

Lessons and Future of the Home Energy Rebates

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ABSTRACT

The Home Energy Rebates Programs provide \$8.8 billion to State Energy Offices across the country to set up state-customized rebates for performance-based energy efficiency upgrades (via HOMES Rebates, Sec. 50121 of the IRA) as well as prescriptive-based electrification and electrification-enabling rebates (via HEEHR, High-Efficiency Electric Home Rebates, Sec. 50122 of the IRA). New guidance released by the Trump Administration on June 1, 2026, will allow the remaining states to launch their programs over the coming months.

These rebates are critically important to homeowners struggling with addressing rising demand and states concerned about new capacity constraints. This report details the findings from the authors' interviews and workshops with home performance, insulation and HVAC contractors in numerous states with active programs,¹ and engagement with State Energy Offices to launch effective programs. The paper offers insights into “What Works and What’s Next” to help educate states and stakeholders in the midst of launching programs under the current Administration.

Introduction

The Home Energy Rebates programs allocate \$8.8 billion to State Energy Offices to design and implement state-specific rebates for performance-based energy efficiency upgrades (HOMES, Section 50121) and prescriptive electrification and enabling measures (HEEHR, Section 50122) under the Inflation Reduction Act².

As of this writing, twelve states and the District of Columbia have launched programs, with many more preparing to follow based upon the newly released program guidance (DOE 2026). Early program experience from these active programs already provides actionable insights for how to design effective home retrofit incentives that can be sustained and scaled.

¹ Includes contractors and stakeholders in Arizona, California, Colorado, Georgia, Michigan, and Wisconsin.

² Inflation Reduction Act – HOMES (Sec. 50121) and HEEHR (Sec. 50122).

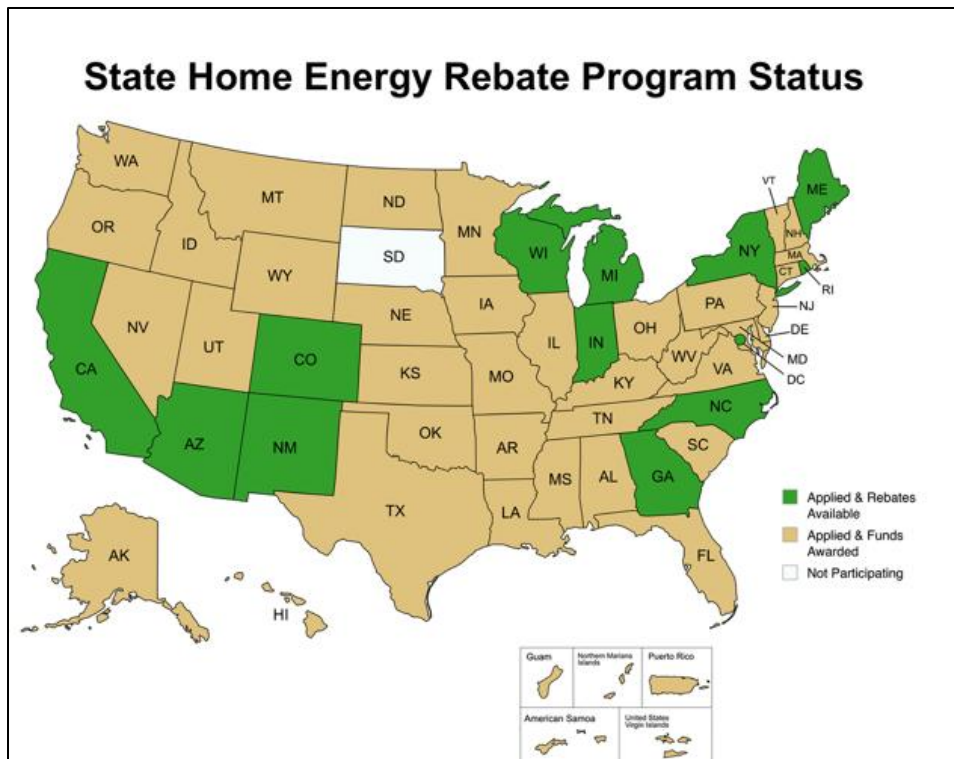


Figure 1: Status of State Rebate Programs (DOE 2025)

To ensure these programs deliver lasting market and job transformation, policymakers should consider incorporating practitioner perspectives alongside statutory and guidance requirements. Between 2023 and 2025, states worked to stand up programs consistent with U.S. Department of Energy guidance while integrating them with federal tax incentives³, the Weatherization Assistance Program, and existing utility incentives, all against the backdrop of diverse building stocks, weather patterns and workforce conditions across states⁴.

