ACCESS YOUR NEW IRA ACCOUNT

FINANCIAL INCENTIVES FROM THE 2022 INFLATION REDUCTION ACT
TO REDUCE ENERGY NEEDS AND ELECTRIFY EVERYTHING
IN YOUR HOME OR APARTMENT (AND YOUR RIDE)

April 20, 2023

IRA Workshop Topics

- Federal income tax credits and point-of-sale rebates
- Incentives for home
  - weatherization
  - energy efficiency
  - electrification
  - clean energy systems
  - electric vehicle (EV) and electric vehicle charging

IRA Incentives Available Now

Tax credits

- home energy audits
- home electrical panel upgrades
- home appliance upgrades
- heating / cooling system upgrades
- clean energy systems
- purchase of a new or used EV and installation of home charging
- lease of an EV

SPECIFIC CRITERIA APPLY FOR EACH CATEGORY AND APPLIANCE

Tax Credits for Home Energy Upgrades

- For purchase and installation* from 1-1-23 through 12-31-32
- For existing home and principal residence
- Efficiency tax credit capped at $3,200/yr ($2,000 + $1,200)
- Heat pump and biomass appliances** (heating / cooling, water heaters, biomass furnaces/boilers) capped at $2,000/yr
- Furnace /boiler & central cooling + home envelope improvements (electrical, windows, doors, air sealing etc.) capped at $1,200/yr

*Installation charges for windows/doors not included

**Geothermal heat pumps subject to separate, higher limits

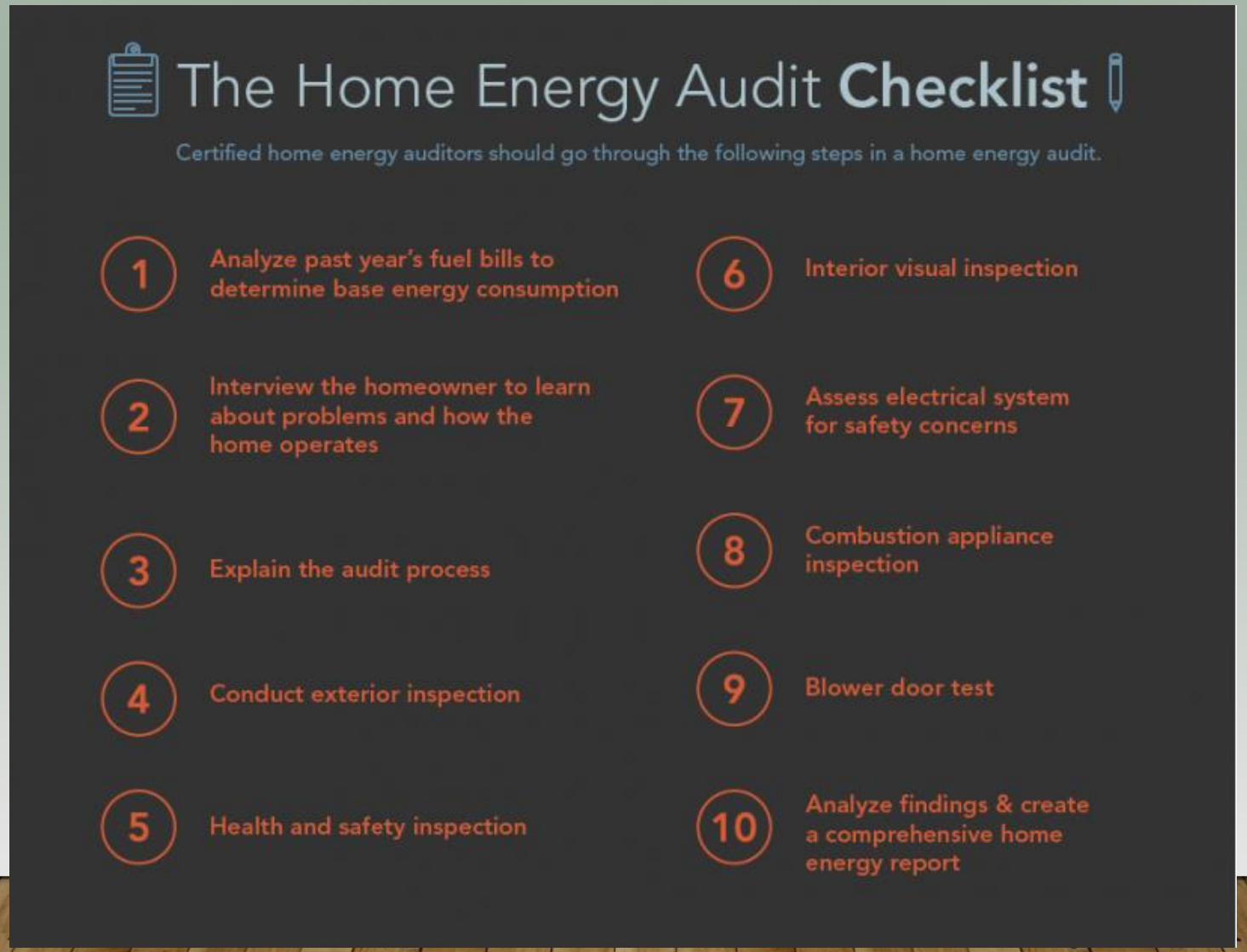
Tax Credits for Weatherization & Efficiency Upgrades

