEAR - Process

Step 1) Submit a rebate application

- Basic info about the project: customer income, project address, scope of work, etc.

Step 2) Rebate application is processed

- If accepted, a rebate reservation is issued

Step 3) Contractor installs the new system

- Submit records/invoice, photos of installed equipment, etc. for final approval

Step 4) Rebate is paid out within 4 weeks

- 4 week clock starts after all required documentation is received/approved

HEAR - Rebate Stacking

- HEAR rebates can be combined/stacked with other rebates (utility, county, city, etc.)
- The total amount of rebates/incentives cannot exceed the cost of the project
 - Otherwise the HEAR rebate amount must be reduced
- Can also be combined with the Federal 25C tax credit and the Colorado Heat Pump Tax Credit



Timeline - when can you see these rebates?

- HEAR and HOMES applications have been submitted to the DOE
- Hopeful CEO will receive funds and begin issuing rebates in late 2024
- For HEAR, rebates cannot be given retroactively!



Heat Pump Tax Credit Overview



Heat Pump Tax Credit - Basic Info

- The contractor must pass 33% of the tax credit amount onto the customer as a discount at the time of purchase.
- There is no limit on the number of tax credits available per contractor
- Tax credit is fully refundable

2024 Tax Credit Amounts

Heat Pump Technology	Total Tax Credit Amount (2024)	Minimum required customer discount for heat pumps installed in 2024
Air-source	\$1,500	\$499.95
Ground-source, water-source, combined-source	\$3,000	\$999.90
Heat pump water heater	\$500	\$166.65



Heat Pump Tax Credit - Eligibility

Eligibility:

- 1) Energy Star Certified Equipment
- 3) In split systems, must be AHRI “matched”
- 4) If not a primary heat source, system must be designed to provide >80% of total annual heating for the building and capable of distributing heat to all conditioned areas of the building.
- 5) Must be installed by a registered contractor/eligible taxpayer
- 6) Equipment must be installed by technicians with safe handling of refrigerants training and certified brazing skill, as applicable

Heat Pump Tax Credit - Process

- 1) When filing taxes, the contractor will submit a form to the Department of Revenue with all necessary information
- 2) There will be a time lag between providing the customer discount at point of sale and receiving the tax credit from the state
- 3) Projects may be audited/inspected and contractors must keep records for each installation

Thank you!

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Additional heat pump tax Credit info:
<https://energyoffice.colorado.gov/hptc>