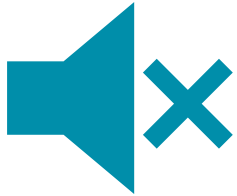




Minnesota Home Energy Rebates Online Public Informational Session #2

October 7, 2024

Welcome Minnesotans!



All lines are muted



We are recording this
meeting



Use Q/A box for
questions

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Respondents should only submit information they wish to make publicly available and should not enclose any information considered confidential or inappropriate for public disclosure.

- Program Planning Updates
- Program Design Updates
- Consumer Journey Example
- What's Next
- Questions

Planning Updates and Recap

Planning Updates



Analysis, Research and Interviews

- Incentive Stacking and Braiding Analysis
- *RMI*
- Residential Building Characterization
- *Greater Minnesota Housing Fund*
- Workforce Development Assessment
- *Elevate*



Stakeholder Engagement

- In-person public forums
Summer 2024
- Advisory Group and Subcommittees
June - present



DOE HEAR Award

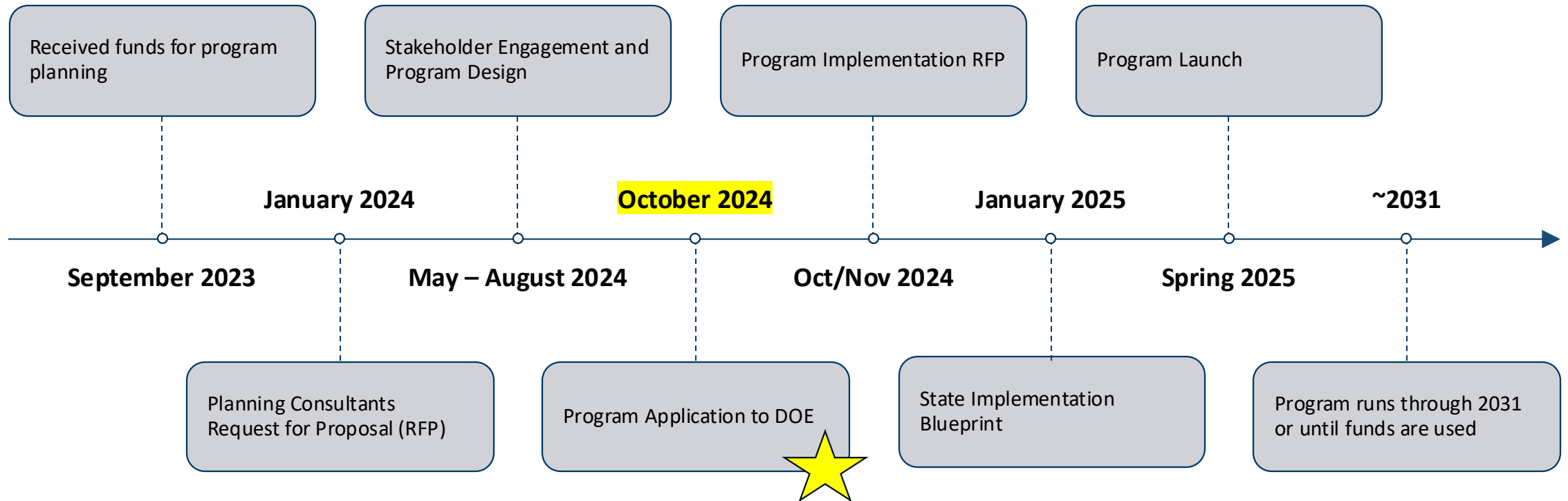
- Minnesota awarded \$74M for the Home Electrification and Appliance Rebates (HEAR) on September 30, 2024.

Minnesota Home Energy Rebates – HOMES and HEAR

	Home Efficiency Rebates (HOMES)	Home Electrification and Appliance Rebates (HEAR)
Funds Allocated	\$74,311,171	\$74,027,440 *
Approach	Whole-house energy savings	Point-of-sale rebate for specific electrification and appliances
DOE Eligibility	All income levels	Low- or moderate-income households only