- Home Energy Audits – 30% of costs up to $150
- Insulation – 30% up to $1,200
- Electrical panel upgrades that enable new efficient or clean appliances – 30% up to $600
- Air source heat pumps (ducted and ductless) – 30% up to $2,000
- Heat pump water heaters – 30% up to $2,000
- Windows and skylights – 30% up to $600
- Exterior doors – 30% up to $500 ($250 /door)

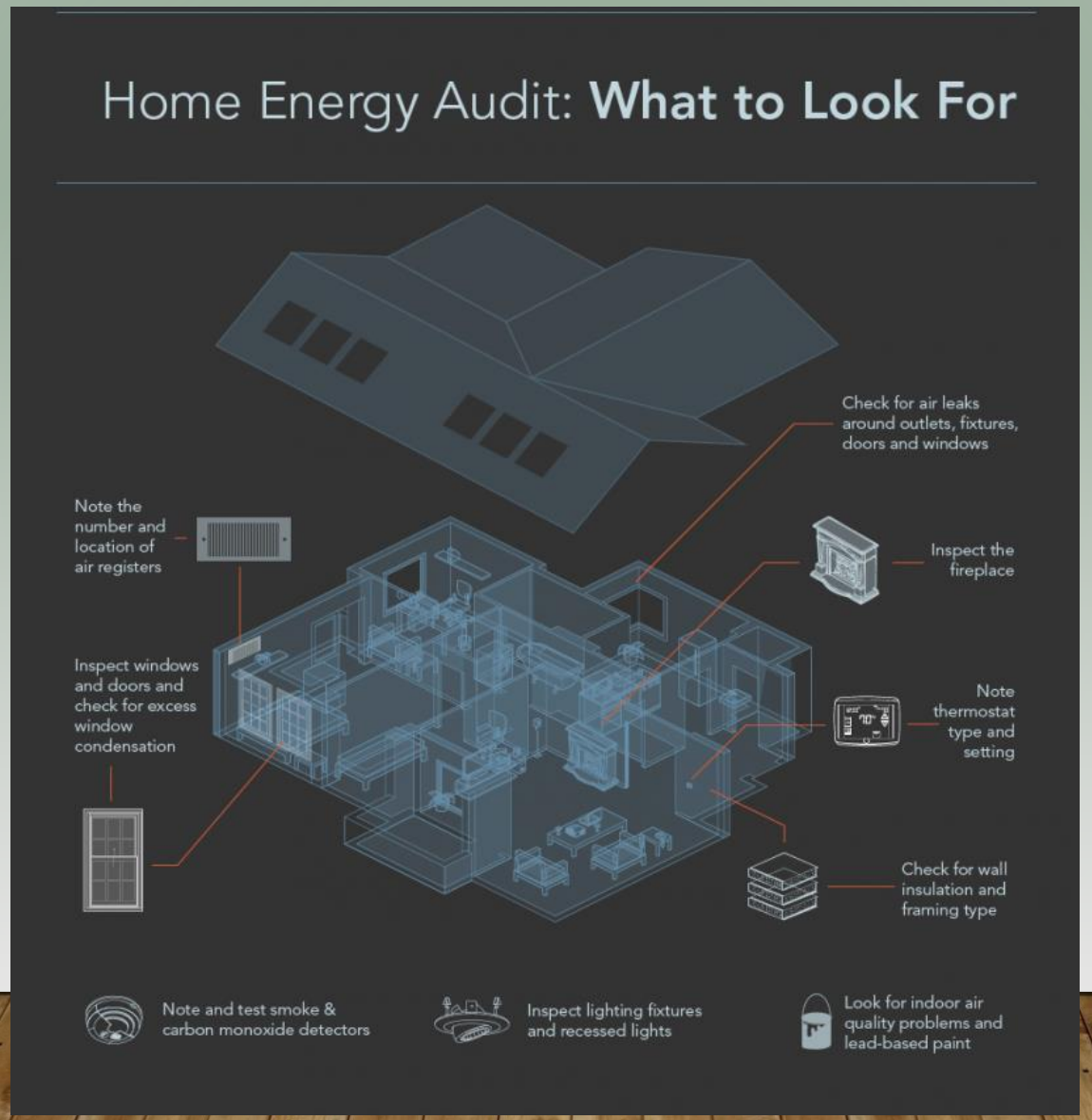
Tax Credits for Home Energy Audits

April 20, 2023

Home Energy Audits contd.



Home Energy Audits contd.



Home Energy Audits contd.

Tax Credits for Residential Clean Energy

- Solar panels (from 2022!) and solar water heaters
  - not for pool or hot tub
- Geothermal (from 2022!)
- Small wind turbines (from 2022!)
- Battery storage – from 2023
- Available through 2034 (but start to reduce after 2032)
  - currently 30% (no cap!)
  - existing homes, new construction but *not* rentals
  - does not need to be principal residence
  - *can* rollover credit to subsequent tax year!
- Fuel cells – different criteria apply ($500 per ½ kW etc.)
  - principal residence only
  - same time period as other technologies above

Tax Credits for Renters

- Portable appliances owned by renter – e.g. induction stovetop, countertop oven, efficient clothes washer/dryer, heat pump clothes dryer
- Window-insert heat pumps for heating and cooling – to roll-out ~2024
- Used EV and new EV purchases (see later)