In 2024, one of the authors, along with the Building Performance Association, published a set of recommendations from contractors for how to make the rebate programs work effectively for small business (Rinaldi); these recommendations predated the launch of nearly all active rebate programs. This paper leans heavily on that report to assess progress and implementation of those recommendations, and adds additional contractor perspectives following launch of numerous state programs. The findings below synthesize contractor feedback from interviews, roundtables, and direct program engagement to inform state decision-making during implementation and for future rebate policy design. We assess each of the ten recommendations from the 2024 report for how states have fared in meeting those goals.

³ The federal tax credit 25C that was being leveraged in exiting single family home upgrades has since been eliminated in the 119th Congress by HR1.

⁴ A further exploration of how these programs work together and what policymakers may want to consider can be found in the 2024 report by Kara Saul-Rinaldi and Jennifer Amann: *Retrofitting America's Homes: Designing Home Energy Programs that Leverage Federal Climate Investments with Other Funding*. Washington, DC: ACEEE.

Findings

Best Practice #1: Communicate Clearly and Support Contractors Through Targeted Outreach

States should take the lead in promoting and advertising their programs and develop concise, consumer-facing materials that explain eligibility, allowable measures, prerequisites, and application steps in plain language. Materials must be translated into major local languages and paired with multilingual helplines. Clear state branding helps homeowners understand that program rules come from the administering agency rather than the contractor. This information should also include what is not eligible as many contractors are faced with angry customers when they do not qualify. Programs should drive new customers and leads to contractors, not simply rely on contractors to bring their own customers to the program; when contractors do bring their customers, that relationship must be maintained. In one state, a contractor brought a client to the program and the program then assigned them to a different contractor post-qualification. Mistakes like this can damage contractor trust and participation in the program.

Trusted community organizations can also extend program reach, particularly in low-income and underserved communities. Provide these partners with consistent messaging, eligibility guidance, and answers to frequently asked questions so they can build confidence and participation. In particular, in areas with strong language or religious affiliations, engaging leaders of the communities early-on in the process can build trust in program promises.

Contractor Recommendations and Concerns

- Reduce homeowner confusion about stacking rebates with other incentives and verifying eligibility for measures.
- Avoid situations where customers suspect contractors of “upselling” due to misunderstanding of program rules.
- Equip contractor staff with straightforward materials so they can explain offerings confidently during sales and installation.
- Drive new customers towards contractors to strengthen business and participation.

Observed Program Outcomes and Issues

- States have generally published consumer-facing resources on their websites to explain the programs, allowable measures, eligibility, and program rules. In some instances, translation of materials into other languages has been delayed.
- Lack of program marketing and a reliance on contractors to identify eligible households. Due to lengthy program review and application processes, many states have not allocated significant funding for marketing, relying instead on contractor promotion or word of mouth. While states have tried to leverage existing press release channels to promote the program, these may not be reaching the intended customer audiences, who are unlikely to follow formal government news channels.

Best Practice #2: Provide Free, Accessible, In-Person Training on Program Protocols and Tools

Offer no-cost training that covers program compliance, consumer and measure eligibility, required software, and documentation expectations. Many firms—especially small businesses—lack dedicated training budgets and need accessible options to participate. Because there is limited consensus on “industry-standard” modeling and measurement tools, states should anticipate a learning curve and support contractors as they adopt required platforms.

Contractor Recommendations and Concerns

- Contractors need confidence and clarity to convey options to customers and to complete documentation correctly.
- Firms struggle to recruit and retain employees and to fund training time away from jobs.
- New tool mandates and standards can be hard to meet without support, limiting participation.
- Providing technology and tools to the contractors for free will help contractors invest time because they recognize the state’s investment in them as well.

Observed Program Outcomes and Issues

- Contractor feedback on current program training has been mixed; while all programs offer (or require) introductory training on the program rules and eligibility, this often does not extend to in-depth coverage of home modeling software or sales training regarding how to maximize the value of the rebates to homeowners and in support of expanded business growth.
- While program implementers typically offer office hours and other training on the rebate process, many contractors have not viewed these as effective at resolving issues, citing: limited transparency and slow responses from implementers despite office hours; questions that often go unanswered, Highest satisfaction was found in contractors in a state that had open calls that allowed contractors to share with each other and offer their own solutions to other contractor problems (with implementers present to confirm that it worked). reliance on online portals without timely follow-up; lack of a designated point of contact for contractors, implementers perceived as understaffed, and engagement sessions feel unwelcoming or ineffective (e.g., cameras off). While the extent to which implementors can offer in-depth training is constrained by administrative overhead limits, contractors desire better communication regarding prospective and ongoing project status.
- Policies that, in practice, prohibit combining certain HOMES-modeled envelope measures with HEEHR measures, creating confusion.