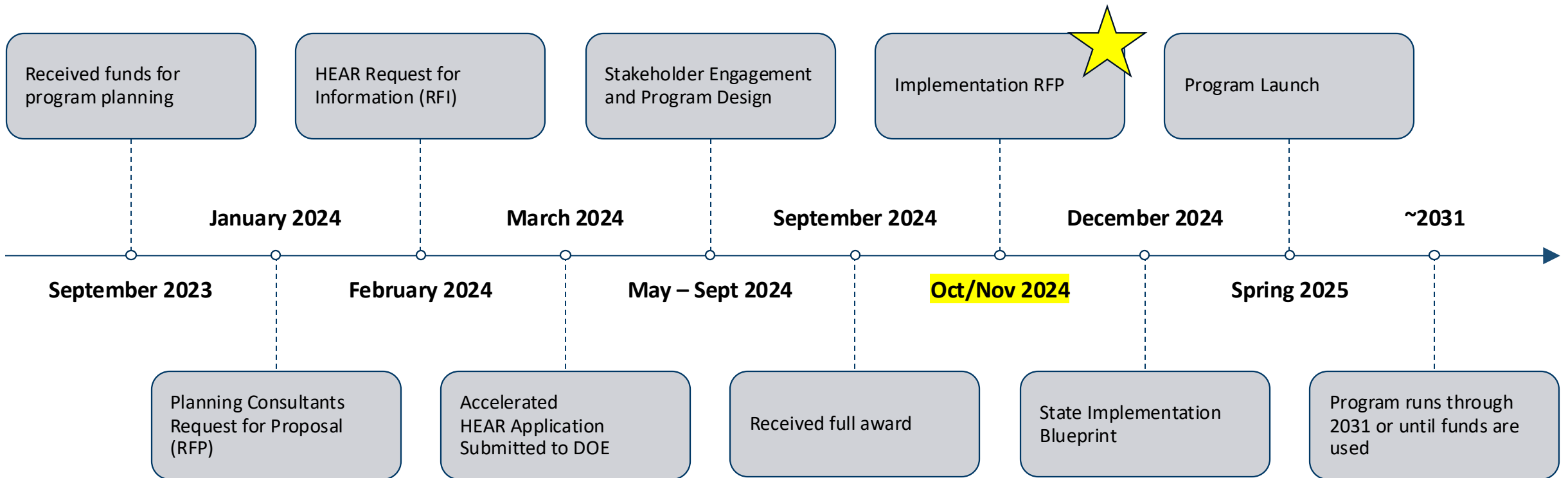
**Amount awarded to Minnesota*

HOMES Anticipated Program Timeline



*Timeline subject to change

HEAR Anticipated Timeline



*Timeline subject to change

Minnesota Program Design Updates

HOMES and HEAR Decisions

HOMES and HEAR

- Disadvantaged Community Area
- Low-Income Allocations
- Categorical Eligibility
- Incentives
- Retroactive Rebates
- New Construction
- Self-Installation

HOMES

- Modeled vs Measured Pathway

HEAR

- Eligible Technologies and Rebate Amounts

Terms and Definitions

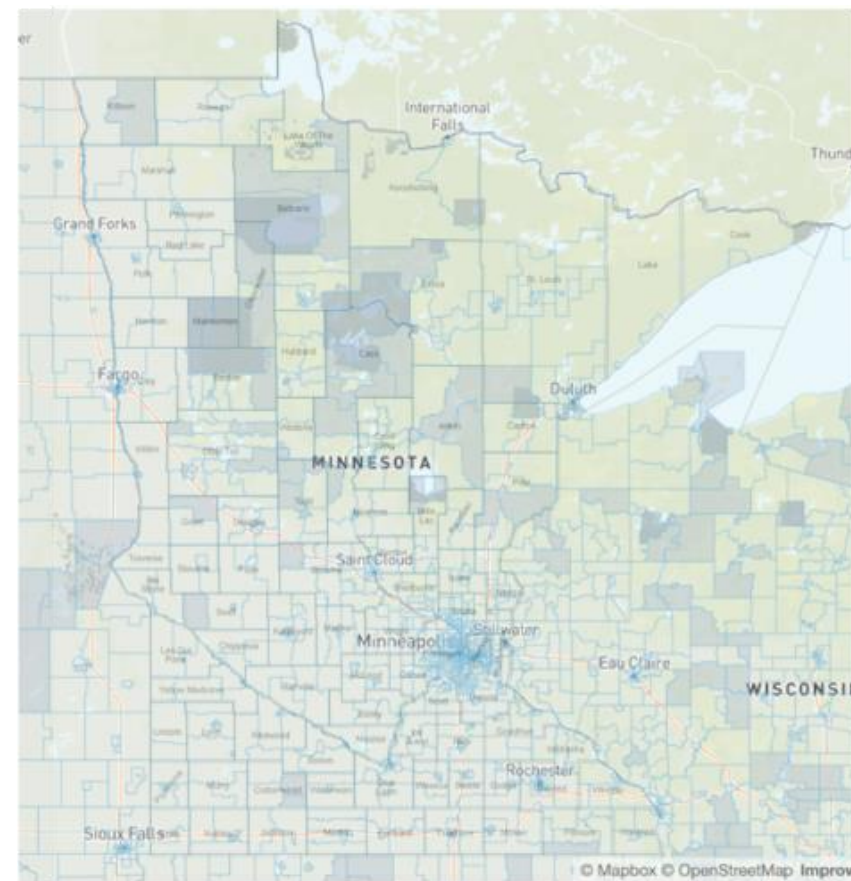
- **Aggregator** – An entity that engages with multiple single-family homes and/or multifamily buildings for the purpose of combining or streamlining projects as allowed by the state.
- **Area Median Income (AMI)** – Values calculated by household size of the median income of the geographic area in which the household is located, as reported by the Department of Housing and Urban Development. Minnesota’s 2024 AMI can be found [here](#).
- **DOE** – United States Department of Energy.
- **Eligible Entity (HEAR)** -- a low- or moderate-income household, or an individual or entity that owns a multifamily building not less than 50% of the residents of which are low- or moderate-income.
- **Eligible Entity Representative (HEAR)** – Governmental, philanthropic, commercial, and nonprofit organizations that apply for and receive a rebate on behalf of an eligible household and performs the installation of the Qualified Energy Project.
- **HEAR** – Home Electrification and Appliance Rebates (50122).
- **HOMES** – Home Efficiency Rebates (50121).
- **Low-income household** – A household below 80% AMI.
- **Low-income multifamily building** – A building with at least 50% of households with incomes less than 80% AMI.
- **Moderate-income household** – A household between 80% and 150% AMI.
- **Multifamily building** – A single building containing at least two dwelling units used for residential purposes.
- **The Planning Team** – The Team of firms Commerce contracted with to perform planning and administrative activities in preparation for submitting full applications and program plans to DOE.

