

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF ENERGY RESOURCES
Elizabeth Mahony, Commissioner

HER and HEAR Federal IRA Home Rebates Overview for Public Input:

March 1, 2024

Overview: HER and HEAR Federal Rebates

- Massachusetts is allotted \$146 million by the Department of Energy (DOE) from the Inflation Reduction Act over multiple years:
 - Home Efficiency Rebates (HER) - \$73.2 million
 - *Previously called "HOMES"*
 - Home Electrification Appliance Rebates (HEAR) - \$72.8 million
 - *Previously called "HEEHRA"*
- State Offices have until January 2025 to develop a plan for these funds and request funding – DOER plans to apply this Spring
- DOE asks DOER to prioritize at least 41% of funds to low-and-moderate income residents for HER and HEAR
 - This aligns with DOER's equity goals
- DOE also requires that at least \$11.68 million of HER and HEAR funds must go to low-and-moderate income *multi-family building* residents

DOER's Approach to HER and HEAR

Equity

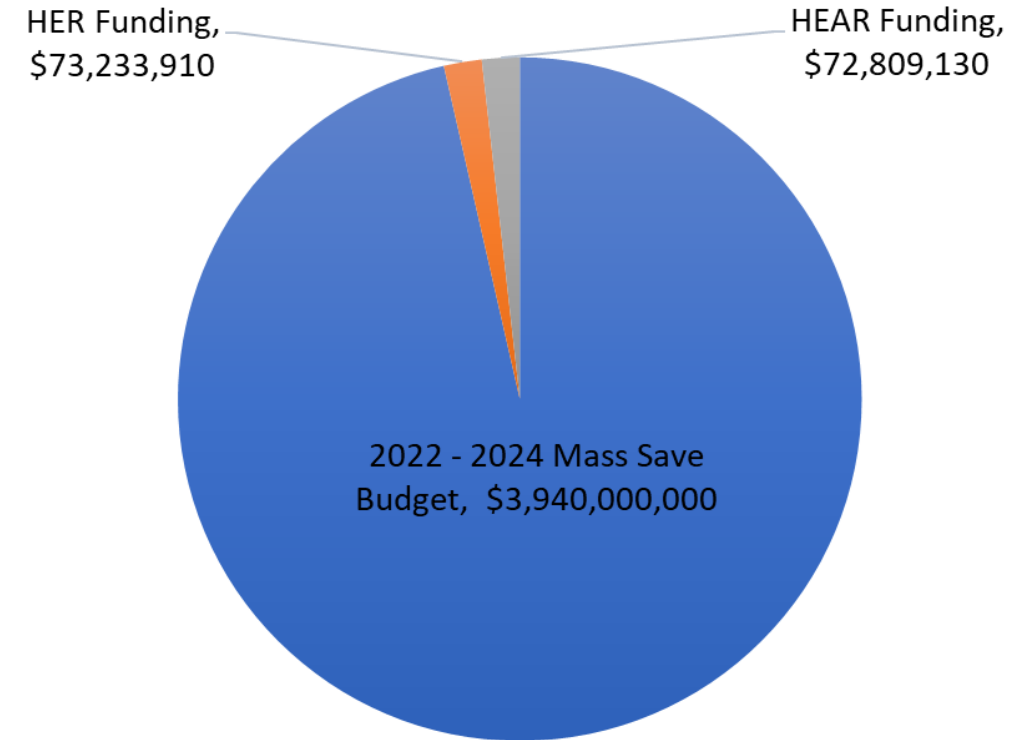
- Healey/Driscoll Administration's equity goals and commitments support DOE directives
- HER+HEAR funds are maximized for residents under 80% Area Median Income

Enhance and Supplement MassSave and MLP

- HER+HEAR funds are a small % compared to Mass Save® budget
- Supplement growing investment in electrification through MLP & Mass Save® offerings

Market Transformation

- Continue Massachusetts' leadership on efficiency and electrification
- HER+HEAR can be deployed as a targeted intervention



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

HER Summary: Home Efficiency \$73.2 Million

DOE Requirements for State Energy Office Program Design

Provide rebates for showing home energy savings vs. prior year from energy efficiency improvements, e.g., insulation, heating, etc.