Educate landlord regarding incentives based on tenants' low income

- Electrical system and wiring upgrades
- Heating / cooling system upgrades, heat pump water heater
- Efficient, heat pump technology laundry appliances
- Efficient kitchen appliances

Available Soon – Appliance Rebates

- Starting in late 2023 or early 2024, through 2031
- Energy Efficiency and Electrification categories
- Point-of-sale discounts up to $14,000/household
- For single-family, multi-family, owners and renters
- Income qualification
- Exact details still being determined

Up to $4,000

Up to $1,750

Up to $540

Up to $8,000

Available Soon – Home Energy Rebates

- Electrification rebates restricted to those making <150% Area Median Income (AMI)
- No income limit for efficiency rebates
- Rebate amounts related to modeled or measured energy savings
- Exact details still being determined

HUD 2022	1 person household	2 Person Household	3 Person Household	4 Person Household
Cheshire				
80% AMI	52,950	60,500	68,050	75,600
150% AMI	99,300	113,400	127,650	141,750
Hillsborough*				
80% AMI	$61,350	$70,100	$78,850	$87,600
150% AMI	$115,050	$131,400	$147,900	$164,250
Sullivan				
80% AMI	52,950	60,500	68,050	75,600
150% AMI	99,300	113,400	127,650	141,750

*excludes Greenville, which is part of Nashua Metro area, with separate figures

Upfront Rebates

How Much Money is Potentially Available Per Household?

