



Getting Started: Launching a Retail-Focused Home Electrification and Appliance Rebates Program (IRA Section 50122)

September 2024

Table of Contents

Introduction.....	2
Effective Strategies for Getting Started	2
Implementation Considerations	4
Key HEAR Program Details	4
Program Design Flexibility.....	5
Retailer Participation	5
System Connection.....	6
Consumer Experience.....	7
DOE and PNNL Retail Resources.....	9
Appendix	11



Introduction

This document is intended to help states and territories (“states”) develop partnerships with national and local retailers in the delivery of Section 50122 of the Inflation Reduction Act (“IRA”) funded Home Electrification and Appliance Rebate (“HEAR”) program.¹ Providing rebates during sales to customers (i.e., “point-of-sale” or “upfront” rebates) via retail locations can raise general awareness of efficient electric appliances, offer a direct and convenient way to reach and educate potential program participants, and provide states an opportunity to establish meaningful industry relationships that help drive market transformation efforts forward.

In general, in a state-run HEAR program, participating retailers can offer upfront rebates to consumers either online or in-store and seek rebate reimbursement via the state or a state’s program implementer.² However, certain aspects of a state’s HEAR program may vary based on which retailer(s) a state chooses to partner with, what product(s) a state chooses to rebate through this path, whether a state will apply additional eligibility criteria for products rebated through retail, and more. As long as all federal HEAR program requirements are satisfied, states are encouraged to design retail rebate offers in a way that meets the needs of their individual territory.

Effective Strategies for Getting Started

States that are prioritizing consumer awareness in their program design may benefit from a retail rebate delivery approach to drive widespread familiarity with efficient electric appliances. Similarly, states that are prioritizing increased availability of high efficiency products should consider the potential for a retail rebate delivery approach to influence retailer stocking practices in a way that aligns with long-term state objectives.

The following are steps that states will need to take to get started:

1. **Begin Program Planning.** As an initial step, states should outline key strategic objectives (e.g., increasing awareness and accessibility of rebates, providing a self-install rebate path to program participants, helping to drive shifts in retailer stocking practices), make critical program design decisions including selecting product categories to rebate via retail, and solicit feedback from relevant stakeholders.
2. **Establish Industry Partnerships.** Once critical design decisions have been made, states should work with program implementers, retailers, manufacturers, and the DOE Home Energy Rebates team to design and develop participation agreements, outline a retailer system connection approach, and clarify retail reporting expectations.
3. **Prepare for Program Launch.** In preparation for a retail rebate program launch, states should consider working with their program implementer’s marketing, administrative, and field staff to develop promotional and educational materials that drive awareness and

¹ See 42 U.S.C. 18795a.

² See Program Requirements Section 4.0, Home Electrification and Appliance Rebates State Programs (50122): www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions

support the training of contractors, retail employees, and consumers. As with all aspects of program delivery, states should plan to evolve retail rebate offers over time based on program participant feedback, post-installation inspection results, and other factors.

While developing a retail rebate delivery strategy, DOE recommends the following practices:

- ✓ Take note of any existing retail rebate offers within your state or territory. Understanding the offers available (e.g., through utility-administered energy efficiency programs) can help you prioritize product types and/or partnerships for this channel.
- ✓ Solicit the input of retailers, manufacturers, and other key stakeholders early on. Stakeholder discussions can help you solidify state-specific objectives and inform areas of focus.
- ✓ Consider a phased or partial roll-out. States may choose to launch their retail rebate offers in stages, including by prioritizing the launch of products that are routinely and mainly sold through retail (e.g., heat pump clothes dryers, electric stoves) and/or products that can be self-installed (e.g., insulation, heat pump water heaters).³
- ✓ Clearly define expectations of program implementers. Many program implementers have experience developing retail participation agreements and point-of-purchase marketing materials ("POP") but will need to understand a state's expectations on items such as training of retailer employees, frequency of in-store visits, and timing of retailer rebate reimbursement.⁴
- ✓ Clearly define a participating retailer's role and responsibilities. Establishing a clear delineation between state, program implementer, retailer, contractor, and consumer responsibilities can help with overall program management. For example:
 - Participating retailers are responsible for verifying that rebate reservations (i.e., rebate "coupons") are valid, applying rebates only to sales of eligible products, linking to ENERGY STAR product lists, and submitting all required information on sales to a state or program implementer.
 - Participating retailers are not responsible for verifying income eligibility, ensuring photo documentation or quality of the installation (unless previously arranged with the state), or preventing fraudulent use of equipment by consumers.
- ✓ Explore innovative approaches. States considering a retail rebate path should consider how it may support broader market transformation efforts. For example, in some areas of the country, state agencies have been able to negotiate lower retailer pricing on product types based on the expected volume of sales.