Table 1: Maximum HER rebate levels per household:

Income level	Energy Savings > 20%	Energy Savings > 35%
Household with income >80% Area Median income	\$2,000	\$4,000
Household with income <80% of Area Median Income	\$4,000	\$8,000

- Existing homes only – need to show historical energy use
- Requires utility-bill-calibrated home energy assessment
- Requires dedicated pool of qualified contractors
- Option to increase rebates for <80% AMI households

DOER Program Proposal: HER

Support delivered fuel customers in MLP communities and affordable housing deep energy retrofits

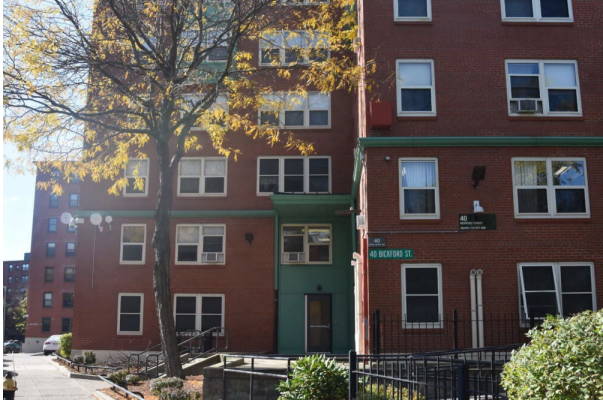
Affordable Housing Decarbonization Grants

- Expand existing DOER grant program by funding additional measures
- Target decarbonization in existing income restricted multi-family units
- Leverage multiple funding sources outside of HER
- Exceed maximum rebate by DOE to target greater energy savings for low-income units

Municipal Lights Plants (MLPs)

- Sustainable home electrification with a focus on heat pumps
- Assist the approximate 15% of Commonwealth without access to Mass Save[®]
- Leverage matching funds from MLPs and RGGI
- Pair with a DOER funded financing package much like the Mass Save[®] Heat Loan for MLPs

DOER's Affordable Housing Decarbonization Program



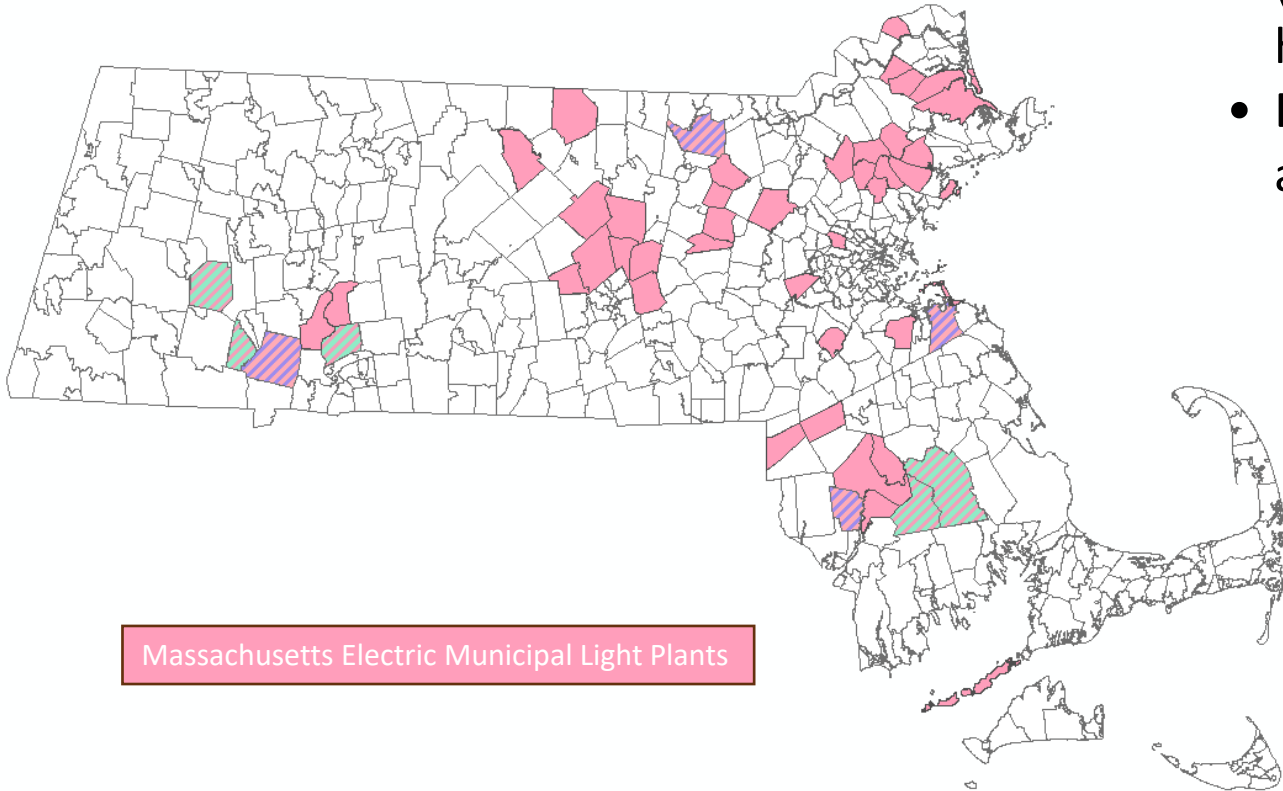
The Boston Housing Authority will retrofit 159 affordable units at the Mildred C. Hailey apartments in Jamaica Plain with the grant money. (Courtesy of the Boston Housing Authority)



