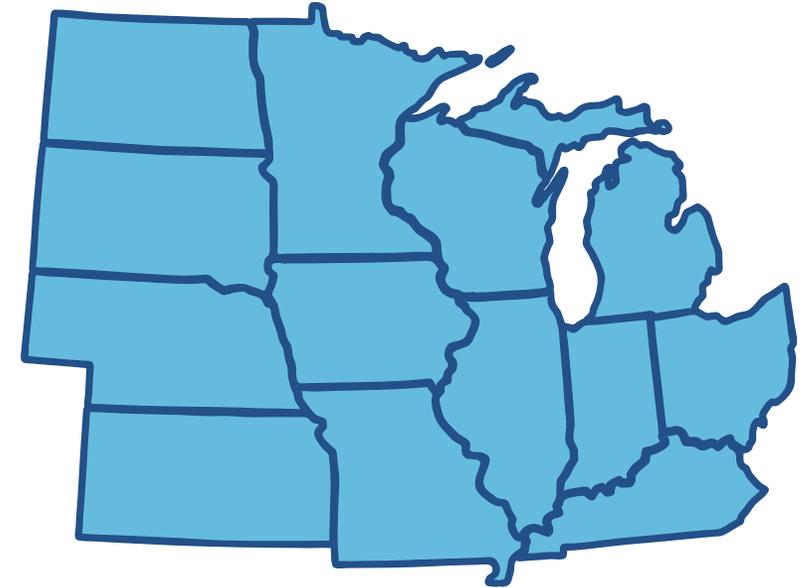


Federal IIJA & IRA Overview



Midwest Energy Efficiency Alliance

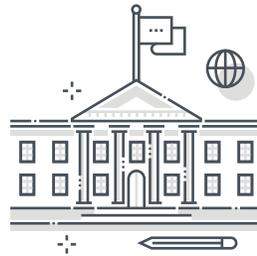
The Midwest Energy Efficiency Alliance (MEEA) is a collaborative network, promoting energy efficiency to optimize energy generation, reduce consumption, create jobs and decrease carbon emissions in all Midwest communities.



MEEA is a non-profit membership organization with 150+ members, including:



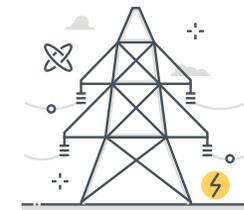
Energy efficiency companies & contractors



State & local governments



Academic & Research institutions



Electric & gas utilities

Justice40 Initiative

Executive Order 14008

- The Federal Government has made it a goal that 40 percent of the overall benefits of certain Federal investments flow to disadvantaged communities that are marginalized, underserved, and overburdened by pollution.
 - What kinds of investments fall within the Justice40 Initiative?
 - The categories of investment are:
 - climate change,
 - clean energy and energy efficiency,
 - clean transit,
 - affordable and sustainable housing,
 - training and workforce development,
 - remediation and reduction of legacy pollution, and the
 - development of critical clean water and wastewater infrastructure.

Justice40 Initiative

Interim Implementation Guidance – July 2021

<https://www.whitehouse.gov/wp-content/uploads/2021/07/M-21-28.pdf>

- Interim Definition of Disadvantaged Communities
 - Community – Agencies should define community as “either a group of individuals living in geographic proximity to one another, or a geographically dispersed set of individuals (such as migrant workers or Native Americans), where either type of group experiences common conditions”
 - Disadvantaged – Agencies should consider appropriate data, indices, and screening tools to determine whether a specific community is disadvantaged based on a combination of variables that may include, but are not limited to, the following:
 - Low income, high and/or persistent poverty
 - High unemployment and underemployment
 - Racial and ethnic residential segregation, particularly where the segregation stems from discrimination by government entities
 - Linguistic isolation
 - High housing cost burden and substandard housing

Justice40 Initiative

Interim Implementation Guidelines – July 2021

- Disadvantaged – Agencies should consider appropriate data, indices, and screening tools to determine whether a specific community is disadvantaged based on a combination of variables that may include, but are not limited to, the following:
 - Distressed neighborhoods
 - High transportation cost burden and/or low transportation access
 - Disproportionate environmental stressor burden and high cumulative impacts
 - Limited water and sanitation access and affordability
 - Disproportionate impacts from climate change
 - High energy cost burden and low energy access
 - Jobs lost through the energy transition
 - Access to healthcare