Households with Incomes above 80% Area Median Income[1]	Efficiency[2]	Lower energy savings: 50% of project costs up to $2,000 Higher energy savings: 50% of project costs up to $4,000
	Electrification	50% of project costs up to $14,000 (Household income must be below 150% AMI)
Households with Incomes Below 80% AMI[1]	Efficiency[2]	Lower energy savings: 80% of project costs up to $4,000 Higher energy savings: 80% of project costs up to $8,000
	Electrification	100% of project costs up to $14,000
Multifamily/Rental Housing Building Owner	Efficiency[2]	Lower energy savings: $2,000/unit up to $200,000 Higher energy savings: $4,000/unit up to $400,000
	Electrification	50% of project costs up to $14,000/unit (>50% of units must have income <150% AMI)
Multifamily/Rental Housing Building Owner with >50% of Households <80% AMI[1]	Efficiency[2]	Lower energy savings: 80% of the project cost up to $4,000/housing unit Higher energy savings: 80% of the project cost up to $8,000/housing unit
	Electrification	Lesser of 100% of project costs or $14,000/unit

[1]See Area Median Income (AMI) for your area: https://www.huduser.gov/portal/datasets/il/il2022/select_Geography.odn

[2]Other rebate amounts (roughly within these ranges) may be available if efficiency rebate rates are determined through measured performance.

Upfront Rebate Examples of Two Households

Smith Household in Allentown, PA

The Smiths want to insulate their home to make their home more comfortable and save on energy bills.

Smith income: $68,000
80% AMI for Allentown, PA: $72,500
Eligible for lower-income rebate level? **Yes**

Project Scope	
Attic Insulation	$3,000
Whole-home air sealing	$1,000
Duct sealing & insulation	$1,500
Smart thermostat	$200
Gross project cost	**$5,700**

Modeled energy savings from project: **24%**
Eligible Rebate: **$4,000**
Project Cost to Smith Household: **$1,700**

Jones Household in Columbia, SC

The Jones' want to update their home's dated electrical systems and save on their energy bills.

Jones income: $72,000
80% AMI for Columbia, SC: $64,500
Eligible for lower-income rebate level? **No**

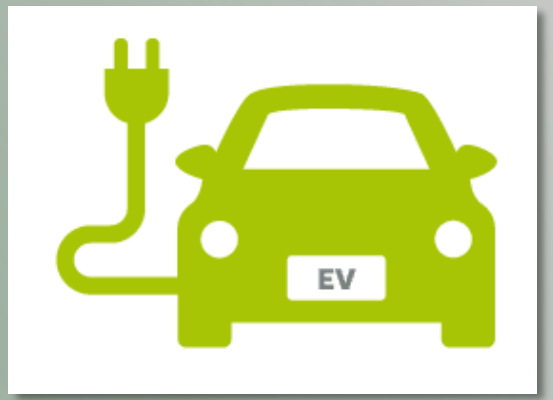
Project Scope	
Electrical panel upgrade	$3,700
Electrical wiring upgrade	$1,800
Electric heat pump	$6,500
Kitchen hood ventilation	$800
Gross project cost	**$12,800**

Over cost limits for technologies or total cost? **No**
Eligible Rebate: **$6,400 (50%)**
Project Cost to Jones Household: **$6,400**

Electric Vehicles

- US car purchases – mostly used
- EV sale proportion of new car sales rising
  - 4.3% (1-'22) ->7% (1-'23)
- EV lease proportion rising dramatically
- EV prices falling
  - Tesla leads, others follow
  - Tesla Model Y price have fallen 20% so far in 2023
- Best EV buyer candidates:
  - New – long commute, gas-guzzler owners, car dead, new EV available
  - Used - short commute, can find used EV
  - Have access to charging, ability to install home charger
- Wait times for new orders highly variable

Electric Vehicle Incentives



- Up to $7,500 tax credit for new, $4,000 for used
- Expected to convert to up-front rebate on 1-1-24
- Lots of specifics including
  - Buyer modified adjusted gross income ($150k / $225k / $300k) in current or previous year (often = Line 11 of 1040), buyer use
  - Buyer's federal income tax owed *in year vehicle placed into service (exception: business use)*
  - Date of purchase (8-17-22->12-31-22 vs 1-1-23->4-17-23 vs. 4-18-23 onwards)
  - EV details – for full credit on new purchases:
    - MSRP <$55k / $80k
    - Final assembly in N. America (US, CA and MX) – sales from 8-17-22 onwards
    - Source of minerals, other components - from 4-18-23 onwards

