

Hawai'i State Energy Office

Inflation Reduction Act Home Energy Rebate Programs

Agenda

- HSEO Introductions
- Overview of Home Energy Rebate Programs
- Presentation of Home Efficiency Appliance Rebate Program
- Discussion and Q&A

Investing in America



American Rescue Plan +
Bipartisan Infrastructure Law +
CHIPS and Science Act +
Inflation Reduction Act =

Transformative **benefits** for
Hawai'i households that
accelerate progress toward
climate and **equity** goals.

Overview

Home Energy Rebates Program

Home Energy Rebates

Home Efficiency Rebate Program (HER or HOMES)

- Existing single-family and multifamily buildings are eligible
- Rebates available to individuals/aggregators that perform upgrades
- States can narrow program eligibility, conditions, and/or technologies than those articulated in law

Home Electrification and Appliance Rebate Program (HEAR)

- Income qualified
- May cover up to 100% of total qualified project cost for households with a total annual income less than 80% Average Median Income (AMI)
- States may decide if new construction projects are eligible
- States can narrow program eligibility, conditions, and/or technologies than those articulated in law

Funding Allocations

- Hawai'i's total award allocation is **\$69.8 Million** (split between programs)
- At a minimum, each state must adhere to low-income eligibility considerations for both programs:
 - Allocate a percentage of its rebate funding for each program in line with its percentage of low-income households
 - Hawai'i % of low-income (<80% AMI): 39.8%
 - Minimum allocation: \$10.8 million/per program (**\$21.6 million**)
 - Allocate at least 10% additionally of its rebate funding to serve low-income multifamily buildings
 - Minimum allocation for LI multifamily: \$2.7 million/per program (**\$5.4 million**)



Area Median Income

- Calculated annually by the Department of Housing and Urban Development
 - Differs by state
 - Accounts for household income relative to number of people in the household
- AMI for a 4-person family in Hawai'i based on 2023
 - 80% AMI (low-income limit) \$90,550
 - 150% AMI (moderate-income limit) \$169,800
- Categorical eligibility for enrollment in existing federal assistance programs within statutory limits

Home Efficiency Rebate Program

- Retrofit improvements aimed at reducing energy use
 - Provides rebates for projects initiated on or after August 16, 2022 (limitations may apply)
- Rebate amount is based on the amount of energy savings created
 - Projects may be either modeled or measured energy savings with higher rebates available to households less than 80% AMI
 - Requirements include energy audit/assessment, access to utility data, and post-installation inspections

Home Efficiency Appliance Rebate (HEAR)

- Rebates for specific ENERGY STAR appliances
 - HI program focusing on heat pump water heating and split AC units
 - Certain types of building materials and electric upgrades also qualify
- Only available to low and moderate income-qualified households
 - 80% AMI
 - 150% AMI
- Meet thresholds for single- and multi-family housing, disadvantaged communities, and Justice40

Program Requirements

- HSEO must submit implementation plans to DOE for approval 60 days prior to program launch
 - Community Benefits Plan
 - Community and labor
 - Skilled and quality workforce
 - Incorporating Diversity, Equity, Inclusion, and Accessibility (DEIA)
 - Address Justice40 Initiative
 - Education and Outreach Strategy
 - Trade partners (retailers, contractors, and distributors)
 - Consumers
 - Multi-family building owners
 - Consumer Protection Plan
 - Dispute resolution
 - Determining qualified contractors
 - Develop and enforce installation standards

Program Requirements

- HSEO must submit implementation plans to DOE for approval 60 days prior to program launch
 - Utility Data Access Plan
 - Program evaluation
 - Privacy and Security Risk Assessment
 - Cybersecurity protocols
 - Comply with DOE Data & Tools requirements guides
 - Independent review of security and privacy controls
 - Market Transformation Plan (due after program launch)

Additional Elements

- Braiding and stacking with other federal and state programs and incentives is encouraged
 - Limitations may apply
- Total rebates can not exceed cost of the measure or appliance
- DOE continues to develop guidance materials for fund braiding

As of Today...