Justice40 Initiative

Interim Implementation Guidelines – July 2021

- **Covered Programs**

- **Covered Program.** A “covered program” is a Federal Government program that makes covered investment benefits in one or more of the following seven areas:
 - i. Climate change
 - ii. Clean energy and energy efficiency
 - iii. Clean transportation
 - iv. Affordable and sustainable housing
 - v. Training and workforce development (related to climate, natural disasters, environment, clean energy, clean transportation, housing, water and wastewater infrastructure, and legacy pollution reduction, including in energy communities)
 - vi. Remediation and reduction of legacy pollution
 - vii. Critical clean water and waste infrastructure

Justice40 Initiative

Interim Implementation Guidelines – July 2021

- Covered Investments

- A “covered investment” is a Federal investment in one or more of the following categories:
 - i. Federal financial assistance as defined at 2 CFR 200,7 including both Federal grants as well as other types of financial assistance (including loans, credit, guarantees, or direct spending/benefits);
 - ii. Direct payments or benefits to individuals;
 - iii. Federal procurement benefits (acquisition of goods and services for the Federal government’s own use);
 - iv. Programmatic Federal staffing costs (e.g. federal pay for staff that provide technical assistance); and
 - v. Additional federal investments under covered programs as determined by OMB.

Justice40 Initiative

Interim Implementation Guidelines – July 2021

- Examples of Benefits of Covered Programs
 - Clean Energy and Energy Efficiency
 - Increased energy efficiency programs and resources
 - Deployment of clean energy, including renewable community energy projects
 - Establishment of community microgrids
 - Reduction of energy burden (e.g. the share of household income spent on home energy costs)

Justice40 Initiative

Interim Implementation Guidelines – July 2021

- **Calculating Benefits**

- **Benefits Methodology.** The determination of what constitutes a “benefit” will vary by covered program. Accordingly, each agency is directed to:
 - i. Within 60 days of the issuance of this guidance, to deliver to OMB:
 - a. An assessment of agency programs (referencing the list of programs in Appendix B) that are covered programs in accordance with section II.A and II.B of this guidance; and
 - b. A description of the types of benefits that result from the identified covered programs.
 - ii. Within 150 days of the issuance of this guidance deliver to OMB a methodology for calculating the covered program benefits accruing to disadvantaged communities. This methodology should also include a description of the metrics that the agency is developing to measure covered program benefits.

Justice40 Implementation

Interim Implementation Guidelines – July 2021

- Stakeholder Consultation

- When determining the benefits of a covered program, as specified in section IV(A), agencies should consult with stakeholders, including state, local, and Tribal governments, as well as Native communities, to ensure public participation and that community stakeholders are meaningfully involved in what constitutes the “benefits” of a program. In addition, if the calculation of a benefit to a disadvantaged community includes investments outside of that community, the disadvantaged community should be consulted. In engaging with stakeholders, agencies should consider their obligation under Title VI of the Civil Rights Act of 1964 to ensure meaningful access for individuals with limited English proficiency (LEP), as well as their obligation pursuant to Section 504 of the Rehabilitation Act to take appropriate steps to ensure effective communication for individuals with disabilities

Justice40 Initiative

Interim Implementation Guidelines – July 2021

- Reporting

- Agency heads are responsible for calculating the accrual of covered program benefits to disadvantaged communities. Agencies should consult with OMB when determining whether their program is a covered program
 - A. Within 60 days of the issuance of this guidance agencies shall report
 - B. Within 150 days of the issuance of this guidance agencies shall report

The Administration's overall progress towards the Justice40 Initiative's goal will be tracked by the categories of covered project (climate change, clean energy and energy efficiency, clean transportation, affordable and sustainable housing, training and workforce development, the remediation and reduction of legacy pollution, and the development of critical clean water infrastructure).

Justice40 Initiative

Interim Implementation Guidelines – July 2021

- Pilot to Maximize Benefits to Disadvantaged Communities
 - Develop a Stakeholder Engagement Plan
 - Justice40 Implementation Plan to Maximize Benefits
 - Consider the Following Program Modifications to Maximize Benefits
 - Foster well-paying job creation and job training, including a free and fair chance to join a union and collectively bargain.
 - Coordinate investments and leverage funds where possible to provide multiple benefits and to maximize benefits.
 - Avoid potential burdens to disadvantaged communities.
 - Ensure transparency and accountability through full compliance with OMB requirements at 2 C.F.R. part 200 for financial assistance programs and provide public access to program information including through high quality data in compliance with Federal Funding Accountability and Transparency Act reporting (2 C.F.R. § 200.212).
 - Conduct outreach and support technical assistance and capacity building to help potential applicants' access, manage, and report on results of funding.
 - Hold competitive solicitations that prioritize or award extra points to projects that meet the criteria for benefiting disadvantaged communities and includes community engagement, planning, and feedback.
 - When developing eligibility requirements in program guidelines and solicitation materials, establish targets or minimum thresholds for a specific benefit. For example, an agency could identify a certain percentage of total jobs for a project to be held by residents of a disadvantaged community in order to receive a higher priority for funding.
 - Require applicants to apply cost savings from project implementation to benefit disadvantaged communities (e.g., energy cost savings reinvested in the local community to promote workforce development and community health).
 - To the extent modifications are restricted by statute or regulation, describe what, if any, legislative changes would be required to advance the goals of Justice40 Initiative with respect to such covered program.
 - Calculating Benefits and Reporting