Best Practice #3: Balance HOMES Funding Across Income Levels and Housing Types

To achieve equity and market transformation, design funding allocations that serve low-income and multifamily households while also supporting market-rate and single-family customers. Managing the “burn rate” across segments preserves access for

disadvantaged households and sustains contractor engagement across diverse project types. The latest guidance from the DOE removes the requirement that programs allocate 40% of funding to low-income households, while the requirement for 10% of funding for low-income multifamily households remains; states may also continue to allocate and prioritize funding for low-income projects. The HEEHR program is only open to low- and moderate-income households, which further emphasizes funding allocations to households with greater financial need for the rebates.

Contractor Recommendations and Concerns

- Most contractors primarily serve market-rate homeowners, while comparatively fewer non-WAP contractors are active in low-income projects.
- Low-income homes often require barrier mitigation (e.g., asbestos, mold) and have tighter budgets, complicating whole-house upgrades without full subsidy and added support.
- Enrollment among LMI customers may lag due to limited awareness, language barriers, landlord considerations, and perceived inability to make proactive upgrades.

Observed Program Outcomes and Issues

- Initial feedback from participating contractors is that states have been generally successful in engaging with low-income customers, and readiness barriers and consumer access have not currently posed significant impediments to the program.
- Low-income multifamily buildings remain a challenge due to complicated building eligibility data gathering dynamics between tenants and landlords. The continued requirements by the Trump Administration for 10% of funding for low-income multifamily buildings will maintain the prioritization of these projects in support of energy affordability.

Best Practice #4: Cover 100% of Costs for Low-Income Households and Simplify Income Verification—Grounded in Real Market Costs

When aiming to increase LMI participation, prioritize full project cost coverage and simple income verification. Develop cost assumptions in partnership with contractors and distributors to avoid unintended price inflation and to ensure realistic budgets.

Communicate clearly with homeowners about drivers of total cost (equipment, labor, and market conditions). Consider maintenance support—particularly for heat pumps—to safeguard performance and savings.

Contractor Recommendations and Concerns

- LMI households are unlikely to proceed if required to contribute financially; without full cost coverage, many contractors will lack viable LMI projects.
- Heat pumps require regular maintenance; without support, performance and savings may degrade.

Observed Program Outcomes and Issues

States which have raised the low-income cap have been mostly successful in ensuring that a significant portion of funds go towards low-income households. In Georgia, 89% of the rebates have gone to low-income households across both HOMES and HEEHR programs (GEFA 2026).

- Multiple states have increased allowable HOMES project costs for low-income households up to \$16,000 or greater; this is significantly more likely to cover the full project costs and make projects more viable. Project costs for HEEHR are set in statute, with no flexibility for states to increase amounts over the statutory caps, making HOMES a key program for ensuring low-income coverage.

However, states should nevertheless validate design choices with active contractors and implementers.

Best Practice #5: Standardize Pre-Project Eligibility and Income Verification—Do Not Assign Income Verification to Contractors

Implement a uniform process that verifies household eligibility prior to scoping. Early verification allows contractors and customers to design scopes that fit both budgets and program rules, reduces privacy risks, and avoids wasted audits when customers are later deemed ineligible.

Leverage categorical eligibility below 80% AMI and use efficient methods (e.g., tax documentation) for 80–150% AMI. Streamline back-end checks for self-attestations and enable rapid verification for emergency replacements.

Contractor Recommendations and Concerns

- Contractors are not equipped to handle personal financial data and prefer to avoid related liability.
- Homeowners expect privacy protections and quick determinations to keep projects moving.
- Contractors want customers to pre-qualify so sales efforts translate into completed projects.
- Contractors want to manage the scope of their work, not wait on external pre-qualification and scoping by the program.

Observed Program Outcomes and Issues

- Requirements to submit test-in data or modeling reports before eligibility approval, creating risk of unpaid audits. For low-income customers, contractors are typically not charging a separate fee for the audit and expect to recoup the costs of those hours as part of a larger project – leaving audits that end up not being eligible for rebates as an unfunded financial risk to the contractor. To address this concern, Wisconsin has offered low-income households a dedicated rebate of up to \$500 to cover the cost of the audit itself.
- Delays due to pre-approval processes; challenges serving no-heat/no-cool emergencies in extreme weather.