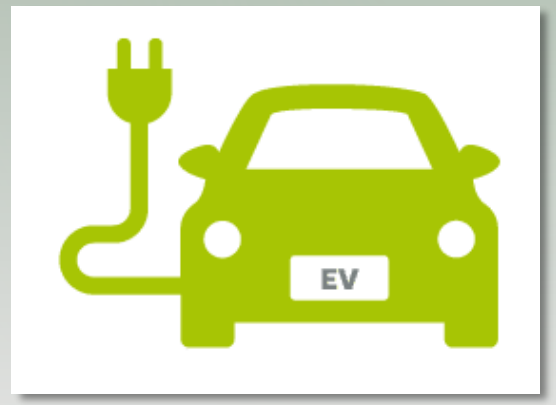
Calculating New EV Tax Credit for 2023 Purchases Before April 18

$2,500 base amount

+ $417 for EV with at least 7 kilowatt hours of battery capacity

+ $417 for each kilowatt hour of battery capacity beyond 5 kilowatt hours

Up to $7,500 total



Buying a Used EV

- For tax credit to apply, income limits same as for new sales ($150k / $225k / $300k)
- Only dealer purchases qualify, not private ones
- Model year at least 2 years prior
- Have not claimed Clean Vehicle credit within previous 3 years
- Purchase price no more than $25,000
- First re-sale of any EV “new” after 8-16-22
- Qualified vehicle, qualified manufacturer

Considerations at Time of EV Purchase

- Date of delivery (not of order) is date of purchase
- Verify vehicle qualified for tax credit with VIN decoder
- Obtain required documentation from dealer, including max. credit amount
  - For sales from 1-1-24, need documentation of transfer credit applied
  - Dealer must file documentation with IRS within 15 days

Home EV Charging

- Some new EV sales include incentive or coverage for home charger installation
- Rural / Low-income census tract EV owners can claim tax credit for 30% up to $1,000
  - NH has 295 census tracts
  - Census tract with poverty rate >/=20% or
  - Census tract with MFI <80% state MFI
    - State MFI $83,449, x 80% = $66,759

Claiming Clean Vehicle Tax Credit

- When filing annual federal taxes complete Tax Form 8936 Qualified Electric Plug-In Electric Drive Motor Vehicle Credit
- Lower-income earners may owe less than applicable credit but *cannot* carry-over credit to another year
  - Businesses may be able to carry-over credit
- Consider reducing withholding in year of acquisition - discuss with tax professional

EV Tax Credit Converts to Up-front Rebate in 2024!

Strategies to Maximize Your "Free Money"

- Check eligibility for NH Saves Home Performance with Energy Star
- Arrange energy audit to identify deficiencies and lowest-hanging fruit
- Evaluate useful remaining life of appliances and personal vehicle
- Determine "tax burden" for max. eligible tax credit per year
  - *Consider spreading out upgrades over several years to take most advantage of incentives*
- Determine income category for rebate program eligibility
- Learn about choices among home appliances of interest
- Learn about heat pump technology
- Can stack rebate and tax credit incentives!
- Look at EV market, available new, leased and used vehicles

Strategies to Maximize Your "Free Money"