Infrastructure Investment and Jobs Act (IIJA)

or Bipartisan Infrastructure Law (BIL)

- Largest investment in clean energy infrastructure by US
- Modernize power grid by
 - Building new and upgrading transmission lines
 - EE and clean energy investments in schools, homes, businesses and communities
 - Develop, demonstrate and deploy clean energy technology
- Support transition to zero-emission economy while creating good paying jobs and investing in manufacturing in communities across the country

IJA

Clean Energy and Power Provisions

- Clean Energy and Power
 - Delivering Clean Power - \$21.3B
 - Clean Energy Demonstrations - \$21.5B
 - Energy Efficiency and Weatherization - \$6.5B
 - Clean Energy Manufacturing and Workforce Development - \$8.6B

IJA

Through State Energy Offices

- State Energy Program - \$500M
- Building Codes Implementation for Efficiency and Resiliency - \$225M
- Energy Efficiency Revolving Loan Fund Capitalization Grant Program - \$250M
- Energy Auditor Training Grant Program - \$40M

IIJA

Through States (and Local) Governments

- Weatherization Assistance Program (WAP)- \$3.5B
- Low Income Home Energy Assistance Program (LIHEAP) - \$500M
- Energy Efficiency and Conservation Block Grant Program (EECBG) - \$550M

IJA

Misc. Funded

- EE and RE Improvements at Public Schools - \$500M
- Building, Training and Assessment Centers - \$10M
 - Grants to higher ed to establish building and training centers
- Career Skills Training - \$10M
 - Grants to nonprofits for Fed share of career skills training to provide EE certification
- Technology Deployment to Enhance Grid Flexibility - \$3B
 - Grants to utilities for qualifying Smart Grid investments
- Energy Efficiency Materials Pilot Program - \$50M
 - Grants to supply nonprofit buildings with energy efficient materials
- Industrial Research & Assessment Centers - \$150M/\$400M
 - Support higher ed to provide TA to manufacturers & industry
 - Funding to support investments at small and medium manufacturers

IIJA

- Only some funds have been released
- Some RFIs still expected
- Connect with local eligible recipients
- DOE will issue directives and guidelines for each program
- [Bipartisan Infrastructure Law Homepage | Department of Energy](#)
- [Infrastructure Act Resource Hub | NASEO](#)

Inflation Reduction Act (IRA)

HR 5376

- The Act accelerates clean energy innovation, manufacturing and deployment to reduce consumer energy costs, create well-paying union jobs and sustainable economic and equitable opportunity, advance environmental justice and address climate change
- \$369 Billion for climate and energy provisions
- Reduce carbon emissions from 2005 levels by approximately 40% by 2030

IRA

Key Investment Areas

- Decarbonizing Electric Sector \$175B
- Clean Energy & Transportation Technology Supply Chain - \$60B
- Environmental Justice - \$60B
- Clean Transportation - \$30B
- Agriculture and Conservation - \$25B
- Decarbonize Manufacturing - \$12B
- Energy Efficiency - \$10B

IRA

High-Efficiency Electric Home Rebates

- \$4.5B through FY2031
- Funding expected to become available in 2022, but implementation will take time
- Point-of-sale rebates up to \$14,000 for LMI households that install new, electric qualified electrification projects (QEPs)
- Project costs covered:
 - 100% for households <80% AMI
 - 50% for households 80-150% AMI
- Administered by State Energy Offices & Tribes
- DOE will issue program rules and guidelines

IRA

High-Efficiency Electric Home Rebates, cont.