Disadvantaged Community Definition

- **Home Energy Rebates must align with Justice40 Initiative**, directing states to focus 40% of the benefits of Federal investments to disadvantaged communities (DACs).
- **DOE Definition of a DAC:** A low-income household located within an area identified by the [Climate and Economic Justice Screening Tool \(CEJST\)](#).

Minnesota Decision: Adopt DOE's DAC definition.

- Aligning HOMES and HEAR
- Use additional tools for outreach purposes – such as Green Zones; Geographic Proxy Methods



Minnesota CEJST Disadvantaged Communities
<https://screeningtool.geoplatform.gov/en/#5.46/46.051/-93.732>

Low-Income and Low-Income Multifamily Allocations

DOE Minimum Requirements: Low-Income Allocation

- States must set-aside a % of its total rebate funding to low-income households in line with its % of low-income households.
- For Minnesota, this percentage equals 39.7% of state households.

DOE Minimum Requirements: Low-Income Multifamily Allocation

- States must set-aside at least 10% of its rebate funding to serve low-income multifamily buildings.
- This allocation is additional to and separate from the allocation for low-income households.

Example: Low- vs. Moderate-Income

County	Low-Income	Moderate-Income
	<80% AMI (2024) Household Size 4	80-150% AMI (2024) Household Size 4
Hennepin	< \$97,800	< \$186,300
Redwood	< \$73,300	< \$137,400
Otter Tail	< \$74,400	< \$139,500

Source: [Minnesota's 2024 Area Median Income Table](#)

Low-Income and Low-Income Multifamily Allocations

	HOMES		HEAR	
	DOE Required	Minnesota	DOE Required	Minnesota
Low-Income Allocation	39.7%	50%	39.7%	40%
Low-Income Multifamily Allocation	10%	10%	10%	25%
Total Low-Income Allocation		60%		65%

HOMES and HEAR - Categorical Eligibility Background

What is categorical eligibility?

- One way states can verify income-eligibility for the Home Energy Rebates programs.
- Households already enrolled in certain federal or state low-income programs are deemed eligible.
- These households will not have to submit additional documentation for income verification.

Example

- If a household is enrolled in the Energy Assistance Program (EAP), it meets categorical eligibility and does not have to submit additional documentation for income verification.

