

# CO HYPOTHETICAL SCENARIO:

## Combining IRA Funding with Xcel Energy Resources (Income-Qualified)



**PARTNERS IN ENERGY**  
An Xcel Energy Community Collaboration

A family of four filing jointly with a household income of \$99,000 who own their own 2,000 sq. ft. home served by Xcel Energy for electricity and natural gas. The family lives in Jefferson County where 80% of the Area Median Income limit for a household of four is \$99,280.

This family began their journey by applying for Colorado's Affordable Residential Energy Program ([CARE](#)). The CARE Program provides income-qualified Coloradans in participating counties with free home energy efficiency upgrades for homeowners and renters. The family's CARE application was approved and was eligible for a free energy audit and free energy efficiency upgrades.

The energy audit report indicated that the home's energy efficiency would improve the most with air sealing, attic insulation, wall insulation, and a new ENERGY STAR® refrigerator. The CARE Program covered the cost of the air sealing, attic insulation, and wall insulation (\$7,000<sup>1</sup> value) as well as the cost of the new refrigerator (a \$1,000<sup>2</sup> value). **\$8,150 (project cost) - \$8,150 (CARE Program cost assistance) = \$0 (total net cost)**

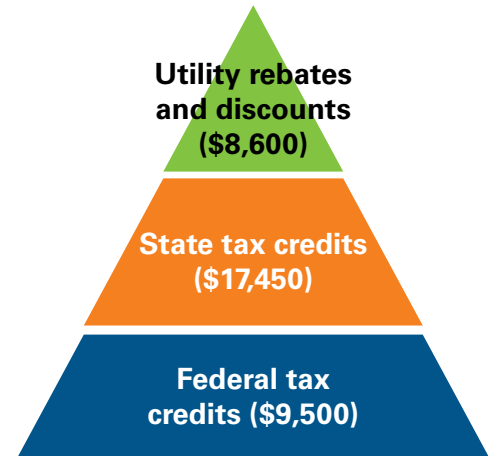
Next, they chose to replace their traditional air conditioner and gas furnace with an electric heat pump air conditioner and heating system, costing them \$14,000<sup>3</sup>. The couple received a \$1,700 Xcel Energy heat pump rebate, plus a bonus rebate from Xcel Energy of \$600 because the couple paired their heat pump with insulation and air sealing work. The IRA provides a [tax credit](#) for up to 30% of the project costs for heat pumps, capped at \$2,000 per year. Combined, this couple received \$4,900 to offset their heat pump costs. While the couple may see an increase in their total energy bill in the winter months by switching from natural gas to electric heat, they will have reduced greenhouse gas emissions from their home. **\$14,000 (project cost) - \$2,300 (Xcel Energy rebates) - \$2,000 (federal tax credit) = \$9,700 (total net cost)**

Additionally, the family purchased a new heat pump water heater for \$4,000<sup>4</sup>. Since the family already received the capped \$2,000 [federal tax credit](#) for their heat pump air conditioner, this project won't qualify for a federal tax credit in the same year. The family received an \$800 Xcel Energy [rebate](#) to offset their hot water heater costs and are saving on their monthly energy bills. **\$4,000 (project cost) - \$800 (Xcel Energy rebates) = \$3,200 (total net cost)**

Finally, the family bought a new electric vehicle for \$27,000<sup>5</sup> using the [\\$7,500 federal point-of-sale rebate](#), the [\\$6,000 Colorado VCX rebate](#), and the [\\$5,500 Xcel Energy rebate](#). The family signed up for [Xcel Energy's EV Accelerate at Home](#), which provides them a Level 2 home charger and unlimited maintenance for only \$13.29 a month. Compared to the \$150 per month that they were spending on gas, this couple continues to save! The couple is eligible for even more savings offered by the State of Colorado to support their new EV purchase. [Colorado offers a tax credit up to \\$7,500 for new EV purchases](#). Given the family's annual income of \$99,000 and joint filing status, the family's [estimated state tax burden](#) is approximately \$3,300. Therefore, out of the \$7,500 Colorado tax credit for EV purchases, they are eligible for a state tax credit of \$3,300. **\$27,000 (vehicle cost) - \$7,500 (federal point of sale rebate) - \$6,000 (Colorado rebate) - \$5,500 (Xcel Energy rebate) - \$3,300 (Colorado tax credit) = \$4,700 (total net cost)**

In total, the family received \$35,550, over 35% of their annual household income, to help them implement projects that will improve the energy efficiency and thermal comfort of their home and save money at the gas pump. These investments improved their home's value and created lasting community benefits including improved air quality and lower greenhouse gas emissions.

### Incentive Pyramid for Colorado Hypothetical Scenario



**Disclaimer:** This is a hypothetical scenario based on estimated (not real) project costs highlighting a few of the many home energy projects that are available. Calculations are based on incentives as of January 1, 2024, which are subject to change. While we will continue to provide updates based on new information, new funding programs and guidance are being issued regularly so this may not reflect the situation for your home.

<sup>1</sup>Cost estimate based on real home project in Summit County, CO from [High Country Conservation Center](#)

<sup>2</sup>Cost estimated based on [ENERGY STAR® refrigerator product finder](#)

<sup>3</sup>Cost estimate from [Rewiring America](#)

<sup>4</sup>Cost estimate from [Center for Energy and Environment](#)

<sup>5</sup>Cost estimate based on 2023 Chevy Bolt EV 1LT from [Kelley Blue Book](#)