- Max qualified electrification project (QEP) rebate levels:
 - \$8,000 for heat pumps
 - \$1,750 for heat pump water heaters
 - \$840 for heat pump clothes dryers
 - \$840 for electric or induction stoves
 - \$4,000 for electrical panel upgrades
 - \$2,500 for rewiring
 - \$1,600 for basic weatherization
- Multifamily buildings also qualify if $\geq 50\%$ of occupants are LMI
- Contractors can receive up to a \$500 incentive

IRA

Home Owner Managing Energy Savings Act

- HOMES provide \$4.3B
- Administered through State Energy Offices
- Direct rebate for home energy retrofits
 - Modeled \$2000 for 20% savings, \$4000 for 35% savings
 - Capped at 50% of project costs for market rate
- Rebates double for LMI
 - Up to \$8000 for 80% of project costs
- Includes “prohibition of combining rebates” to prevent double-dipping with other federal grants or rebates
 - Does not have a prohibition with combining with state rebates or federal tax credits
- Available for both single and multifamily housing

IRA

Home Energy Efficiency Contractor Training Grants

- \$200M for State-based EE contractor trainings
- Administered through State Energy Offices for energy efficiency and electrification contractor trainings
- DOE will issue program rules and guidelines
- Previously called “Home Online Performance-based Energy Efficiency” (HOPE) contractor training grants

IRA

25C: Residential Energy Efficiency Tax Credit

- Extended through FY2031; new version of 25C starts in 2023
- Provides 30% tax credit for residential efficiency and electrification upgrades, up to \$3,200 per year
 - Annual credit for heat pumps (HPs) and heat pump water heaters (HPWHs) capped at \$2,000
 - Annual credit for other upgrades capped at \$1,200
 - \$600 for electrical panel (if installed in conjunction...)
 - \$1,200 for weatherization
 - \$150 for energy audit
 - \$600 for energy properties other than HP/HPWH
 - Covers purchase and installation
- Annual credit limit resets every year
- Energy properties must meet Consortium For Energy Efficiency's (CEE) highest efficiency tier
- Nonrefundable

IRA

25D – Residential Clean Energy Credit

- First made available in 2006 as the Residential Energy Efficient Property Credit (also known as the Investment Tax Credit)
- IRA extends the tax credit by 10 years, to 2034 and renames
- Credit will provide a 30% tax credit for systems installed by the end of 2023, a 26% credit for those installed in 2023, and a 22% credit for those installed in 2034 before it expires.
 - For individuals on residential property:
 - Reduces the cost of installing solar panels and other clean energy technologies by allowing homeowners to deduct part of the cost from their personal income tax liability
 - Applies to battery storage for the first time for residential systems >3 kWh
 - For Business Section 48 is the commercial corollary: *the business that installs, develops and/or finances the project claims the credit*

IRA

179D – Commercial Buildings Energy Efficiency Tax Deduction

- 25% site EUI reduction
 - \$0.50 sq ft w/o prevailing wage
 - \$2.50 sq ft w/prevailing wage & apprenticeship
- 50% site EUI reduction
 - \$1.00 sq ft w/o prevailing wage
 - \$5.00 sq ft w/ prevailing wage & apprenticeship
- 1+% site EUI reduction
 - \$0.02 sq ft w/o prevailing age
 - \$0.10 sq ft w/prevailing wage & apprenticeship

IRA

Building Energy Code Implementation

- \$1B in funding
- Administered through State Energy Offices
- Must be 2021 IECC (residential) or ASHRAE 90.1 2019 (commercial) or better
- Jurisdictions' plan focused on full compliance, including training, enforcement and assessment of compliance

IRA

Environmental Justice - \$60B

- “Secretary of Energy determines, based on appropriate data, indices, and screening tools which communities are economically, socially, or environmentally disadvantaged.”
- EJ programs will reduce emissions and improve health benefits through increased use of low-carbon technology, climate pollution reduction and workforce development

Federal Funds

What Can You Do ?

- Majority of the energy efficiency IRA funds will go through the state energy offices
- Still a lot to be determined. DOE needs to issue directives for each program with guidance for SEOs
- Illinois Office of Energy – Illinois Environmental Protection Agency
 - \$132,219,190 – HOME rebates
 - \$131,452,470 – High Efficiency Electric Home Rebates
- Timeline
 - Listening Sessions: November 2022 – January 2023
 - DOE RFI: Early 2023
 - Funding: Spring 2023

Stay Connected with MEEA

www.mwalliance.org

- [Advocacy Toolkit | Midwest Energy Efficiency Alliance \(mwalliance.org\)](http://www.mwalliance.org)
 - [MEEA Policy Insider](#)
 - [Midwest Building Efficiency Status Report](#)
- [Policy | Midwest Energy Efficiency Alliance \(mwalliance.org\)](http://www.mwalliance.org)
- Midwest Election Update
 - Wednesday, December 7 12:00 – 1:30pm CST

Contact MEEA

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