

Home Energy Rebates from the Inflation Reduction Act of 2022, P.L. 117-169: Frequently Asked Questions

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Summary

P.L. 117-169, commonly known as the Inflation Reduction Act of 2022 (IRA), appropriated \$9 billion for residential energy efficiency and electrification financial assistance programs. These include two consumer rebate programs and funds for technical training—all of which are described more fully in CRS In Focus IF12258, *The Inflation Reduction Act: Financial Incentives for Residential Energy Efficiency and Electrification Projects*, by Martin C. Offutt. The rebates and technical training programs will be administered by states and Indian tribes. Eligible projects include those that reduce the overall energy consumption of homes and dwellings in multifamily buildings and that purchase and install common home electrical appliances. The U.S. Department of Energy (DOE) has received applications from 51 states or territories for early administrative funding or for full funding (i.e., the amount of the formula allocation).¹ As part of their applications, states are addressing DOE’s questions about program design and implementation. The department published the program requirements for Indian tribes in November 2023.²

What rebate programs does the IRA offer for home energy upgrades?

As noted above, there are two separate rebate programs.

1. The Home Efficiency Rebates Program, also known as HOMES (Home Owner Managing Energy Savings), will offer rebates for projects that reduce energy consumption in single-family homes (SFH) or dwellings in multifamily buildings (MFBs). While the IRA does not specify what retrofits would satisfy its requirements, these might include efficient windows, doors, and insulation materials. The size of the rebate depends on how much the energy upgrades reduce the overall energy consumption.
2. The second type of rebate, Home Electrification and Appliance Rebates, supports a menu of projects, including replacing appliances, adding insulation, and upgrading the in-home electrical delivery system itself in SFHs or MFBs.

The two rebate programs have their own means-testing provisions and cost recovery rates and caps. How the size of the rebates will be determined is described more completely in CRS In Focus IF12258, *The Inflation Reduction Act: Financial Incentives for Residential Energy Efficiency and Electrification Projects*, by Martin C. Offutt.

How large are the rebate programs overall?

Section 50121 of the IRA appropriated \$4.3 billion for the HOMES rebate program for states. For the Home Electrification and Appliance Rebates, Section 50122 of the IRA appropriated \$4.275 billion for states and \$225 million for Indian tribes. The IRA allows DOE to use up to 3% of the

¹ U.S. Department of Energy (DOE), “Power Your Home—and Save Money—with Home Energy Rebates,” last updated September 9, 2024, <https://www.energy.gov/save/rebates>; and DOE, “Biden-Harris Administration Announces Arizona’s Launch of First Phase of Federal Home Energy Rebates Program Helping Lower Families’ Utility Bills,” press release, August 29, 2024, <https://www.energy.gov/articles/biden-harris-administration-announces-arizonas-launch-first-phase-federal-home-energy>.

² DOE, Office of State and Community Energy Programs, *Inflation Reduction Act Home Energy Rebates: Home Electrification and Appliance Rebates Program for Indian Tribes (Sec. 50122)*, November 17, 2023, https://www.energy.gov/sites/default/files/2023-11/50122-Tribal-Requirements_11-17-2023.pdf.

monies appropriated for the two rebate programs for administrative expenses and technical assistance.

What are the contractor technical training funds?

Section 50123 of the IRA appropriates \$200 million for training and education for contractors and organizations involved in the rebate programs and for other purposes. By formula, \$150 million will be allocated to states; DOE published a state-by-state listing on July 17, 2023.³ DOE will award up to an additional \$40 million through a competitive grants process. The IRA permits DOE to use up to 10% of the appropriated funds for administrative expenses and technical assistance.

What office or agency will be paying out the rebates?

The state energy offices (SEOs) defined in Section 124(a) of the Energy Policy Act of 2005 (P.L. 109-58) will interface directly with the consumer. A list of SEOs may be found on DOE's Office of State and Community Energy Programs (SCEP) website.⁴ As of September 9, 2024, Arizona, New Mexico, New York, and Wisconsin had made one or both rebates available to consumers.⁵ Indian tribes will implement their portion of Home Electrification and Appliance Rebates.

How much money is available in my state or Indian tribe?

The amount of money for the two rebate programs is allocated by formula and varies by state. DOE published a list of the state-by-state allocations on July 27, 2023.⁶ DOE published the draft allocations to Indian tribes for the Home Electrification and Appliance Rebates on August 16, 2023.⁷

Have the states begun making preparations for the rebate programs?

On March 23, 2023, DOE issued an "Early Administrative Funds" Administrative and Legal Requirements Document (ALRD), to allow SEOs "to begin to hire and conduct a minimum set of planning and administration activities."⁸ The early administrative funds available to each state were determined according to formula, and DOE published the amounts on March 23, 2023.⁹

³ See DOE, "Appendix A: State Formula Award Allocations" in *Administrative and Legal Requirements Document (ALRD)*, issued July 17, 2023, <https://www.energy.gov/sites/default/files/2023-07/IRA-50123-ALRD-Contractor-Training-Program.pdf>.

⁴ DOE, "State Energy Offices and Organizations," <https://www.energy.gov/scep/state-energy-offices-and-organizations>.

⁵ DOE, "Power Your Home—and Save Money—with Home Energy Rebates," September 9, 2024, <https://www.energy.gov/save/rebates>.