³ See Pacific Northwest National Lab Process Workflows 11, 16, 18, and 20: www.pnnl.gov/projects/rebate-tools/program-implementation#workflows

⁴ The Program Requirements and Application Instructions include a four-week rebate processing requirement. www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions

Implementation Considerations

Key HEAR Program Details

- A rebate may be paid **only** for a qualified electrification project ("QEP").⁵
- **Only** households below 150% area median income (AMI) may receive rebates.⁶
- Rebates paid must not exceed a collective total of \$14,000 per dwelling unit.⁷
- States may choose to provide rebates for only certain measures or to reduce rebate amounts below the statutorily set maximums.
- States are required to establish participation agreements with all retailers that intend to offer upfront rebates.⁸
- The following rebate eligible products require installation by a contractor on the state's qualified contractor list:⁹
 - Heat pumps for space heating and cooling
 - Air sealing
 - Electrical wiring
 - Electrical load service center
- The following rebate eligible products can be self-installed:
 - Heat pump water heaters
 - Heat pump clothes dryers
 - Electric stove, cooktop, or oven
 - Insulation and ventilation
- Pre- and post-installation photo requirements may apply.¹⁰

⁵ A qualified electrification project meets the requirements of Section 4.2.2 of the Program Requirements. See 42 USC 18795a(d)(6)(A). www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions

⁶ See Program Requirements Section 4.1.2, which includes requirements from 42 USC 18795a(c)(4). www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions

⁷ See Program Requirements Section 4.1.2, Program Requirements: Rebate Conditions and Levels. www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions

⁸ See Consumer Protection Plan: www.energy.gov/scep/articles/home-energy-rebates-ira-sections-50121-and-50122-consumer-protection-plan-required

⁹ See Consumer Protection Plan: www.energy.gov/scep/articles/home-energy-rebates-ira-sections-50121-and-50122-consumer-protection-plan-required

¹⁰ See Program Requirements Section 4.2.4, Program Requirements: Home Assessments: www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions

Program Design Flexibility

States may choose to launch a program in stages. States interested in staggering (i.e., phasing) the launch of retail rebates may consider prioritizing the launch of rebates for certain product types based on many factors, including:

- Availability of product categories at national or local retailers (i.e., local inventory).
- Availability of in-store or online retail experts that can assist consumers in comparing products and learning about upgrade benefits.
- Program requirements regarding contractor installation. Some appliances require installation by a contractor on the state's qualified contractor list,¹¹ while others allow individuals to self-install ("DIY").¹²
- Program requirements regarding in-person limited home assessments.¹³
- Ease of participation for renters (i.e., ability to purchase without the need to obtain written permission from the building owner).
- Feasibility of collecting geotagged product delivery photos from retailers.

A phased or partial roll-out of rebate rebates based on product type may streamline aspects of program delivery and stakeholder engagement, as well as build excitement for the launch of a state's broader HEAR program. Additional resources for states considering a retail-first HEAR program are under development by DOE.

Retailer Participation

Per HEAR Program Guidance, participating retail partners **must** 1) make available for sale eligible appliances for qualified electrification projects, 2) have systems capable of providing rebates for qualifying equipment, and 3) commit to submitting rebate requests to the program implementer.¹⁴

Prior to establishing retailer participation agreements, states may consider asking the following questions to assess retailer readiness for participation:

- Does the retailer typically stock qualified products?
- Does the retailer have resources in place to train staff on qualified products?
- Does the retailer's point-of-sale ("POS") system have flexibility to accept rebate coupon bar codes?

¹¹ See Consumer Protection Plan: www.energy.gov/scep/articles/home-energy-rebates-ira-sections-50121-and-50122-consumer-protection-plan-required

¹² See Pacific Northwest National Lab Process Workflows 11, 16, 18, and 20: www.pnnl.gov/projects/rebate-tools/program-implementation#workflows

¹³ See Program Requirements Section 4.2.4, Program Requirements: Home Assessments: www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions.

¹⁴ See Program Requirements: www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions

- Does the retailer's POS system accommodate varying rebate amounts?
- Is the retailer prepared to track rebates that have been redeemed in stores?
- Have processes for tracking returns of rebated equipment been established?