Fill In Year!	Buying	Up-front discount, low-income	Up-front discount, moderate-income	Tax credit
2022	Clean electricity			
	Electrical wiring (pre-wire outlets early!)	100% up to $2,500 (HEEHRA)	50% up to $2,500 (HEEHRA)	
	Electrical panel (if under 100-amps)	100% up to $4,000 (HEEHRA)	50% up to $4,000 (HEEHRA)	30% up to $600 (25C) or 30% uncapped (25D), depending on the corresponding upgrade[9]
	Weatherization	100% up to $1,600 (HEEHRA)	50% up to $1,600 (HEEHRA)	30% up to $1,200 (25C)
	Heat pump	100% up to $8,000 (HEEHRA)	50% up to $8,000 (HEEHRA)	30% up to $2,000 (25C)
	Heat pump water heater	$100% up to $1,750 (HEEHRA)	50% up to $1,750 (HEEHRA)	30% up to $2,000 (25C)
	Electric/induction stove	100% up to $840 (HEEHRA)	50% up to $840 (HEEHRA)	
	Heat pump clothes dryer	100% up to $840 (HEEHRA)	50% up to $840 (HEEHRA)	
	New EV	$7,500 (30D)[10]		
	Used EV	30% up to $1,000 (30C)[11]		
	EV Charger	30% up to $1,000 for some census tracts (30C)		
	Rooftop solar	30% (25D)		
	Geothermal heat pump	30% (25D)		
	Battery storage	30% (25D)		

[9] 25C provides households a 30% tax credit for an electrical panel upgrade, capped at $600, if it's upgraded in conjunction with another upgrade covered by 25C (like a heat pump or heat pump water heater). 25D provides households a 30% uncapped tax credit for an electrical panel upgrade if it's upgraded in conjunction with rooftop solar.

[10][11] In 2023, the electric vehicle incentives will be accessible as tax credits. Starting in 2024, these incentives will be transferable to dealerships in exchange for up-front discounts.

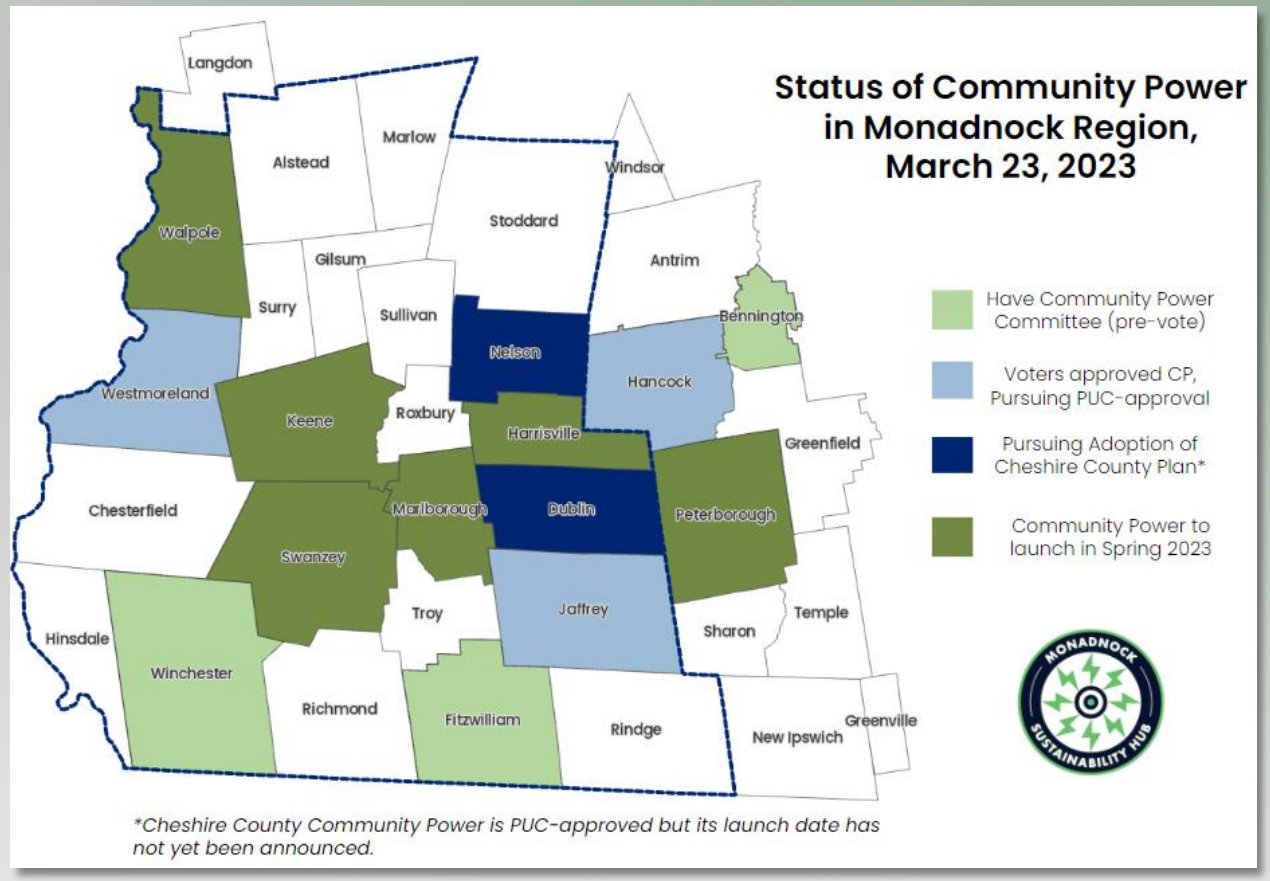
*Not every household will be eligible for every incentive: product standards, income limits, and other eligibility requirements apply. For more information on the incentives, check out our calculator.