- Mandatory blower door tests required even when minimally informative are unnecessary for both HOMES and HEEHR. However, it is expected that to avoid the new requirement of utilizing the insulation credit when installing a heat pump in HEEHR, a blower door test may be required by some states.

Best Practice #6: Pay Rebates Within Two Weeks to Sustain Contractor Participation

Target a two-week rebate reimbursement window for completed upgrades. High-value rebates—such as heat pump incentives—can create untenable cash-flow burdens for small businesses if payments are delayed.

Contractor Recommendations and Concerns

- Small contractors cannot carry large receivables for months while paying for equipment and labor.
- Slow payments push firms toward costly bridge financing that erodes margins.

Observed Program Outcomes and Issues

- Reported payment timelines of 40–120 days in some programs, which are incompatible with small-business cash-flow realities. Contractor often have very little visibility into the status of payment timelines, lacking explanations for where the rebate is within internal processing or reasons for any delays. While not universal across all states, where this is a problem, it is one of the more significant issues from the contractor perspective.
- States such as New Mexico has established dedicated rebate financing bridge mechanisms to address this concern in a coordinated fashion as part of the program offering (Bell 2026)

Best Practice #7: Calibrate Licensure, Certifications, and Qualified Contractor Lists (QCLs)

Define QCL criteria that safeguard quality while preserving access. Align requirements with existing state licensure and tailor them by measure where appropriate (e.g., stronger requirements for HVAC; streamlined expectations for water heaters). Ensure processes to verify and enforce compliance, including prompt de-listing where standards are not met.

Contractor Recommendations and Concerns

- Overly stringent or inaccessible requirements can shrink the contractor pool and slow program delivery.
- Quality and safety—especially for gas work and fuel switching—must be maintained.
- Homeowners need help identifying qualified providers and understanding required credentials.

Observed Program Outcomes and Issues

- Initial contractor feedback is that states have generally accepted a wide range of certifications that are consistent with local industry standards, and certification

requirements have not posed a barrier to entry for otherwise highly qualified contractors.

Best Practice #8: Streamline Quality Assurance (QA/QC) Without Delaying Payment

Use risk-based or sampling approaches to QA, increasing scrutiny for new or under-performing contractors and reducing inspection frequency for consistently high performers. Avoid duplicative measurements and do not tie payment timing to non-critical QA findings. Use post-installation surveys to surface issues efficiently without excessive site revisits. The new guidance from DOE removes requirements for post-installation surveys, and further reinforces the importance of aligning with state and local license and permitting requirements as a core component of quality assurance. The new guidance also removes the mandatory requirement under HOMES that the first 5 projects receive an on-site inspection (other than for newly licensed contractors).

Contractor Recommendations and Concerns

- Excessive or repetitive QA visits frustrate homeowners, slow projects, and burden contractors.
- Delays in QA can translate into delayed payments, jeopardizing participation.

Observed Program Outcomes and Issues

- Nonessential minutiae (e.g., measuring CFM of a replaced bath fan) leading to multiple revisits.
- Test-out requirements applied to unmodified system components (e.g., ducts) increasing burden.
- Cumbersome photo documentation (e.g., geolocated photos uploaded one at a time; poor performance of timestamp apps in low-light conditions).⁵ The new guidance from DOE may offer opportunities to streamline quality assurance through industry-standard quality installation tools. The new guidance also relaxes some geo-located photo requirements, which may offer additional flexibility in streamlining previously onerous quality assurance processes.

Best Practice #9: Align Envelope Improvements with Electrification Incentives

Contractors broadly agree that improving the building envelope prior to or alongside heat pump installations enhances comfort, savings, and grid benefits. States should tailor alignment strategies to local building stock, climate, relative energy prices, and workforce capacity, and should coordinate with weatherization to address common barriers.

⁵ Many states have adopted the Pacific Northwest National Laboratory “Quality Installation” tool as a mechanism for ensuring high-quality installations; in practice, the tool is very burdensome for contractors, and interrupts standard process workflows, requires an excessive amount of pictures and carrying a tablet into dirty and confined spaces, and adds risk to project commissioning due to distraction and process interruption. Contractors have repeatedly recommended alternate quality assurance processes, such as relying on outputs from existing contractor commissioning software.

The new guidance from the DOE implements this best practice for the HEEHR program, requiring heat pump installations to also maximize use of the insulation and air sealing rebate. States may allow exemptions from this requirement for homes meeting a certain level of existing insulation (with DOE approval).

