



Opportunities to Accelerate Energy Efficiency and Retrofit Programs with BIL and IRA

Since 2020, the federal government has passed historic legislation geared at reducing emissions from the building sector and enabling access to the benefits of electrification. The [Bipartisan Infrastructure Law](#) (BIL) provides funding to the Department of Energy (U.S. DOE) for clean energy programs in workforce development, weatherization and energy efficiency home upgrades, and clean energy. Additionally, the [Inflation Reduction Act](#) (IRA) sets the United States on course to reduce greenhouse gas emissions by 40 percent by 2030. In total, the act includes [\\$369 billion for climate action and energy security](#), and includes many provisions to accelerate the adoption of energy efficiency and clean energy technologies. BIL and IRA can play a key role in streamlining and expanding the adoption of weatherization and energy efficiency programs across the region.

Both of these bills make significant investments in energy efficiency and weatherization programs which help the U.S. achieve its carbon reduction goals. [Energy efficiency](#) in buildings is essential as it reduces energy usage and lowers costs. Energy efficiency programs ensure that buildings cost less to heat, cool, and operate. Weatherization strengthens buildings by ensuring that energy is not lost. These measures include insulation, duct sealing, and better windows. With proper design, these programs can create resilient and healthy communities across the region.

Below NEEP outlines available funding and recommendations to help states both *understand* and *utilize* the funding to increase adoption of electrification benefits and grow existing programs.

Available Funding

Bipartisan Infrastructure Law (BIL)

- [Energy Efficiency and Conservation Block Grant Program](#): With a total of \$550 million available, this competitive grant provides funding for eligible local governments, states, and tribes for “reducing usage and fossil fuel emissions, and for improving energy efficiency”.
- [State Energy Program](#): This program has \$500 million available for states and provides funding for “energy conservation measures, renewable energy measures, and programs to increase deployment of clean energy technologies in buildings”.
- [Energy Efficient Revolving Loan Fund Capitalization Grant Program](#): This program has \$250 million for states to provide loans and grants for residential and commercial energy audits, upgrades, and retrofits.
- [Weatherization Assistance Program](#): Available to states, this program allocates \$3.5 billion to install weatherization materials such as attic insulation, caulking, and weather-stripping for low-income households.



Inflation Reduction Act Funding Opportunities (IRA)

- [The HOMES Rebate Program](#): Rebates totaling \$4.3 billion to state energy offices for whole-home retrofit packages based on reduction in home energy use. The program covers building envelope measures, appliances and HVAC replacement, and installation and labor costs, and can be used to replace electric appliances. Homeowners can qualify for up to \$4,000 for completing a whole-house project and moderate-income households can qualify for up to \$8,000. Funding will be available in 2023, but further guidance from DOE will be required for implementation.
- [The High-Efficiency Electric Home Rebate Act \(HEERA\)](#): State energy offices and tribes receive \$4.5 billion to fund efficient electrification of low- and moderate- income households only. The program covers appliances, installation costs, and enabling measures such as upgrading circuit panels, insulation, air sealing, ventilation, and wiring. It includes up to \$14,000 in rebates per project and can be used to replace non-electric appliances. Funding will be available in 2023, but further guidance from DOE will be required for implementation.
- [State-Based Home Efficiency Contractor Training Grants Program](#): \$200 million for state energy offices and tribes to support electrification and contractor training through reducing the cost of training, providing testing and certification of contractors, and partnering with non-profits to develop and implement state programs.

Recommendations

BIL and IRA funding require federal administration or guidance which is still forthcoming, leaving unanswered questions for states and other stakeholders. The first step in utilizing this funding includes understanding its role in the current state framework for energy efficiency and building electrification. The next step will be identifying how to use the funding to meet state needs.

Understanding the Funding

- Coordinate with Stakeholders Such as Utilities, Program Implementers, and Community Agencies to Identify a Pipeline for Projects and Address Any Implementation Barriers. Since different entities are eligible for different grants and loans, states should begin to coordinate with other actors to create a clear flow of funding for program implementation and management. This will allow states to create a holistic picture of who receives the funding and what roles different stakeholders will serve. Through this process, states can start to identify what data and information it will be critical to track from different parties implementing the programs. Creating meetings with utilities, program implementers, and community agencies can serve as a starting point in this process.
- Explore How to Braid Current Funding and Programs with Funding from BIL and IRA to Ensure That All Low- and Moderate-Income Customers Participate in Available Programs. Energy efficiency programs often only consider the energy issues in an individual home such as heating source and lighting, but



other issues such as mold, poor construction, and ventilation may also need to be addressed. As a result, residents may not qualify for efficiency programs if they have other household issues like mold and other health hazards. This can lead to gaps in services that are detrimental to households as a whole. To address this problem, program administrators can braid funding and create programs that offer a wide variety of services that address energy efficiency, health, and other needs.

