

Inflation Reduction Act Energy Incentive Programs

Proposed Approaches for Maryland and
Opportunity for Public Comment

Meeting Agenda

- Participant Introductions
- Opportunities and Goals for Maryland
- Results of 2023 Request for Information
 - Outline of Proposed Approaches
 - Public Comment

**** This meeting will be recorded. ****

Presenters

- Landon R. Fahrig, Esq., Assistant Division Director of Energy Policy
- Lise Luchsinger, Energy Programs Section Chief, Residential Energy
- Scott Falvey, Department of Housing and Community Development

Also in attendance:

- Eric Coffman, Division Director of Energy Programs
- Jenn Gallicchio, Assistant Division Director, Energy Programs

Opportunities for Maryland

- Through a funding formula determined by the U.S. Department of Energy, Maryland is eligible for more than \$136 million in Inflation Reduction Act (IRA) energy rebate program funding across two key rebate programs.
- The U.S. Department of Energy estimates that IRA energy rebate programs will save residents up to \$1 billion annually on their energy bills and create 50,000 jobs.

Background

- U.S. Dept. of Energy designates state energy offices, such as the Maryland Energy Administration (MEA), as the recipients of the IRA funding.
- There are two key IRA Rebate Programs for Maryland:
 - Section 50121: HOMES Residential Energy Efficiency Rebate Program
 - Section 50122: High-Efficiency Electric Home Rebate (HEEHR) Program
- For each of the two IRA rebate programs, the U.S. Department of Energy program guidance allows states to customize programs.
- Incentive levels will vary based on income level.
- Both the Section 50121 and Section 50122 programs involve the use of qualified contractors to help deliver the IRA incentives.

Feedback from Request for Information on IRA Rebate Programs

- MEA issued a Request for Information in late 2023.
- Comments received from 50+ respondents, including nonprofit organizations, local governments, businesses, and individuals.
- Feedback received includes:
 - Use funds to help drive greenhouse gas reduction and meet state/local climate goals
 - Prioritize low- and moderate-income Marylanders
 - Braid IRA program funding with other programs to achieve maximum benefits
 - For outreach, engage trusted community partners and in multiple languages
 - Adopt a streamlined income verification process