April 20, 2023

From Rewiring America Guide to the IRA

MONADNOCK SUSTAINABILITY HUB

Perfect Matches: Home Electrification + Community Power *or* Rooftop Solar



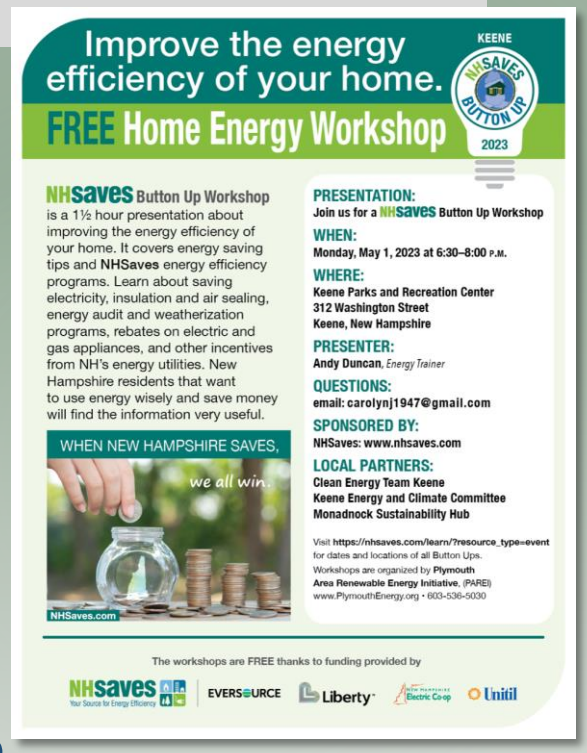
Resources

Late-breaking addition - launched on 4-24-23:
US Dept. of Energy Savings Hub
for homeowners, renters, drivers to
determine their personal tax credit and
rebate options https://www.energy.gov/save

- NH Saves / Home Performance with Energy Star
  - https://energyaudit.nhsaves.com/
- State IRA webpage
  - https://www.energy.nh.gov/rules-and-regulatory/inflation-reduction-act-funding-programs
- Internal Revenue Service
  - Details on tax credit eligibility rules, qualifying EV manufacturers and qualifying EVs
  - New and used EV purchase factsheet https://www.irs.gov/pub/taxpros/fs-2023-08.pdf
- fueleconomy.gov – Advanced vehicles and fuels tab and https://fueleconomy.gov/feg/tax2023.shtml tax credit amounts for new EVs purchased in 2023
- US DOE VIN decoder
  https://afdc.energy.gov/laws/electric-vehicles-for-tax-credit
- Rewiring America – great handouts on savings specifics ie Go Electric guide to the IRA https://www.rewiringamerica.org/

Monadnock Sustainability Hub Programs

- Weatherization and Energy Efficiency
- Community Power
- Community Solar
- Outreach & Education
- Transportation
  - Fleet electrification
  - Drive Electric Expos
  - EV charging infrastructure



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