

Episode 56JM. October 1, 2023. The climate fight will be won in the appliance aisle, Heat Pump HEEHRA & HOMES programs.

Residents Against Wood Smoke Emission Particulates Corporation, a non-profit now, aims to help consumers afford to purchase Heat Pumps, along with the RAWSEP aim of handing out PM2.5 monitors to any near neighbor of an Indoor Residential Wood Burner whose PM2.5 wood smoke infiltrates the yard of the near neighbor, with the aim of shutting down indoor residential wood burning emissions of PM2.5 that exceed National Ambient Air Quality Standards (NAAQS) using PM2.5 monitor data as evidence. An important fact to consider today. Like other new tax credits in the law, the maximum \$2,000 per year in Federal tax credits for Heat Pumps requires Americans to have some federal tax liability in the first place. If you owe nothing on your taxes, then you can't get a tax credit discount, as the law is now written on October 1, 2023, according to the New York Times article, which is the 2nd article in this Episode.

Article 1)Wisconsin, Milwaukee, \$4,000 per year, as an example of one state's HOMES program in January 2023. <https://www.jsonline.com/story/news/2023/01/09/wisconsin-has-received-150m-for-homeowners-to-green-their-homes/69648205007/> Excerpts edited by RAWSEP for brevity and clarity and relationship to Residents Against Wood Smoke Emission Particulates. \$150 million in federal infrastructure rebates can help Wisconsin residents 'green' their homes. Milwaukee Journal Sentinel. January 9, 2023. Replacing a furnace is one of the most common, costly expenses associated with owning a home, ranging from \$4,000 to \$20,000, depending on the model. But starting this year, many homeowners will be able to offset some or all of those costs thanks to rebates offered in the [Biden Administration's Inflation Reduction Act](#) to replace old appliances with more climate-change friendly versions, such as Heat Pumps. Households that replace their furnaces with a heat pump, for example, would be eligible for rebates. A woman, an Oshkosh resident who took advantage of earlier tax rebates to install solar panels on the home she shares with her husband, said these kinds of incentives make "greener" upgrades to a home more accessible. "The up-front investment is a lot for a lot of people, which is why the measures they took in the (bill) is good," she said. She is currently a member of the climate citizens lobby, a local chapter that advocates for legislation around climate change. [Green Homeowners United](#) is an organization focused on helping homeowners find ways to increase energy efficiency and reduce their climate footprint. Green Homeowner's United's co-founder estimated that more than 65,000 homes in the Milwaukee area with furnaces could receive a heat pump 90-100% free. What is offered under the HOME Rebates program? The home energy performance-based rebate is called the HOME Rebates program. It provides up to \$4,000 per household and up to \$400,000 to multifamily buildings for energy efficient retrofits.

Article 2)Nationwide, Federal \$2,000 per year tax credit for Heat Pumps, plus HOMES & HEEHRA (Discount at checkout). The New York Times. RAWSEP View: This New York Times article below has been edited to focus on Heat Pumps. (A-1)This article mentions \$2,000 tax credits or rebates for Heat Pump purchases for those wealthy enough to owe at least \$2,000 in taxes, and then goes on to discuss the two programs known as HOMES and HEEHRA which are most beneficial to lower income people. The I.R.A. introduced a pair of rebate programs meant to help working- and middle-class Americans afford to upgrade appliances and other features of their homes. These two programs, known as HOMES and HEEHRA, are important. When it's finally put in place, HEEHRA will lower the cost of heat pumps at the [point of sale](#), making them more affordable to consumers, including those who are not even aware of the policy. More than perhaps any other programs in the law, these rebates are meant to allow low-income Americans to reduce their monthly energy costs. And because they involve direct cash grants, using the rebates will not require owing any taxes to the federal government. That is huge for retirees and Social Security recipients, many of whom have no earned income and little to no federal tax liability. Regardless of how consumers are reimbursed, the programs are exceedingly, perhaps even fatally, complicated.

(A-2)Some states are also stalling in implementing HOMES and HEEHRA. The reason they have yet to take effect is that although these programs will be overseen by the Department of Energy (D O E), they will be administered separately by each state's energy office. The Department of Energy (D O E) is still finalizing the last few rules that will govern how these programs work. When the D O E finishes that process, then states will apply for their share of the money. Only then, after states receive their funding and set up their programs, will they be able to start disbursing it to their residents. (A-2A)So far, very few state offices have received any funds from the programs, not even the preliminary funds meant to help them hire more staff members and manage administration costs. This could directly hurt the programs' chances of success in the next year. State energy offices employ anywhere from a handful of people to more than 100, and they have now been tasked with overseeing complicated, high-stakes federal programs. The experts and business leaders (that the New York Times writer talked to) think that these problems will push any serious efforts to carry out the programs well into next year. (A-2B)(Montana has [said](#) that it doesn't expect to make rebates available until the first half of 2024. (A-2C)Georgia's energy office recently estimated that rebates would become available by

Sept. 30, 2024, at the latest, barely a month before the presidential election. Article 2 excerpted)