HOMES and HEAR - Categorical Eligibility

DOE-Approved Federal Programs

- Low Income Home Energy Assistance (LIHEAP or EAP)
- Medicaid
- Supplemental Nutrition Assistance Programs (SNAP)
- Head Start
- Lifeline Support for Affordable Communications (Lifeline)
- Food Distribution Program on Indian Reservation (FDPIR)
- National School Lunch Program (NSLP)
- Housing Improvement Program (HIP)
- Housing Opportunities for Persons with AIDS
- Supplemental Security Incomes (SSI)
- Weatherization Assistance Program (WAP)*
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)*

DOE-Approved Recognized Housing Programs

- Public Housing
- Privately owned multifamily buildings receiving project-based assistance (Section 8, Section 202, Section 811)
- Privately owned multifamily buildings that house residents receiving tenant-based assistance
- Low-Income housing tax credit (LIHTC)

Additional Programs

- The state will propose additional state and local programs for categorical Eligibility
- Requires approval from DOE

**Additional verification may be required*

HOMES and HEAR - Installation Incentives Background

HOMES

- A \$200/home incentive is available to contractors and aggregators for completion of projects in disadvantaged communities. No additional incentives are allowed per Program Requirements.

HEAR

- States may provide **installation incentives (up to \$500)** to Eligible Entity Representatives:
 - Governmental, philanthropic, commercial, and nonprofit organizations that apply for and receive a rebate on behalf of an eligible household and perform the installation of the Qualified Energy Project.
- These are in addition to recipient rebates and cannot exceed \$500 per dwelling unit.
- For multifamily, States must establish a maximum incentive threshold per building.

HEAR - Minnesota Installation Incentives

- Max incentive per household in non-metro counties*: \$500
- Max incentive per household in metro counties*: \$250
- Multifamily cap: 100 units
- Incentivize projects in:
 - DACs
 - Delivered fuel homes
 - Electric resistance heated homes
 - Mobile/manufactured homes
- Incentivize technologies: envelope-first

**Metro counties defined as: Anoka, Dakota, Hennepin, Ramsey, and Washington*

HEAR Installation Incentives

Activity	Incentive
Substantial installation within a DAC (excluding stoves and heat pump dryers)	\$200
Substantial installation in delivered fuel OR electric resistance heated homes, OR mobile/manufactured homes (excluding stoves and heat pump dryers)	\$150
Insulation installation	\$150
Air sealing and ventilation	\$150

HOMES and HEAR - Retroactive Rebates

HOMES

- DOE guidelines allow for retroactive rebates back to August 16, 2022 (date of Inflation Reduction Act enactment).
- Until program design is complete for the HOMES rebate, we cannot guarantee what will qualify for a retroactive rebate.

HEAR

- Per DOE guidelines, retroactive rebates are not allowed.

HOMES and HEAR - New Construction

HOMES: New construction is not eligible per DOE Program Requirements.

HEAR:

- Per DOE Program Requirements, states may allow a household to receive a rebate for a qualified electrification project as part of new construction.
- States may also restrict program eligibility to a narrower set of households, existing conditions, and/or technologies.

Minnesota Decision - HEAR

- Some new construction allowable.
- Details not yet finalized, but there will be eligibility limits, with potential caps on total rebates going to new constructions versus retrofits.

HOMES and HEAR - Self-Installation

- HOMES: Per DOE Requirements, self-installations are not eligible.
- HEAR: States have the flexibility to allow self-installation for certain equipment.

Minnesota Decision - HEAR

- Some technologies allowed to be self-installed:
 - Induction stove, cooktop, range or oven
 - Heat pump water heater
 - Heat pump clothes dryer

HOMES - Modeled vs. Measured Pathway Background

States can take two potential approaches:

- **Modeled Energy Savings:** home energy assessment performed by a qualified contractor using a calibrated energy model consistent with BPI-2400 standard. Rebate amount is dependent on estimated energy savings.
 - Requires minimum of 20% estimated savings and at least one major upgrade
- **Measured Energy Savings:** relies on energy savings achieved, quantified post-project implementation using a DOE-approved open-source measurement and verification methodology. Rebate amounts are based on measured savings.
 - Requires a minimum of 15% measured savings
 - Measurement must occur no less than nine months after project completion

HOMES - Modeled vs. Measured Pathway

Minnesota Decision: Selected the modeled pathway. Will explore a measured pathway as a pilot.

Modeled pathway allows for:

- Faster application process
- Faster stand-up
- Lower administrative costs

Measured pathway less prevalent across country, and works best in:

- Areas with established contractor networks with experience in these programs
- Areas with equal distribution of smart meters (paper bills lead to higher administrative burden)
- States where there is already close coordination between energy offices and utilities

Note: Allowable technology and maximum rebate amounts for HOMES is not yet decided.

HEAR - Eligible Technologies and Rebate Amounts

Minnesota Decision:

Single Family: All eligible technologies from the DOE list are allowed, adhering to maximum rebate amounts.