⁶ DOE, *IRA Home Energy Rebates State Allocations*, July 2023, <https://www.energy.gov/sites/default/files/2023-07/IRA%2050121%20%26%2050122%20Home%20Energy%20Rebates%20State%20Allocations.pdf>.

⁷ DOE, *Intended Allocations for the DOE Tribal Home Electrification and Appliance Rebates Program*, August 16, 2023, <https://www.energy.gov/sites/default/files/2023-08/DOE-Intended-Allocations-for-the-Tribal-Electrification-and-Appliance-Rebates-Program-8.16.2023.pdf>.

⁸ DOE, *Administrative and Legal Requirements Document (ALRD)*, issued March 23, 2023, https://www.energy.gov/sites/default/files/2023-03/Home_Energy_Rebates_ALRD.pdf.

⁹ DOE, *Inflation Reduction Act, Home Energy Rebates, Early Administrative Funds ALRD Allocations*, March 23, (continued...)

Generally speaking, the amount is “up to 2.5%, not to exceed \$2.5 million, of the total funding from each formula allocation of Sections 50121 and 50122 under this ALRD.”¹⁰ Fifty-one states or territories have applied for early administrative funding or full funding as of September 9, 2024.¹¹

If the rebates are not yet available in my state, what still has to happen?

On July 27, 2023, DOE issued the “Full Program” ALRD, which SEOs are using to develop their applications for full funding (i.e., their formula allocation).¹² As of September 9, 2024, 27 states had applied for full funding.¹³ In a separate instructions document, DOE stated its expectation that “states must submit applications describing state plans for their proposed rebate programs.”¹⁴ After DOE has reviewed and approved a state’s application, DOE proceeds with making the grants. DOE has indicated that they will review and approve state applications on a rolling basis. DOE has awarded full funding to 11 states, and four states have made the rebates available to consumers.¹⁵ The department published the program requirements for Indian tribes in November 2023.¹⁶

When can I start projects if I want them to be eligible for the rebates?

The HOMES rebates can start anytime, according to the IRA, which specified that SEOs provide rebates “for whole-house energy saving retrofits begun on or after the date of enactment of this Act,” or August 16, 2022. (136 Stat. 2034.) DOE has advised that “it will be difficult to offer [HOMES] rebates for projects completed before program requirements are fully defined and programs are operational.”¹⁷

2023, <https://www.energy.gov/scep/articles/home-energy-rebate-programs-early-administrative-funds-alrd-state-allocations>.

¹⁰ See DOE, “Apply for Early Administrative Funds,” <https://www.energy.gov/scep/home-energy-rebate-programs-guidance>.

¹¹ DOE, “Power Your Home—and Save Money—with Home Energy Rebates,” last updated September 9, 2024, <https://www.energy.gov/save/rebates>.

¹² DOE, *Administrative and Legal Requirements Document (ALRD): Home Efficiency Rebates and Home Electrification and Appliance Rebates*, issued July 27, 2023, https://www.energy.gov/sites/default/files/2023-07/Home_Energy_Rebates_ALRD.pdf.

¹³ DOE, “Power Your Home—and Save Money—with Home Energy Rebates,” last updated September 9, 2024, <https://www.energy.gov/save/rebates>.

¹⁴ DOE, *Inflation Reduction Act Home Energy Rebates: Program Requirements and Application Instructions*, July 27, 2023, p. 1, https://www.energy.gov/sites/default/files/2023-07/Home_Energy_Rebates_Program_Requirements_and_Application_Instructions.pdf.

¹⁵ DOE, “Power Your Home—and Save Money—with Home Energy Rebates,” last updated September 9, 2024, <https://www.energy.gov/save/rebates>.

¹⁶ DOE, Office of State and Community Energy Programs, *Inflation Reduction Act Home Energy Rebates: Home Electrification and Appliance Rebates Program for Indian Tribes (Sec. 50122)*, November 17, 2023, https://www.energy.gov/sites/default/files/2023-11/50122-Tribal-Requirements_11-17-2023.pdf.

¹⁷ DOE, Office of State and Community Energy Programs, “Home Energy Rebates Frequently Asked Questions,” Question 30, last updated July 27, 2023, <https://www.energy.gov/scep/home-energy-rebates-frequently-asked-questions>.

Home Electrification and Appliance Rebates will not be payable for work begun prior to the commencement of an SEO's or Indian tribe's programs.

When will the rebate money be paid out?

The SEOs will receive their formula allocation in the form of grants after the conclusion of their application to DOE. As of September 9, 2024, DOE had awarded 11 states full funding (i.e., their formula allocation).¹⁸ According to its website, "DOE expects households to be able to access these rebates in much of the country in 2024."¹⁹ The Home Electrification and Appliance Rebates will not be operational until after states have received the grant monies from DOE.

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¹⁸ DOE, "Power Your Home—and Save Money—with Home Energy Rebates," last updated September 9, 2024, <https://www.energy.gov/save/rebates>; and DOE, "Biden-Harris Administration Announces Arizona's Launch of First Phase of Federal Home Energy Rebates Program Helping Lower Families' Utility Bills," press release, August 27, 2024, <https://www.energy.gov/articles/biden-harris-administration-announces-arizonas-launch-first-phase-federal-home-energy>.

¹⁹ DOE, Office of State and Community Energy Programs, "Home Energy Rebates Frequently Asked Questions," Question 4, last updated July 27, 2023, <https://www.energy.gov/scep/home-energy-rebates-frequently-asked-questions>.

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