<https://www.nytimes.com/2023/10/01/opinion/rebates-tax-credits-energy-homes.html> The Climate Fight Will Be Won

in the Appliance Aisle. Oct. 1, 2023. Excerpts edited by RAWSEP for brevity and clarity and relationship to Residents Against Wood Smoke Emission Particulates. (B-1) Overview of Inflation Reduction Act Home energy programs. More than a year after its passage, much about President Biden's climate law, the Inflation Reduction Act, is working. The law is supposed to change how and even where Americans live. The I.R.A. contains nearly \$9 billion in rebates meant to help people [upgrade and decarbonize their homes](#), for example, install a heat pump. President Biden and Democrats in Congress have hyped the savings on energy that these policies will bring to consumers; that is, after all, the inflation that the law is meant to be reducing. The building sector accounts for about 13 percent of America's climate pollution, so the success of these programs is essential to the country's decarbonization efforts. These rebate and tax credit programs are some of the law's most visible provisions. These home-focused policies will be the second most visible way Americans get I.R.A. money in their pockets (second to Electric Vehicle rebates and tax credits). If the home decarbonization programs fail, they could seriously mar the I.R.A.'s public image. And right now, they are faltering. The most successful federal programs are simple, straightforward, and easy to use, like the Affordable Care Act (Obamacare) was simple, straightforward, and easy to use (but still criticized by Republicans and used as a political football until its success could no longer be denied). These new home-upgrade programs, meanwhile, seem likely to be especially persnickety, complicated, and onerous for many Americans. That's because, first, there are a lot of programs in play.

(B-2) Although the I.R.A. streamlined some of the most important existing climate tax credits it included four home-focused programs, which are not yet streamlined.

(B-3) Two of these programs are tax credits meant to give Americans a tax discount when they install a heat pump or another technology that reduces demand for carbon-emitting fossil fuels. (RAWSEP View: This New York Times writer speaks of Heat Pumps replacing Fossil Fuel technology, but of course, Heat Pumps can be more dramatically helpful in reducing carbon emissions when replacing Indoor Residential Wood Burners with Heat Pumps, since wood burning emits more PM2.5 and CO2 than the fossil fuel Coal burning and wood burning emits 450 times the PM2.5 as the fossil fuel Natural Gas burning. PM2.5, particulates of 2.5 micrometer size are the perfect size to infiltrate the human lung, setting off a cascade of human health problems and early deaths, as well as hastening climate change itself. The CO2 emitted by wood burning also hastens climate change.) Unlike other tax credits in the law, these programs have no income cap, so they can be used by wealthy Americans who can presumably afford to pay upfront to install residential equipment like a water heater. But like other new tax credits in the law, they require Americans to have some federal tax liability in the first place. If you owe nothing on your taxes, then you can't get a discount. These credits are likely to be generous in aggregate, but in some cases they will be too small to spur a serious change of behavior. Installing a whole-home heat-pump system, for instance, can cost tens of thousands of dollars, but the I.R.A.'s new tax credit will cover only \$2,000 of that in one calendar year.

(B-3) Retroactive \$2,000 tax rebates considered or Retroactive payments for Programs other than the \$2,000 tax rebate for Heat Pumps, known as HOMES and HEEHRA, considered. Some states are delaying implementing HOMES and HEEHRA. Democratic lawmakers have called on the Energy Department to consider allowing the rebates to be used retroactively, meaning that someone who bought, say, a heat pump in late 2022 could get free money for it under the law. But that would sharply increase the program's complexity, and it would more quickly deplete the limited funds allocated to the rebates. The programs draw from fixed pools of funding, about \$250 million per state, and when that money runs out at the state level, the rebates will lapse in most cases. This is not the only place where the I.R.A.'s implementation is mired in confusion.

(B-4) Using more than one program at once. The initial rules of the home energy rebates have left state officials unsure of whether they can use someone's eligibility for other social welfare programs, such as food stamps, to gauge whether they qualify for a rebate. (The Energy Department has published [guidelines](#) about this, but they are not comprehensive.) That may force states to set up expensive processes that will duplicate work that's already been done and make it even [more burdensome](#) for people to use these programs. It's also unclear whether households can use several Energy Department programs at once, such as the new HOMES rebates and the longstanding [weatherization-assistance program](#), to reduce the cost of a major project. Unless the Biden administration acts now, these consumer-facing programs could be a big mess by next fall. They will have confusing criteria, work differently in each state, and may require applicants to go through time-sucking paperwork before receiving any funds.

(B-5) The change from these programs will be gradual. The I.R.A. is going to change people's lives. But only eventually. And for the next year, many of the law's benefits for average Americans will remain largely theoretical.

(B-6)How much money has started to flow out to the people. The M.I.T. and Rhodium tracker [says](#) that of the \$137 billion in announced clean-energy investment, only \$37 billion, just 27 percent, has started to flow.

(B-7)Biden's I.R.A. success in the next year is important. Success of the programs before the 2024 election may influence whether President Biden wins the presidential race in 2024. There is a growing risk that as the presidential election arrives, the law's most world-changing programs to stimulate clean electricity will have yet to show their impact, and its smaller programs will be mired in public operation headaches. The (I.R.A.) law's survival depends on its ability to win a literal popularity contest (the Presidential race) next year.

(B-8)Trump's criticism of a clean energy transition. Mr. Trump is already [cultivating](#) a hatred of the clean-energy transition among voters, and failing consumer-facing rebate programs would be a gift to Trump and other Republicans who agree with Trump.

(B-9)Decarbonization on a large scale later on, relies on small-scale decarbonization within the next year. That includes installing Heat Pumps for residential buildings, leading to decarbonization of that sector in a visible way. The law's home-rebate programs will not be large enough to fully decarbonize America's millions of buildings. But if (HEEHRA & HOMES home rebate programs) are successful, then they will allow the creation of future policy that is (large enough to fully decarbonize America's millions of buildings).

(B-10)The I.R.A. is still on track to be a success. But voters will see what's at Home Depot or in the back of their contractor's pickup truck. And if people have to fill out 20 pages of paperwork just to save less money on a heat pump than they initially hoped for, that's what they'll always remember about the I.R.A. The climate fight might be waged in the streets. But it will be won in the appliance aisle.