States who are prioritizing engagement with small or local retail businesses should review DOE's [Sample User Interface](#) and consider an online participation agreement.

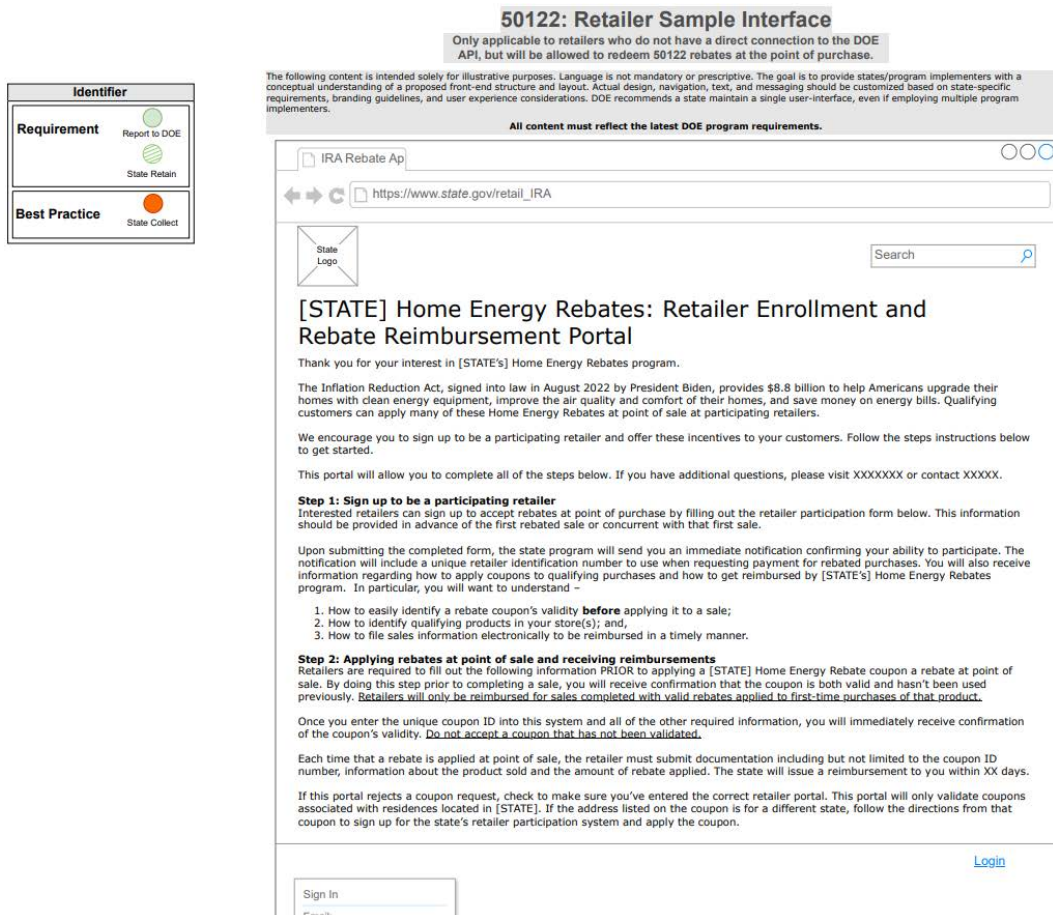


Figure 1. 50122 Retailer Sample Interface (Source: [DOE Sample User Interface](#), Home Energy Rebate Tools)

System Connection

In addition to outlining *what* requirements participating retailers must adhere to, states interested in offering point-of-sale retail rebates **must** work with participating retailers to establish *how* rebates will be made available to consumers and reported to the state program for reimbursement.

DOE has partnered with the Pacific Northwest National Lab ("PNNL") to develop the Tracking and Reporting tool with multiple functional [Application Programming Interface](#) ("API") end-points that support program implementation and facilitate participating retailer reporting.

The following are three potential pathways for participating retailers to verify and accept rebate coupons during transactions:

- Path 1: States and participating retailers connect to the PNNL-developed API.
- Path 2: States connect to the PNNL-developed API but provide an alternative connection solution (i.e., state-provided and administered independent rebate system) for participating retailers.
- Path 3: States and participating retailers utilize an independent rebate system (i.e., not connected to the PNNL-developed API) that provides a complete solution for managing rebate reservations and redemptions.