The Allston Brighton Community Development Corporation will retrofit and decarbonize 33 apartments on Carol Avenue in Brighton. (Courtesy of the Allston Brighton Community Development Corporation)

- In 2023 DOER established a \$50 million grant program for the retrofit of affordable housing
- HER Funds used for retrofitting existing affordable housing;
 - Deep energy retrofit and efficiency upgrades
 - Building system electrification
 - Onsite renewable generation
- To date, DOER has awarded 10 decarbonization retrofit projects \$27.35 million in funding, representing more than 700 affordable housing units
- Funds from HER would be utilized to expand this opportunity to more affordable housing decarbonization projects across Massachusetts, fill funding gaps and expand the measures covered
- For more information, please visit [here](#)

Municipal Light Plants - \$22m in HER funding + \$9.8m match



- The Commonwealth's 40 Municipal Lights Plants (MLPs) do not currently offer the full breadth of home efficiency programs as Mass Save®
- DOER is proposing HER funds to be used to assist MLP customers;
 - Target moderate income residents with whole home heat pump incentives
 - Matching funds from MLPs
 - Co-fund 'concierge' support for homeowners to pick contractors/scope
- Low interest to 0% financing product, supported much like the Mass Save® HEAT Loan
 - Matching funds from DOER and Federal loan fund
 - Financing would be available for a variety of energy-efficient upgrades—including insulation, heat pumps, and potentially more.

HEAR Summary: Home Electrification \$72.8 Million

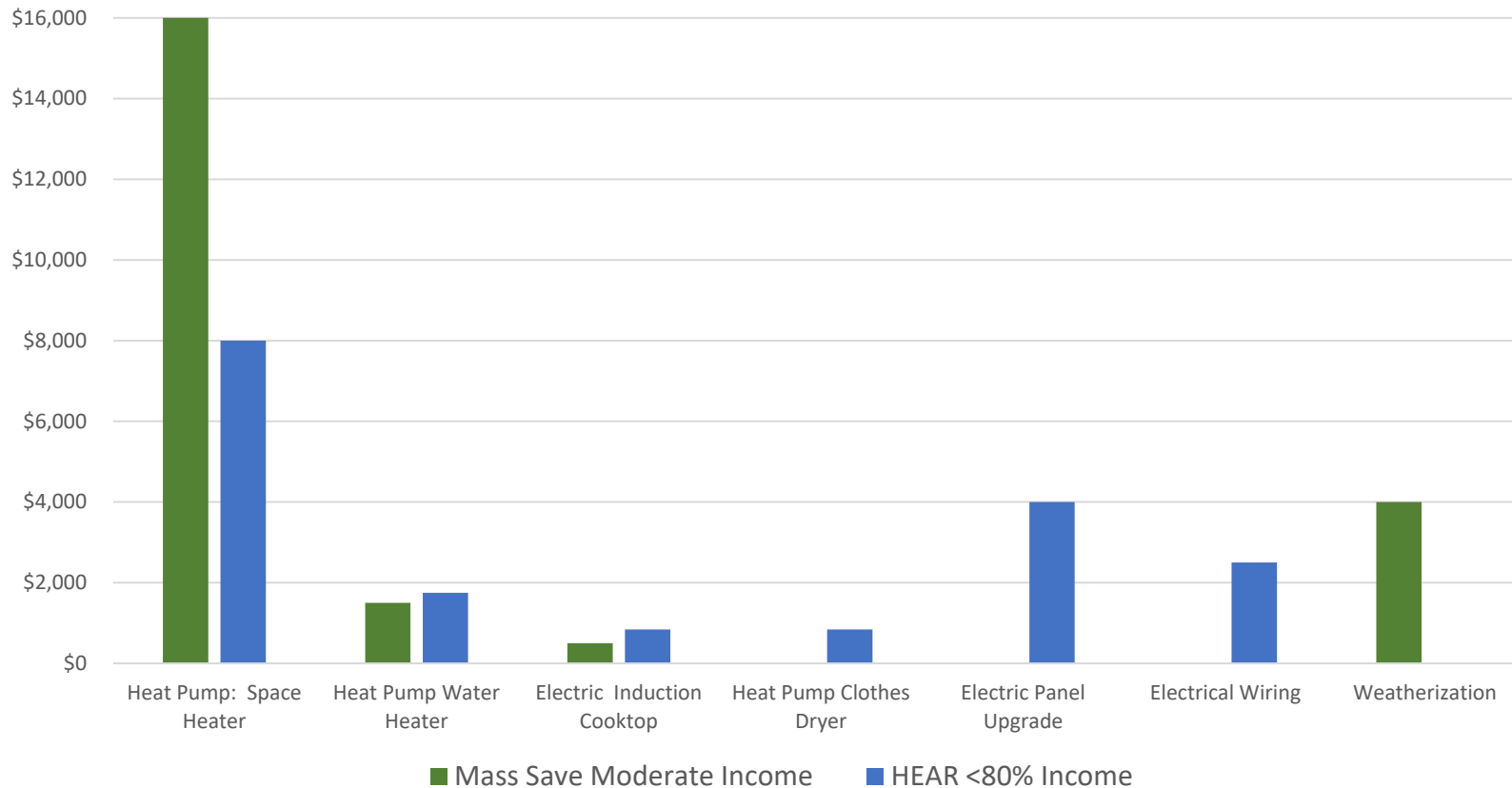
DOE Requirements for State Energy Office Program Design