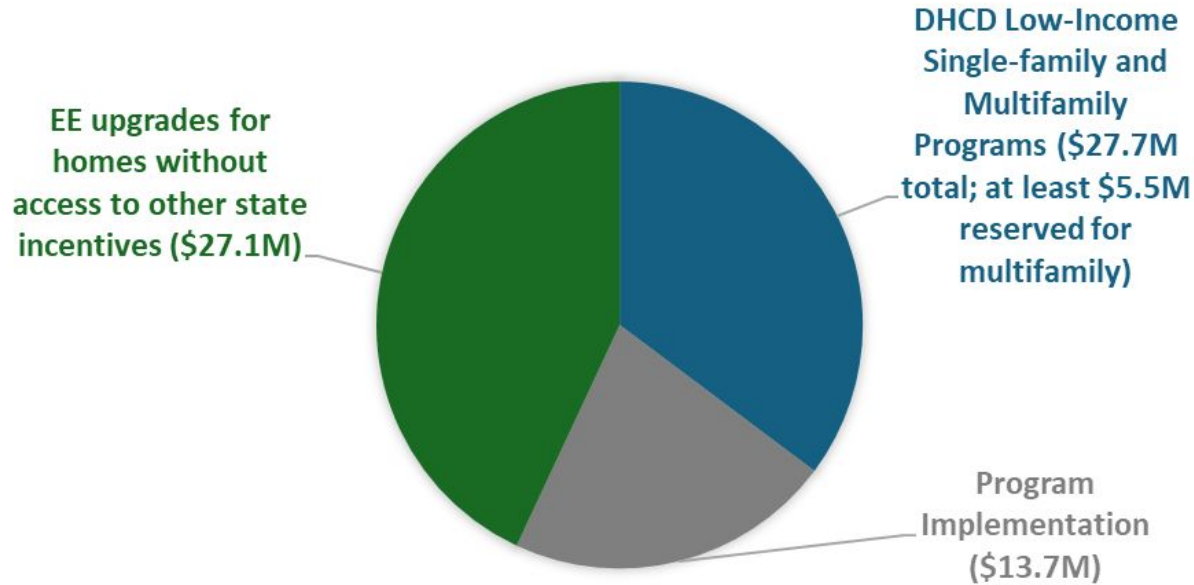
MEA Goals for IRA Programs

- Help Marylanders save money
- Serve residents experiencing low income
- Deliver greenhouse gas reductions, in alignment with state climate goals
- Be mindful of existing energy programs
- Target unmet needs and underserved regions
- Make a meaningful difference

Proposed Distribution of Home Energy Rebate Funds

MARYLAND SECTION 50121 ENERGY EFFICIENCY

\$68,611,060



Proposed Approach – Section 50121 Energy Efficiency

Section 50121 Deployment Pathway #1: Low-Income Households

- MEA proposes to deploy the dedicated low-income and low-income multifamily funding by partnering with the Maryland Department of Housing and Community Development (DHCD), Maryland's housing agency.
- DHCD currently implements several low-income single-family and multifamily energy efficiency programs.

Proposed Approach – Section 50121 Energy Efficiency

Section 50121 Deployment Pathway #2: Residential Energy Efficiency Upgrades For Households Not Served By Other Statewide Programs

- While most Maryland households have had access to state-level, whole-home residential energy efficiency incentives for over a decade, some Maryland homes do not have access.
- MEA proposes to offer Inflation Reduction Act energy efficiency rebates to households in areas where incentives are currently not available, or homes that are ineligible due to the home's heating and cooling systems.

Example of Rebate Levels from Dept. of Energy Guidance

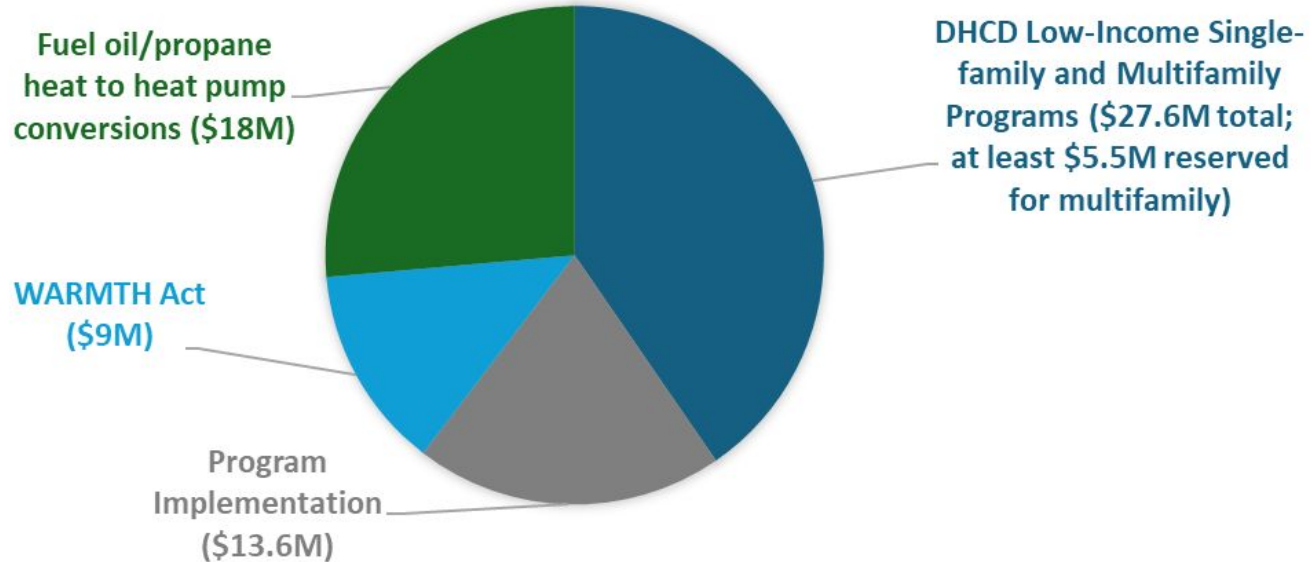
Single-Family		
Modeled Energy Savings	Income Level	Rebate Amount
20%-34%	Less than 80% AMI*	Lesser of \$4,000 or 80% of project cost
	80% AMI and greater	Lesser of \$2,000 or 50% of project cost
35% or greater	Less than 80% AMI*	Lesser of \$8,000 or 80% of project cost
	80% AMI and greater	Lesser of \$4,000 or 50% of project cost