- **Working With Energy Efficiency Companies and Utilities, Identify Workforce Training Needs and Certifications.** This new funding will create opportunities to grow the energy efficiency workforce through direct grants for workforce training and investing in local business. States will likely need to assist in this effort to make sure that BIL and IRA programs are delivered smoothly and that incentives and funding are utilized to the fullest extent. By working with stakeholders now, states can start to identify where gaps exist in the workforce and identify how federal and local resources can fill these gaps and expand access to the clean energy workforce.
- **Identify Changes to Current Regulatory Structures to Help Accelerate Implementation.** IRA and BIL programs focus on implementing weatherization and electrification measures with specific intent for these measures to serve low- and moderate- income communities. These programs are often more costly to implement and can take longer to fully realize their energy savings. Existing regulatory structures tend to prioritize near term, low-cost savings, over these measures and could deter investment if they are not addressed. [States could consider](#) modifying cost-benefit requirements for programs, changing program metrics and targets, and modifying the structure of implementation for low- and moderate-income programs.

Using the Funding

- **Center Equity in Program Design and Implementation.** The IRA explicitly includes additional funding initiatives for projects in underserved communities with the intent that every resident of the state is able to participate and receive benefits of electrification programs. Creating programs specifically targeted at underserved communities can help increase adoption. States can [take steps now to center equity](#) through initiating a stakeholder process, creating a plan to address known barriers in program implementation, and identifying metrics to measure performance through an equity lens.
- **Create an Educational Campaign to Inform Residents.** The Inflation Reduction Act offers multiple tax incentives, rebates, and assistance (some of which can be combined) for individuals. State leaders and local jurisdictions can develop educational campaigns to assist residents in understanding the benefits and navigating how to access them. One example is a state website on weatherization. In Vermont, [the website](#) provides information to building owners about various energy efficiency initiatives they could take advantage of and provides additional resources, such as contractor information, to help building owners take the first step. As a result of this website, 2,000 homes have been weatherized per year.



- **Consider Complementary Fuel Switching and Electrification Policies.** To grow programs under IRA and BIL and accelerate adoption of fuel-switching technologies, states can look to other policies to complement weatherization and electrification efforts underway. These can include legislatively mandated heat pump targets like in [Maine](#), changes to the state’s energy efficiency portfolio, and implementing a [clean heat standard](#). Additionally, the state can look to create programs to increase education and adoption of efficiency measures, such as a home energy label to provide resources and recommendations for efficiency measures. Vermont created the [Vermont Home Energy Profile](#), which helps homeowners learn about their home energy efficiency and links them to cost-effective and energy reducing measures available with Efficiency Vermont.
- **Pilot Programs that Center Contractors.** Contractors already have an established way to communicate with homeowners and local residents. Using this existing network, states can provide opportunities for local contractors to be part of the clean energy transition and grow their businesses. An example is the [Total Energy Pathways](#) (TEP) program. TEP is a contractor-based program that combines weatherization, electrification, and renewable energy into one package for customers, who then have the opportunity to finance energy improvements with the resulting energy savings from their bill by bundling renewable energy with electrification. Vermont piloted a version of this program, the Zero Energy Now Program, and saw retrofits result in average fossil fuel and grid electric savings of 63.93 percent and average annual energy cost savings of 59.98 percent.
- **Consider How to Implement Replicable Retrofit Programs.** [Scaling retrofit programs](#) is a key step to implement cost-effective climate and energy policy. States can start to consider ways to streamline program offerings through standardizing measures performed on homes with similar typologies. Currently, program administrators implement retrofit programs using custom, one-off measures or more comprehensive approaches designed to fit a specific home. Transitioning to a program that has a suite of offerings based on common home typologies (considering size, age, style, and HVAC systems) or the makeup of a certain neighborhood can expand the reach of programs and allow for a more streamlined approach for both the homeowner and contractor.