Contractor Recommendations and Concerns

- Installing heat pumps in poorly insulated homes risks higher bills and limited comfort improvements.
- Clear communication is needed to distinguish rebates, tax credits, weatherization, and other offerings.
- Emergency system replacements often leave little time for pre-installation envelope work—and over 80% of HVAC projects are installed at system failure. Contractors stressed the need for 24-hour turn-around (or less) for project eligibility approval during extreme weather events, and encouraged states to establish dedicated emergency replacement procedures for expedited review.

Observed Program Outcomes and Issues

In some programs, it took months to allow leveraging both HOMES and HEEHR dollars on a single project, delaying delivery and causing confusion.

- Initial contractor feedback is that the new insulation requirements for heat pump installations will not pose a significant barrier to adoption, as they only require a minimal level of insulation.⁶
- Some HVAC contractor do not currently conduct insulation or air sealing; these contractors should consider adding duct insulation or duct sealing services, which can also meet the insulation requirement.
- Initial contractor feedback encourages states to offer multiple reasonable exemptions from the insulation requirement, which could include homes built after a certain date/certain energy code, homes which achieve a blower door test of 3 ACH 50 or lower, or homes with a HERS or Home Energy Score rating below a certain level.

Best Practice #10: Build a One-Stop Shop for the Public and Contractors

Create a centralized portal with a public-facing side and a contractor-facing side. Provide tools for eligibility screening, measure selection, application submission, status tracking, qualified contractor lists, onboarding for new contractors, best-practice guidance, and links to complementary financing. Ensure multilingual access and mobile-friendly workflows for contractors who operate primarily by smartphone.

Contractor Recommendations and Concerns

- Homeowners and contractors face confusion when navigating multiple programs, each with distinct rules and eligibility.

⁶ To maximize the insulation rebate, low-income customers must receive at least \$1,600 of insulation (covered at 100% of project cost). Moderate-income customers must receive at least \$3,200 of insulation (covered at 50% of project cost) which remains a modest cost increase for heat pump projects.

- Heavy administrative requirements deter contractor participation and erode trust—especially when payment status is opaque.

Observed Program Outcomes and Issues

- States should avoid marketing that emphasizes maximum theoretical rebate values without clarifying typical outcomes to avoid shifting difficult conversations to contractors.
- Lack of application status visibility for contractors and customers increases frustration; in some states, the interfaces show addresses rather than customer names and do not integrate with required BPI-2400 tools.
- While unnecessary, some states require duplicate data entry when projects include both HOMES and HEEHR measures, despite statutory linkage.

Complex Program Requirements Complicate Implementation

In response to contractor concerns, states and implementors have often acknowledged the concerns, while citing restrictive DOE guidance as the rationale for the existing program design and process. These program design decisions – layering in additional program reviews or approvals – then further complicate implementation, adding in additional layers of data to be collected. Implementors have generally not involved contractors in the program design process, and specific data requirements or process approvals remain opaque to many contractors, complicating communication and troubleshooting for difficult projects where data may be missing or unclear. Importantly, implementors and states should understand the current business and sales methodology of their contractors as well as the typical training and software tools at their disposal. Starting with where the contractors are and adding what is necessary to meet the program guidelines is going to increase contractor satisfaction and speed to implementation over the most typical top-down approach.

The new program guidance from the DOE streamlines some current program rules and will allow some simplification of program implementation for states, including both states launching their programs under the new guidance and states with existing programs which will be able to take advantage of the new guidance to optimize their program design.

Conclusion

These best practices represent practical steps derived from extensive contractor engagement to support a smoother rollout of historic federal rebates. Implementing them can lower administrative friction, support high-quality installations, and create enduring market and workforce transformation.

With thoughtful design, states can simultaneously improve home performance and indoor air quality, advance electrification, create local jobs that cannot be offshored, reduce energy burdens, and cut emissions. Contractors are ready to help these programs succeed—states should equip them to do so.

References

Author's note: This paper draws heavily on off-the-record interviews with contractors participating in state Home Energy Rebate programs. Contractors were granted anonymity as their negative feedback on programs could be viewed negatively by program administrators, with contractors concerned that their criticism would lead to administrative repercussions or retaliation by program administrators. Real or imagined, we promised anonymity. Interviews were conducted in 2024 and 2025, with follow-ups in 2026 following release of the new DOE guidance, and included contractors in Arizona, California, Georgia, Maine, Michigan, New York, and North Carolina, as well as discussions with a national set of contractors at various events.

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