



New Clean Energy Incentives for Your Home [Inflation Reduction Act (IRA) of 2022]

This fact sheet seeks to help you understand the new and updated existing tax credits and rebate programs that can help reduce the cost of energy efficiency, renewable energy, and electric vehicle charging projects at your home. Most of these credits resulted from Congress enacting the [Inflation Reduction Act](#).

Special note on tax credits: Individuals can claim tax credits when filing their annual tax return. You can only claim a credit for the amount of your tax liability. So, if your tax bill is \$5,000, and your tax credit is \$7,000, then you can only claim \$5,000 of the credit. However, you can carry forward unused credits to offset taxes in future years – in this example, you could carry forward \$2,000 to the following year.

Residential Clean Energy Credit (generally single-family ownership)

30% Renewable Energy Investment Tax Credit (Section 25D ITC) Reinstated Until 2032!

As a result of the Inflation Reduction Act, residential renewable energy systems installed after January 1, 2022 will receive a 30% tax credit through the end of 2032. This includes **rooftop solar panels, solar water heating, fuel cells, small wind energy, and geothermal heat pumps**. The Inflation Reduction Act expands the credit to include **energy storage systems (including thermal energy storage); linear generators; microgrid controllers; dynamic glass and biogas properties**. Starting in 2023, energy storage (batteries) are covered whether they are charged by renewable energy or by the grid.

Schedule of Residential Clean Energy Credits (according to Solar Energy Industry Association)

| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Credit Prior to IRA | 26% | 22% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Credit Under IRA | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 26% | 22% | 0% |

Energy Efficient Home Improvement Tax Credit (Section 25C)

The 30% tax credit for energy efficient improvements for homes (Section 25) is extended until 2032. Energy property tax credits are effective for projects completed after January 1, 2023 and before December 31, 2032. Incentives are as follows:

- \$1,200 per year tax credit for energy-efficient skylights, insulation, efficient doors and windows, and so forth.
 - Installations must meet certain efficiency criteria which will need to be documented starting in 2024.

- Home energy audit (up to \$150)
- Electrical panel upgrade (up to \$600)
- Doors (up to \$500)
- Windows & skylights (up to \$600)
- \$2,000 per year tax credit for heat pumps, heat pump water heaters and biomass stoves and boilers.
- The new tax credit eliminates a previous lifetime cap on eligibility and instead limits the credit to \$1,200 annually for most improvements, though taxpayers are able to claim the \$2,000 credit for heating and cooling system upgrades.

Tax Credit for Residential Electric Vehicle Charging for Low-Income and Rural Households (Section 30C)

The 30% tax credit “Alternative Fuel Refueling Property Credit” which applies toward the costs of qualified electric vehicle charging equipment has been renewed in certain communities until January 1, 2033.

- Certain low-income and non-urban communities are eligible for a tax credit of 30% off up to \$1,000 of home EV charging equipment
- Applies to equipment used to charge an electric vehicle
- Applies to “bidirectional” charging equipment which can charge an electric vehicle and discharge electricity to the grid. (Most vehicles aren’t capable of this at this time. The Nissan Leaf is able to discharge to the grid.)

Rebates for Home Upgrades:

The Inflation Reduction Act created two new grant programs that will be administered by State Energy Offices, though participation by states is optional and each state must apply for funding. Rebates are based on income level and energy savings. We anticipate that grants will be available sometime in 2023, unless the state of Utah chooses not to participate.

The Home-Owner Managing Energy Savings rebate program (HOMES Program):

- Can be used *in addition to* home energy efficiency tax incentives.
- Eligible for 50% of the cost of energy efficient improvements/retrofits at existing residences up to a dollar cap.
 - If you cut energy use by 20%: rebate up to \$2,000 or half the cost of the retrofit, whichever is less.
 - If you cut energy use by 35%: rebate up to \$4,000 or half the cost of the retrofit, whichever is less.
- If your income is 80% or less of an area’s median income (AMI), then the above amounts are doubled to \$4,000 and \$8,000 respectively.
- Households cannot claim both a HOMES Rebate and another federal grant or rebate for the same energy improvement.
- Applies to multi-family building owners as well which can assist renters. Above limits applicable per unit up to a maximum of 100 units.

High-Efficiency Electric Home Rebate Program:

- Rebates apply to households earning 150% or less of an area’s median income (AMI). See https://www.huduser.gov/portal/datasets/il/il2022/select_Geography.odn to find AMI for your region. For example, a family of four in Salt Lake County has a Median Family Income for 2022 of \$102,400, so 80% - 150% AMI is approximately \$80,000-\$150,000 income limit, and less than 80% AMI is less than an approximate \$80,000 income limit.
- Households with income below 80% of AMI, can claim a rebate up to the **full cost** of their upgrades. The dollar cap on this rebate is subject to the maximum rebate amounts below and **up to a household cap of \$14,000**.
- Households with income between 80% and 150% AMI, can claim a rebate up to **half the cost** of their upgrades. The dollar cap on this rebate is subject to the maximum rebate amounts below and **up to a household cap of \$14,000**.
- Examples of allowed rebate amounts:
 - Heat pump water heater: up to \$1,750
 - Heat pump for space heating and cooling: up to \$8,000
 - Electric stove or electric heat pump clothes dryer: up to \$840 each
 - Electric load service center upgrade: up to \$4,000
 - Insulation, air sealing and ventilation: up to \$1,600
 - Electric wiring: up to \$2,500
- Next Steps: We are awaiting guidance from the Federal Government on what the rebate programs must include, and we will then work with the Utah Office of Energy Development to create an exemplary program.

Disclaimer: These explanations are our best, current understanding and may change when these rebate programs are enacted.

<https://www.cnbc.com/2022/09/03/inflation-reduction-act-when-to-claim-climate-tax-breaks-rebates.html>

<https://www.cnbc.com/2022/08/13/how-to-qualify-for-inflation-reduction-act-climate-tax-breaks-rebates.html>

https://www.whitehouse.gov/cleanenergy/?utm_source=www.cleanenergy.gov