- Home Electrification Appliance Rebate (HEAR) funding provides rebates for residential home electrification
- Caps on specific technologies:
 - Household cap of \$14,000
 - Multi-Family building cap of \$400,000
 - Maximum of \$500 for contractors
- Rebates by income eligibility
 - Under 80% AMI – Total cost up to cap
 - 80% - 150% AMI – 50% cost up to cap
- No flexibility for other measures
 - e.g. can't fund windows or EV chargers
 - Can't exceed set rebate amounts

Measures eligible for HEAR rebate:	Rebate 150% AMI < 80% AMI	Rebate < 80% AMI
Heat Pump: Space heating	\$4,000	\$8,000
Heat Pump Water Heater	\$875	\$1,750
Electric induction Stove/Cooktop	\$420	\$840
Heat Pump Clothes Dryer	\$420	\$840
Electric Panel Upgrade	\$2,000	\$4,000
Electrical Wiring	\$1,250	\$2,500
Weatherization	\$800	\$1,600

DOER Program Proposal: HEAR

Proposed Mass Save moderate income program enhancements



- For each measure, moderate income customers will be offered either HEAR or Mass Save rebates to maximize incentivizes
- Use federal funds to expand electrification scope for moderate income Mass Save customers with focus on panel and wiring upgrades to help expand electrification potential
- Program Administrators would disburse to optimize participation by moderate income customers
- Would increase the Commonwealth's total spend on energy efficiency for moderate income customers

Community Benefits Plan

DOE Requirements for State Energy Office for Justice 40

Within the Justice40 section of the Community Benefits Plan, States must provide an overview of benefits to disadvantaged communities that the home efficiency rebates can deliver, supported by measurable milestones. The MA program must include:

- 1. The Commonwealth's definition of disadvantaged communities**
- 2. The Commonwealth's method of encouraging delivery of home efficiency rebates to disadvantaged communities**
- 3. A description of how the Commonwealth will ensure that applicable benefits flow to disadvantaged communities**

DOER will be seeking to apply our existing definitions of [environmental justice populations](#) and gateway cities

The foundation for the DOER program design is to leverage existing programs that have an established track-record of securing measurable benefits for disadvantaged communities

DOER is developing a Community Benefits Plans that will:

- Leverage community group input through the Executive Office of Energy and Environmental Affairs: Justice40 and Equitable Investments Working Group
- Coordinate with existing equity programs such as Mass Save[®], the Mass Save stakeholders, and the federally-funded State-Based Home Energy Efficiency Contractor Training Grant Program (TREC)
- Collect meaningful data and metrics that demonstrate energy savings for disadvantaged communities, leveraging existing experience in energy assessments and building energy reporting

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.