



THE INFLATION REDUCTION ACT:

The Latest HVAC Updates

As part of the Inflation Reduction Act (IRA), enhanced tax incentives and a new state administrated point-of-sale rebate program will encourage homeowners to upgrade HVAC systems with heat pumps and high-efficiency air conditioners and furnaces.

What Is New For 2023: Recap + Updates Energy Efficient Home Improvement Credit (25C)

VALUABLE AND LONG-TERM

TAX CREDIT EXTENSION



Effective January 1, 2023,
through December 31, 2032



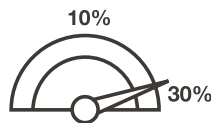
No lifetime tax credit cap



Not limited to primary
residences



No income requirements



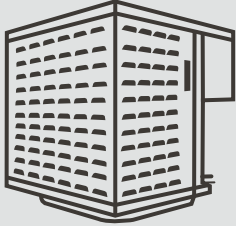
Increases the percentage of
the credit from 10 to 30% of
equipment & installation cost



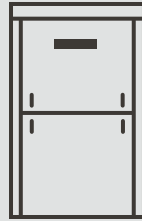
Annual \$1,200 nonrefundable
cap for eligible HVAC
systems, insulation, and air
sealing; and a \$2,000 tax
credit for eligible heat pumps

AVAILABLE

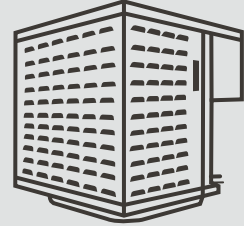
TAX CREDITS



Up to \$2,000
for electric heat pumps



Up to \$600 for furnaces
(natural gas, propane or oil)



Up to \$600
for air conditioners

QUALIFICATIONS

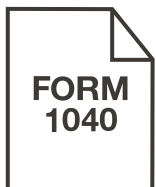


Split & Packaged Air Conditioners & Heat Pumps:

Meet or exceed CEE highest
efficiency tier (excluding
advanced tier)

UPDATED

Gas Furnaces: $\geq 97\%$ AFUE



To Qualify, Homeowners Must Owe Taxes

Tax credit offsets federal
taxes owed

WHAT IS CEE?

The Consortium of Energy Efficiency (CEE) is a network of gas and electric efficiency program administrators and sets CEE product tiers to differentiate highly-efficient HVAC equipment for incentive and promotion programs.

EQUIPMENT ELIGIBLE FOR THE

ENERGY EFFICIENT HOME IMPROVEMENT (25C) TAX CREDIT

IMPORTANT: Listed eligible models are based on CEE Tier Guidance as of 1/19/23.

UPDATED

Split & Packaged Heat Pumps¹:

North²

Split Ducted Heat Pumps

- Qualifications (CEE Tier 1):
≥ 15.2 SEER2, ≥ 10.0 EER2, ≥ 8.1 HSPF2,
≥ 1.75 COP @ 5°F, ≥ 58% @17°F/47°F
or ≥ 70% @5°F/47°F
- Eligible Equipment:
DRHP15A18, DRHP15A24, DRHP15A30,
DRHP15A36, DRHP15A42, DRHP15A48,
DRHP15A60

Split Non-Ducted Heat Pumps

- Qualifications: ≥ 16 SEER2, ≥ 9.0 EER2,
≥ 9.5 HSPF2, ≥ 1.75 COP @ 5°F, ≥ 58%
@17°F/47°F or ≥ 70% @5°F/47°F
- Eligible Equipment: n/a

Packaged Heat Pumps

- Qualifications: ≥ 15.2 SEER2,
≥ 10.0 EER2, ≥ 8.1 HSPF2, ≥ 1.75 COP
@ 5°F, ≥ 58% @17°F/47°F or ≥ 70%
@5°F/47°F
- Eligible Equipment: n/a

South (Southeast³/Southwest⁴)

Split Ducted Heat Pumps

- Qualifications (CEE Tier 1):
≥ 15.2 SEER2, ≥ 11.7 EER2, ≥ 7.8 HSPF2
- Eligible Equipment:
DRHP15A18, DRHP15A24, DRHP15A30,
DRHP15A36, DRHP15A42, DRHP15A48,
DRHP15A60

Split Non-Ducted Heat Pumps

- Qualifications: ≥ 16 SEER2,
≥ 12.0 EER2, ≥ 9.0 HSPF2
- Eligible Equipment: n/a

Packaged Heat Pumps

- Qualifications: ≥ 15.2 SEER2,
≥ 10.6 EER2, ≥ 7.2 HSPF2
- Eligible Equipment: n/a