- Air source heat pumps, at a minimum, must be ENERGY STAR certified cold climate models. Additional specifications under review.
- Extra specifications for other technologies still being finalized

Multifamily: Details regarding eligibility and rebate amounts are still being finalized.

HEAR - Eligible Technologies and Rebate Amounts

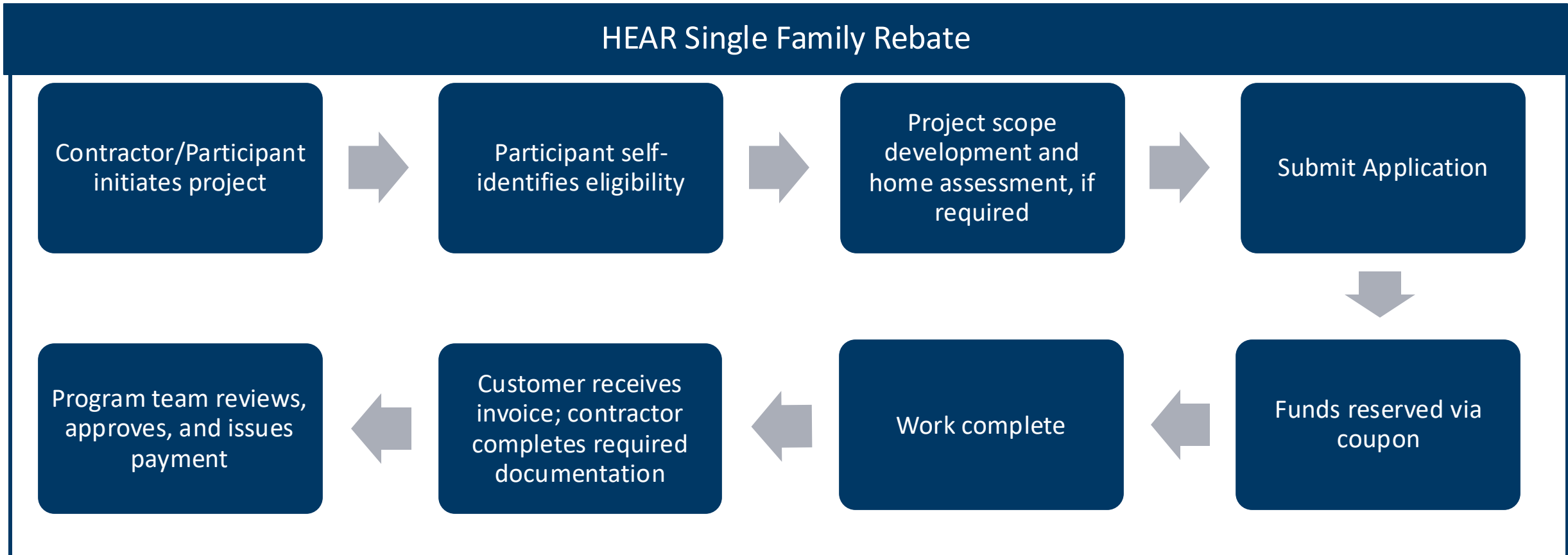
Single Family HEAR - Eligible Technologies and Rebate Amounts

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 Per Household		\$14,000

Rebate Limitations		
Eligible Rebate Recipient	Income Level	Rebate Amount Not to Exceed
LMI Household* or Eligible Entity Representative	Less than 80% AMI	100% of qualified project cost
	80% - 150% AMI	50% of qualified project cost

*LMI Household= Low-moderate income

Example of Consumer Journey



Note: This is an oversimplified path of one possible rebate process and does not include all the possible steps that might be included in a project.

- Utility Meeting
 - October 15 via Zoom
- Advisory Group Meeting
 - October 22 via Zoom
- Submit HOMES application to DOE
- RFPs released for Implementation Contractor



How to Stay Engaged

[Online Comment Form](#)



[Public Engagement Page](#)



[Subscribe to the Consumer Announcements newsletter](#)

- Receive email updates
- For individual consumers, homeowners, renters, and the general public.



- Post questions in Q&A box
- If we are unable to get to you, we will review questions internally and some may be answered in the [FAQ](#).
- Submit additional questions to residential.rebates.comm@state.mn.us
- For updates, visit: <https://mn.gov/commerce/energy/consumer/energy-programs/home-energy-rebates.jsp>

Thank You!

Commerce Home Energy Rebates Website:

<https://mn.gov/commerce/energy/consumer/energy-programs/home-energy-rebates.jsp>