- Hawai'i is one of four states to submit early applications for HEAR program
 - Responding to DOE comments on application
- Developing the implementation plans
- Refining program design
- Reviewing procurement options and requirements for program implementation

HEAR Program

Overview

HEAR Application

- Phased rollout of rebate availability beginning this year
- “Rapid Rollout” of point-of-sale limited rebates beginning late Spring – early Summer
 - ENERGY STAR certified heat pump water heaters
 - ENERGY STAR recognized induction cooktops
- Rollout date depends on availability of DOE tools still in development and completion of implementation plans
- Implementation and delivery of coordinated HOMES and HEAR incentives in Fall 2024
- Outreach in each county and tailored for hard-to-reach customers, disadvantaged communities and Native Hawaiian homestead associations

HEAR Application

- Proposed allocations:
 - POS rebates up to 150 AMI: 15%
 - 80AMI or lower: 45%
 - Multifamily*: 10%
 - Native Hawaiian*: 10%
 - Admin: 20%
- All program design features are subject to change pending DOE approval

* = *income requirements apply*

DOE Allowable Guidelines: HEAR

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

Disclaimer: Hawai'i has not finalized its list of allowable appliances or upgrades. Hawai'i reserves the right to disallow appliances and materials from program eligibility.

DOE Rebate Limitations

Rebate Limitations		
Eligible Rebate Recipient	Income Level	Rebate Amount Not to Exceed
LMI Household or Eligible entity representative representing LMI household	Less than 80% AMI	100% of qualified project cost
	80%-150% AMI	50% of qualified project cost
Owner of multifamily building or Eligible entity representative representing owner of multifamily building	At least 50% of residents with income less than 80% AMI	100% of qualified project cost
	At least 50% of residents with income of 81%-150% AMI	50% of qualified project cost

Disclaimer: Hawai'i has not finalized its rebate limitations. Hawai'i reserves the right to modify limitations within statutory boundaries and with prior approval from DOE.

Hawai'i Proposed Rebates

Qualified Project	Proposed Limit for AMI 81-50	Proposed Limit for AMI 80 or lower
Electric Heat Pump Water Heater (HPWH)	<p>\$1,750* for ENERGY STAR Connected Products</p> <p>\$1,000 for other ENERGY STAR certified HPWH</p>	<p>100% of qualified project cost up to the statutory maximum for ENERGY STAR Connected Products</p> <p>90% of qualified project cost for other ENERGY STAR certified HPWH</p>
Electric Heat Pump for Space Cooling/Heating	<p>\$8,000* for ENERGY STAR Most Efficient</p> <p>\$4,000 for ENERGY STAR certified with SEER 2 rating over 22</p>	<p>100% of qualified project cost to the statutory maximum for ENERGY STAR Most Efficient</p> <p>50% of qualified project cost for ENERGY STAR certified SEER2 rating over 22</p>

* = statutory limit

Hawai'i Proposed Rebates cont'd.

Qualified Project	Proposed Limit for AMI 81-50	Proposed Limit for AMI 80 or lower
Electric Stove, Cooktop, Range, Oven	\$840 for ENERGY STAR recognized induction ranges and cooktops	100% of qualified project cost to the statutory maximum for ENERGY STAR certified induction ranges and cooktops
Electric Heat Pump Clothes Dryer	\$0	\$0
Electric Load Service Center	\$4,000*	100% of qualified project cost up to the statutory maximum
Insulation, Air Sealing, and Ventilation	\$1,600*	100% of qualified project cost up to the statutory maximum
Electric Wiring	\$2,500*	100% of qualified project cost up to the statutory maximum

* = statutory limit

Hawai'i Proposed Rebates cont'd.

Qualified Project	Proposed Limit for AMI 81-50	Proposed Limit for AMI 80 or lower
Maximum Rebate	50% of qualified project cost up to a maximum of \$14,000	100% of qualified project cost up to the statutory maximum

Note that for multifamily buildings, in the case of rebates claimed by an eligible entity representative on behalf of multiple households, the per-household maximum limits can be combined. For example, 10 low-income households claiming a rebate through an eligible entity representative could combine their heat pump allocations of \$8,000 each to provide \$80,000 for an eligible ENERGY STAR central heat pump system.