Split & Packaged Air Conditioners¹:

Split Air Conditioners

- Qualifications (CEE Tier 2): ≥ 16 SEER2, ≥ 12.0 EER2
- Eligible Equipment: DRAC14A18, DRAC14A24, DRAC14A30

Packaged Air Conditioners

- Qualifications: ≥ 15.2 SEER2, ≥ 11.5 EER2)
- Eligible Equipment: n/a

Gas, Propane or Oil Furnaces & Fans:

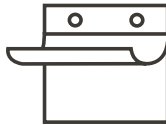
Gas Furnaces

- Qualifications: $\geq 97\%$ AFUE
- Eligible Equipment: n/a

HIGH EFFICIENCY ELECTRIC HOME

REBATE PROGRAM (HEEHRP)

Program launch is expected no sooner than Q4 2023 / Q1 2024.



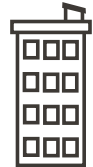
Funds apportioned to states based on population formula.



Eligible heat pumps systems are ENERGY STAR[®] certified.



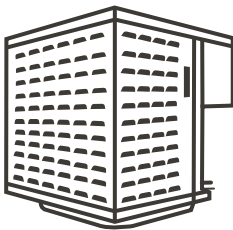
States could contract rebate function to 3rd parties for multifamily customers for installation of electrification equipment.



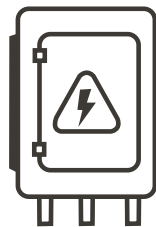
AVAILABLE

REBATES BASED ON INCOME

<80% of Area Median Income



Up to \$8,000 for air source heat pumps

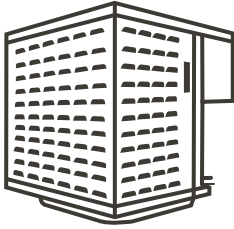


Up to \$4,000 for panel replacement

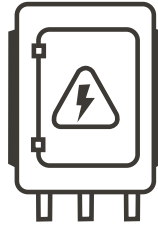


Up to \$14,000 per household

80–150% of Area Median Income



Up to \$4,000 for air source heat pumps



Up to \$2,000 for panel replacement



Up to \$7,000 per household

EQUIPMENT ELIGIBLE FOR THE
**HIGH EFFICIENCY ELECTRIC HOME
REBATE PROGRAM (HEEHRP)**

IMPORTANT: Listed eligible models are based on ENERGY STAR® 6.1 Performance Criteria as of 12/15/22.

Split Heat Pumps⁵:

Eligible Heat Pumps Coming Soon:

- DRHP15A — Our new 15.2 SEER2 heat pump family is designed with ENERGY STAR® in mind. Look for additional product information early in 2023, including product specifications and AHRI certified ratings

FREQUENTLY ASKED QUESTIONS

UPDATED

New IRS issued FAQs – [Click Here](#)

Q: Is the \$2,000 Tax Credit for a Heat Pump system conditioned on replacing a central air conditioner and furnace?

A: No, replacement systems are eligible and consumers who chose to replace an existing heat pump with a new heat pump can claim the credit.

Q: When will the High Efficiency Electric Home Rebate Program Launch?

A: The Department of Energy is expected to issue rebate program rules in Q2 2023 and we expect the states to set up rebate programs for state constituent participation in Q3 and Q4 of 2023.

Q: Can a customer claim both a High Energy Efficient Home Improvement Tax Credit and a rebate through the High Efficiency Electric Home Rebate Program?

A: There is no statutory prohibition on a customer claiming both a credit and rebate, but the U.S. Treasury Department must issue final implementing rules on incentive layering and we will provide additional details in Q1 2023.

¹ After 1/1/2023, visit ahridirectory.org to obtain an AHRI certificate with the system combinations efficiency ratings to confirm tax credit qualifications.

² North states include: Alaska, Colorado, Connecticut, Idaho, Illinois, Indiana, Iowa, Kansas, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Vermont, Washington, West Virginia Wisconsin, and Wyoming.

³ Southeast states include: Alabama, Arkansas, Delaware, Florida, Georgia, Hawaii, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and the District of Columbia, U.S. Territories.

⁴ Southwest states include: Arizona, California, Nevada, and New Mexico.

⁵ The models qualify only when installed as part of a matched system combination that meet 2023 ENERGY STAR® criteria.