

MN 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 \$90,000 who own their own 2,000 sq. ft. home served by Xcel Energy for electricity and natural gas. The family lives in Ramsey County where 80% of the Area Median Income limit for a household of four is \$94,650.

This family began their journey with a free income-qualified Home Energy Squad visit. At the visit, the Energy Technicians installed LED lights and a programmable thermostat. They also inspected the home and notified the family that their 20-year-old furnace and central AC would need to be replaced soon and that their home could benefit from attic insulation and air sealing. They also learned that they may qualify for Xcel Energy's income-qualified Home Energy Savings Program, which could complete many of the improvements at no cost to the family.

Next, the Home Energy Savings Program team visited the home and determined that since the family earned less than 80% of the area median income, they qualified for free attic insulation and air sealing work (a \$3,500¹ value) and a new ENERGY STAR® refrigerator (a \$1,000² value). Because the furnace and AC were more than 15 years old, the family also qualified for an air source heat pump (a \$14,000³ value) to replace the air conditioner to offer heating and cooling to the home along with a new high-efficiency furnace (a \$5,000⁴ value) to provide supplemental heating.

\$23,500 (project cost) - \$23,500 (Home Energy Savings Program cost assistance) = as low as \$0 (total net cost)

Additionally, the family purchased a new heat pump water heater for \$4,000⁴ to replace their aging gas water heater. The family received a \$500 Xcel Energy [rebate](#) and the IRA [federal tax credit](#) for up to 30% of project costs after rebates, capped at \$2,000 per year. The couple is also now saving on their monthly energy bills.

\$4,000 (project cost) - \$500 (Xcel Energy rebate) - \$1,050 (federal tax credit) = \$2,450 (total net cost)

In total, the family received \$25,050, over 28% of their annual household income, to help them implement projects that will improve the energy efficiency and thermal comfort of their home. 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.*

¹Cost estimate based on real home project in Ramsey County, MN from the [Center for Energy and Environment](#)

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

³Cost estimate from [Rewiring America](#)

⁴Cost estimates from [Center for Energy and Environment](#)

Incentive Pyramid for Minnesota Hypothetical Scenario