Additional Information

- DOE Rebate Tracking System safeguards against duplicative rebates for same product and household
 - API tools in development by Pacific Northwest National Lab
 - Anticipated delivery of coupon tools in April 2024
- The state will use the DOE's Energy Justice Dashboard and CJEST tool initially and will provide tools to help contractors identify disadvantaged communities for targeted outreach

Multifamily

- Multifamily building owners and tenants are eligible for rebates
 - Owner authorization required
- Rebates attributed to dwelling units and equipment/appliances remain with the unit
- Determination of rebate amount for multifamily buildings depends on initial determination if it qualifies as a low-income building
 - At least 50% of households have incomes less than 80% AMI

Tenant-Occupied Properties

- For all tenant-occupied properties that receive higher rebate amounts available only to households with incomes less than 80% AMI, the state will require the building owner to sign a statement acknowledging the following:
 - The owner agrees to rent the dwelling unit to a low-income tenant for at least two years.
 - 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.
 - The owner will provide written notice to tenants explaining their rights and the building owner's obligations (e.g., add an addendum to the lease).
 - The owner will be subject to penalties commensurate to their actions with a penalty under Hawai'i Revised Statutes Chapter 708 and/or 710.
 - The state will provide contact information for tenants to notify the state of breaches to this agreement. The State will also include this information in the consumer education campaign, so tenants are aware of their rights under the applicable state law.

Contractors

Contractor Incentives

- Contractors and Eligible Entity Representatives (EER) are essential to success of program
 - Marketing and installation
- Responsibilities
 - Compliance with all laws and regulations embedded in implementation plans
 - Excellent record keeping and invoicing, including:
 - Line-item costs of rebated equipment and materials, including any related audits, inspections, testing, and/or modeling
 - Labor costs of the work related to any rebate
 - Geo-coded photos of installed equipment relevant to the rebate, which can be taken with most smartphones

Proposed Contractor/EER Incentives

Qualifying Activity	Maximum Incentive
Installation of one induction stove, cooktop, range, or oven	\$0
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	\$50
Installation of one more electric heat pumps for space heating and cooling per dwelling unit – unducted	\$150
Installation of insulation per dwelling unit	\$150

Proposed Contractor/EER Incentives cont'd.

Qualifying Activity	Maximum Incentive
Installation of air sealing and materials to improve ventilation per dwelling unit	\$150
Bonus for combined installation of a heat pump product and insulation or air sealing in a dwelling unit* located within a disadvantaged community, an 80 AMI household, or a low-income multifamily building*	\$150
Installation of one or more electric load service center(s)	\$0
Installation of electric wiring per dwelling unit	\$0
<i>*Maximum total incentive per dwelling unit</i>	\$500
<i>*Maximum total incentive per multifamily building (i.e., incentives for larger buildings will be capped so that larger buildings do not absorb the entire incentive budget)</i>	\$10,000

Training for Residential Energy Contractors

- HSEO to develop new training program for Home Energy Rebates workforce in 2024
- HSEO will need to identify “qualified contractors” approved to install the rebate-eligible technologies
 - May include performance industry credentials, training requirements, business insurance and licensure, skills standards, and labor standards
- HSEO must publish the list of qualified contractors
- Contractors interested in becoming state-approved contractors should contact HSEO

Good Jobs Hawai'i



- \$35 million workforce development initiative that provides **no-cost skills training** and **job placement support** for high demand, well paying jobs (ends Fall 2025)
 - Creative Industries, Healthcare, IT, Clean Energy/Skilled Trades
- Coalition of educators, businesses, and community partners
- Funding for short-term training programs, paid internships, industry certification exams, and job placements
 - Trainings under development: **Certified Energy Manager, Certified Energy Auditor and Energy Efficiency Program** – online statewide training with Association of Energy Engineers (AEE) with Windward Community College (*late Spring-Summer 2024*)
- Established new Clean Energy Sector Partnership



Next Steps

Next Steps

- Request for Proposals for statewide program implementer for HEAR and HOMES programs
 - HANDS
- Developing Implementation Plans for HEAR
- Developing application for HOMES program

Want to learn more?

- Energy Efficiency Tax Credits:
 - <https://www.irs.gov/credits-deductions/energy-efficient-home-improvement-credit>
- DOE Guidance for Home Energy Rebates Program
 - <https://www.energy.gov/scep/home-energy-rebates-program-design-and-implementation>
- ENERGY.HAWAII.GOV

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