In some cases, state programs may utilize more than one path at once (i.e., a state may have some participating retailers connected to the PNNL-developed API and some participating retailers connected to an independent system).

Prior to establishing a retailer participation agreement, the following system connection questions should be considered:

- How will participating retailers to verify and accept rebate coupons during transactions?
See pathways outline above.
- If not connecting directly to the PNNL-developed API:
 - How will participating retailers (and/or implementers) check remaining rebate funds available at a given address?
 - For households that are eligible for a rebate that is less than 100% of the qualified project cost, how will participating retailers calculate rebate amounts?
- Will participating retailers provide rebates both in-store and online?
- Will participating retailers use the ENERGY STAR product lists and API to identify qualified products?

DOE plans to release additional resources detailing these pathways.

Consumer Experience

The following is one example of a potential consumer experience with a point-of-sale rebate:

1. A consumer begins shopping for a new stove online, visits a local retailer's website, and learns about the rebates available for ENERGY STAR-certified induction stoves.
2. Website links bring the consumer to the state's Home Energy Rebate portal, which describes the eligibility requirements for an induction stove rebate and captures required information. At this stage, the consumer is required to verify rebate eligibility by sharing household information (i.e., uploading a photo of the pre-existing stove type) and providing documentation to verify the household income. For renters, the home/building owner's approval is also required.

3. Once eligibility has been confirmed, an approval email is sent to the consumer. This email includes a rebate reservation code that is displayed on an attached retail “coupon”. Rebate eligible coupons may be “retailer-specific” (i.e., a barcode coupon provided by a retailer for redemption in that retailer’s stores) or universal (i.e., a unique coupon provided by the state that includes redemption instructions for a variety of participating retailers).
4. The consumer either provides the rebate reservation coupon to a local retailer in-store or enters the rebate reservation code into a retailer’s website. Once confirmed to be valid by the participating retailer, the retailer calculates the eligible rebate amount and subtracts the rebate from the purchase price.
5. During checkout, the retailer recommends an installer from within their own contractor network and schedules the product delivery. Some states may allow DIY installations of induction stoves or may choose to require installation by a contractor on the state’s qualified contractor list.¹⁵
6. Once delivered and installed, the consumer complies with any post-installation requirements specified by the state during rebate reservation (e.g., post-installation photos, customer satisfaction surveys). Some states may offer installation incentives to qualified contractors who install products and provide geotagged post-install photos on a consumer’s behalf¹⁶; others may satisfy photo requirements by collecting and retaining delivery photos from participating retailers.¹⁷

The How to Get a Home Electrification and Appliance Rebate from the DOE [Communications and Marketing Toolkit](#) resource includes a visual overview of this consumer journey that can be branded and utilized by states. States interested in retail-specific materials may choose to work with program implementers to develop additional program resources and/or with participating retailers to drive a shared investment in program and product promotion.

¹⁵ See Pacific Northwest National Lab Process Workflows 11, 16, 18, and 20: www.pnnl.gov/projects/rebate-tools/program-implementation#workflows

¹⁶ See Program Requirements Section 4.2.3, Program Requirements: Installation Incentives: www.energy.gov/scep/articles/home-energy-rebate-programs-requirements-and-application-instructions.

¹⁷ Where the retailer or distributor is reimbursed with a rebate, a state program may comply with this requirement by collecting and retaining (1) photo(s) of delivery arranged by the retailer or distributor if applicable or an agreement by the household receiving the rebated equipment to provide the photos upon request.

How to Get a Home Electrification and Appliance Rebate



Home Electrification and Appliance Rebates provide instant discounts on household purchases that can lower monthly utility bills while improving the comfort and safety of your home.

Depending on the eligible products in your state, you can save up to **\$14,000** on upgrades, including up to:

- \$8,000** for a heat pump for space heating/cooling*
- \$4,000** for an electrical panel
- \$2,500** for electrical wiring
- \$1,750** for a heat pump water heater*
- \$1,600** for insulation, air sealing, and mechanical ventilation
- \$840** for a heat pump clothes dryer*
- \$840** for an electric stove, cooktop, range, or oven*

Check your [state's website](#) for program details. This program is only available to low- and middle-income households.

*ENERGY STAR-certified appliance

Here are two possible paths to get a rebate that may be available where you live.

