

Using the Inflation Reduction Act at the Kitchen Table



Quick Training Guide

Understanding the IRA Section 25c

The Inflation Reduction Act renewed & expanded the Nonbusiness Energy Property under the new name 'Energy Efficient Home Improvement Credit' which includes an expansion to section 25c to include air sealing of ductwork.

Services covered by the Energy Efficient Home Improvement Credit:

Building Envelope Components (also known as Weatherization)

Air Sealing (Aeroseal) & Insulation Materials	30% up to \$1,200
Exterior Windows/skylights	30% up to \$600
Exterior doors	30% up to \$250 per door, max \$500

Home Energy Audits

Energy Audit	30% up to \$150
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Residential Energy Property

Central Air	30% up to \$600
Natural gas/propane/oil heats or boilers	30% up to \$600
Improvements to panelboards, branch circuits, or feeders	30% up to \$600

Heat Pumps, Biomass Stoves/Boilers

Electric/natural gas Heat Pumps	30% up to \$2,000
Electric/natural gas Heat Pump Water Heaters	30% up to \$2,000
Biomass Stove/Boiler	30% up to \$2,000

How Explain to The Homeowner

Think of the Child Tax Credit

The Child Tax Credit is a good comparison for the way the IRA reimburses homeowners. Remind them that it is not a rebate, but a tax credit that is applied yearly to lower their overall tax burden.

The key difference is that the IRA is a non-standard deduction, but homeowners are not required to itemize. Most major tax filing software and tax professionals will be able to assist.

How Much Is Covered?

Think of each type of service as it's own category, these categories can be combined in a tax year, but credits within the same category cannot be combined. Each category can be claimed yearly until Dec 31, 2032.

Who is Eligible?

The only requirements are that the customer must own their home and pay taxes. Keep in mind to qualify the purchase must be made **after** Jan 1, 2023. These credits work for both first and secondary residences.

Pairing Services with the IRA

Since different categories can be combined in the same year, and each category can be claimed every year until 2032, there is great opportunity to pair Aeroseal with other services, as well as using the IRA tax credits to follow up with previous customers.

Using the IRA for bundling services now

Using the tax credits to reduce the total price, it is easier to upsell additional services now.

- Heat Pump - \$2,000 (*Heat pump category*)
- Electrical Panel for Heat Pump - \$600 (*Residential energy property category*)
- Aeroseal - \$750 (based on sell price of \$2500) (*Weatherization category*)

= \$3,350 tax credit for 2023

Using the IRA for follow up sales

Since categories can be claimed every year for different services in that category, you can use the IRA to call back on past customers and offer new equipment.

2023

- High-efficiency Furnace - \$600 (*Residential energy property category*)
- Aeroseal - \$750 (based on sell price of \$2500) (*Weatherization category*)

= \$1,350 tax credit for 2023

2024

- Electrical Panel Upgrade - \$600 (*Residential energy property category*)
- Heat Pump Water Heater - \$2,000 (*Heat pump category*)

= \$2,600 tax credit for 2024

Aeroseal & Heat Pumps

A match made in heaven

The main issues with heat pump and heat pump retrofits is cold blow coming from registers and that the existing ductwork can't handle the higher airflow required for a large heat pump.

Aeroseal reducing cold blow

Furnaces typically blow 120°-130°F which feels warm at the register, heat pumps are only 90°-110°F from the coil, feeling cold at the register. Typical duct leakage doesn't affect the 'feeling' of the air from a furnace because even after the heat loss, it is still warm enough to be unnoticeable.

Therefore, switching to a heat pump, duct leakage is dramatically more noticeable. Based on several thousands of seals, we see a **7°F increase in air temp at the registers after duct sealing**.

Increase system efficiency to reduce auxiliary heat run time

Because the duct work limits the size of the Heat Pump, the undersized unit will have to work harder. This compounds the effects of duct leakage as the system is running for longer periods of time.

Sealing duct work makes the system 30% more efficient, meaning auxiliary electric heat kicks on less often.

Using the IRA for Credibility

Government Support

"Air sealing of duct work is so effective; the government is willing to pay you to do it. The energy-savings is so well documented that it has gov/utilities support it."

Climate-change Angle

"The IRA and 25c expansions are to start the process of electrification. This electrification process will reduce our dependency on fossil fuels and reduce our emissions. Making homes more energy efficient will reduce overall demand on the power grid."