Section 50122: High-Efficiency Electric Home Rebate Program

- Per U.S. Dept. of Energy, the electrification program is available for only low-income and moderate income projects, with incentives varying by income.
 - Threshold for participation: Household income must be 150% (or less) of Area Median Income (AMI)
- Incentives cannot be provided for electric-to-electric replacements.
- All equipment must be ENERGY STAR qualified.

Proposed Distribution of Home Energy Rebate Funds

MARYLAND SECTION 50122 ELECTRIFICATION \$68,212,540



Example of Rebate Levels from Dept. of Energy Guidance

Heat Pump for Space Heating and Cooling — Rebate Amount Not to Exceed \$8,000

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 80%-150% AMI	50% of qualified project cost

Proposed Approach – Section 50122 Electrification

Deployment Pathway #1 - Low Income Households

- MEA proposes to deploy funding required by the U.S. Dept. of Energy to low-income single-family and multifamily housing through the Maryland Department of Housing and Community Development (DHCD).
- DHCD will be able to use these funds for eligible electrification measures, leveraging the agency's existing networks and other program resources, as permissible.

Proposed Approach – Section 50122 Electrification

Deployment Pathway #2 – WARMTH Act Electrification

- The General Assembly of Maryland in 2024 required that \$9 million in Section 50122 funds be reserved for a Working for Accessible Renewable Maryland Thermal Heat (WARMTH) Act pilot.
- Under the pilot, certain gas companies in Maryland will be required to develop a pilot geothermal energy network.
- Section 50122 incentives will be made available to help the households participating in this pilot switch users over to electric appliances.

Proposed Approach – Section 50122 Electrification

Deployment Pathway #3 – Fuel Oil and Propane Conversions to Electric Heat Pumps

- Statewide efficiency programs are not available for homes heated with fuel oil or propane.
- MEA proposes to incentivize the conversion of fuel oil and propane heating systems to electric heat pumps.
- Focusing on these types of electrification projects are anticipated to result in both energy bill and greenhouse gas reductions.
- For homes completing this type of project, MEA will also make available the other Section 50122 electrification incentives.

Maryland's Application – Status

- Maryland Energy Administration in January 2024 filed applications for Early Administrative Funding. U.S. Dept. of Energy approved in July 2024.
- MEA has received \$1.44 million in Early Administrative Funding in total across both IRA programs.
- Early Administrative Funding enabled MEA to hire staff to help the agency design and develop the IRA programs, and assist with the applications.

Maryland's Application – Next Steps

- Next Steps: MEA is finalizing the full program applications and soon will submit them to the U.S. Dept. of Energy.
- The Department of Energy determines the timeline for approvals of MEA's applications.
- Prior to Launch: At least 60 days prior to launch, MEA is required to submit for Dept. of Energy approval a “State Implementation Blueprint.”

Opportunity for Public Comment

- Select “Raise Hand” if you would like to make verbal comments.
- So everyone is able to speak, please limit comments to two (2) minutes.
- Staff will NOT be able to answer questions during the public comment period.
- Written comments also may be submitted to irarebates.mea@maryland.gov.
- Thank you for your input.