

CO HYPOTHETICAL SCENARIO:

Combining IRA Funding with Xcel Energy Resources



PARTNERS IN ENERGY
An Xcel Energy Community Collaboration

A couple filing jointly with a household income of \$200,000 who own their own 2,000 sq. ft. home served by Xcel Energy for electricity and natural gas. Since the couple's income is >150 their county's area median income, this couple does not meet income qualifications for some federal and state discounts that are available to income qualified residents.

This couple began their journey by signing up for an [Xcel Energy Home Energy Squad Plus](#) visit for \$150, which was discounted by Xcel Energy to \$100. The audit is eligible for 30% tax credit through the IRA, refunding the couple an additional \$30. The net cost of the audit for the couple was \$70 and the couple received free LEDs, a smart thermostat, and other equipment to help them save even more money in the long run.

\$150 (audit cost) - \$50 (Xcel Energy discount) - \$30 (federal tax credit) = \$70 (total net cost)

Based on the recommendations from the Xcel Energy audit report, they chose to make home weatherization improvements by paying a contractor \$3,500 for labor and \$3,500 for materials¹ to complete air sealing, attic insulation, and wall insulation. The couple received a \$950 Xcel Energy [rebate](#) for insulation and air sealing and combined it with the IRA [tax credit](#) for up to 30% of the project material costs, capped at \$1,200 per year. The couple received a total of \$1,715 for their home weatherization project and are saving on monthly energy costs! **\$7,000 (project cost) - \$950 (Xcel Energy rebates) - \$765 (federal tax credit) = \$5,285 (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 \$14,000². 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 \$4,000³. 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.

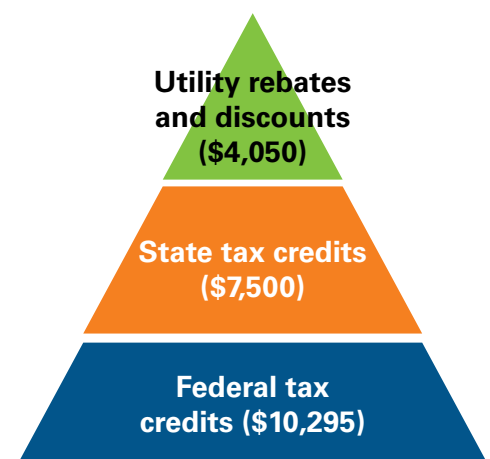
\$4,000 (project cost) - \$800 (Xcel Energy rebates) = \$3,200 (total net cost)

Finally, the couple bought a new electric vehicle for \$27,000⁴ using the [\\$7,500 federal tax credit](#) and [\\$7,500 in Colorado tax credits](#). The couple 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! **\$27,000 (vehicle cost) - \$7,500 (federal tax credit) - \$7,500 (state tax credits) = \$12,000 (total net cost)**

In total, the couple received \$21,845, over 10% 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.

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.

Incentive Pyramid for Colorado Hypothetical Scenario



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

²Cost estimate from [Rewiring America](#)

³Cost estimate from [Center for Energy and Environment](#)

⁴Cost estimate based on 2023 Chevy Bolt EV 1LT from [Kelley Blue Book](#)