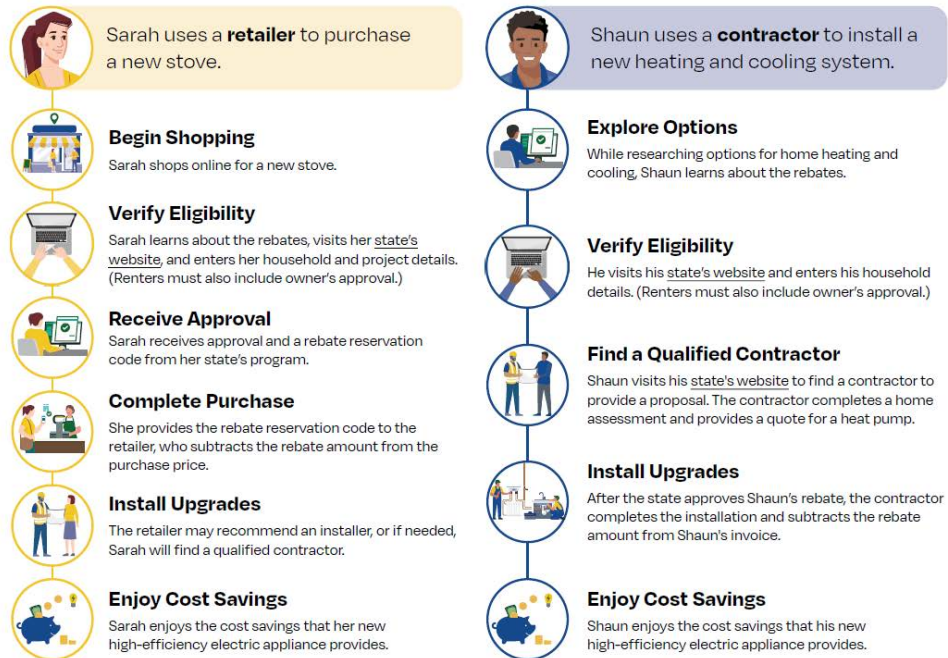


Figure 2. How to Get a Home Electrification and Appliance Rebate (Source: How to Get a Home Electrification and Appliance Rebate from the [Communications and Marketing Toolkit](#))

DOE and PNNL Retail Resources

- [Program Requirements and Application Instructions:](#) Program requirements, application requirements, and application instructions for both Home Energy Rebate programs available to State Energy Offices. Each section is designed to assist applicants in ensuring their applications fully address the required components and demonstrate compliance with program requirements.
- [How to Get a Home Energy Rebate:](#) A visual overview of the consumer journey to redeem a rebate that may be available for homeowners: using a retailer to purchase an eligible upgrade or using a contractor to install an eligible upgrade.
- [Sample User Interfaces:](#) DOE guidance and accompanying wireframes illustrate the types of information that states should collect via web user interfaces or via the API (for larger entities that choose to use the API). This information includes a sample user interface/wireframe for retailers to sign up, confirm validity of rebate coupons, and get reimbursed.
- [Workflows:](#) PNNL also supports the documentation of the process workflows for the Home Energy Rebate programs.

- DOE Home Energy Rebate Technical Assistance: DOE staff are available to assist states as they design their retail rebate delivery strategies. Please contact your Home Energy Rebates Project Officer to request this technical assistance.

Appendix

Table 7. Product Service Rebates and Rebate Limitations¹⁸

Product Rebates		
Upgrade Type	Qualified Product	Rebate Amount Not to Exceed
Appliance	Heat Pump Water Heater	\$1,750
	Heat Pump for Space Heating and Cooling	\$8,000
	Heat Pump Clothes Dryer	\$840
	Electric Stove, Cooktop, Range, or Oven	\$840
Building Materials	Electric Load Service Center	\$4,000
	Insulation, Air Sealing, and Ventilation	\$1,600
	Electric Wiring	\$2,500
Maximum Rebate		\$14,000
Rebate Limitations		
Eligible Rebate Recipient	Income Level	Rebate Amount Not to Exceed
LMI Household or Eligible entity representative representing LMI household	Less than 80% AMI	100% of qualified project cost
	80%-150% AMI	50% of qualified project cost
Owner of multifamily building or Eligible entity representative representing owner of multifamily building	At least 50% of residents with income less than 80% AMI	100% of qualified project cost
	At least 50% of residents with income of 80%-150% AMI	50% of qualified project cost

¹⁸ Updated rebate amounts for heat pump clothes dryers and kitchen appliances from Question 45, Home Energy Rebates Frequently Asked Questions (FAQ): www.energy.gov/scep/home-energy-rebates-frequently-asked-questions