MN HYPOTHETICAL SCENARIO:

Combining IRA Funding with Xcel Energy Resources

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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.

This couple began their journey by signing up for an Xcel Energy Home Energy Squad Energy Planner visit for $100. The audit is eligible for 30% tax credit through the IRA, refunding the couple $30 and the couple received free LEDs, a smart thermostat, and other equipment to help them save even more money in the long run. After the visit, the couple called the Home Energy Squad's Energy Advisors, who walked them through all the incentives available for the projects they wanted to complete.
$100 (audit cost) - $30 (federal tax credit) = $70 (total net cost)

Based on the recommendations from the report, they chose to make home weatherization improvements by paying a contractor $4,000 for labor and $4,000 for materials[1] to complete air sealing, attic insulation, and wall insulation. The couple received $3,000 in Xcel Energy rebates and an IRA tax credit for up to 30% of the materials costs for insulation and air sealing, capped at $1,200 per year. The couple received a total of $3,300 in incentives for their home weatherization project and is saving on monthly energy costs!
$8,000 (project cost) - $3,000 (Xcel Energy rebates) - $300 (federal tax credit) = $4,700 (total net cost)

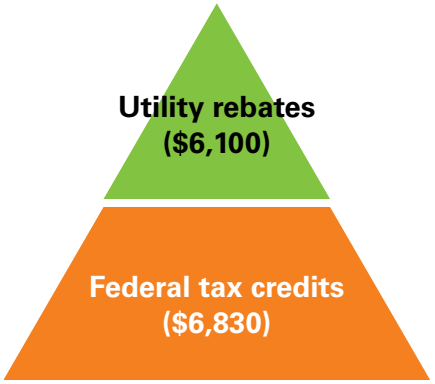
Next, they chose to replace their traditional air conditioner and gas furnace with an electric cold climate heat pump for space heating and cooling with a gas furnace backup, costing them $14,000[2]. The couple received a $2,000 Xcel Energy heat pump rebate plus a bonus rebate from Xcel Energy of $600 because the couple paired their heat pump with insulation and air sealing work. The couple combined these rebates with an IRA tax credit for up to 30% of the project costs after rebates, capped at $2,000 per year. 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) - $2,600 (Xcel Energy rebates) - $2,000 (federal tax credit) = $9,400 (total net cost)

Additionally, the family purchased a new heat pump water heater for $4,000[3] to replace their aging gas water heater. 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 a $500 Xcel Energy rebate to offset their hot water heater costs and are saving on their monthly energy bills.
$4,000 (project cost) - $500 (Xcel Energy rebate) = $3,500 (total net cost)

Finally, the couple installed rooftop solar on their home for $15,000[4], receiving a 30% federal tax credit. They signed up for Xcel Energy's Solar*Rewards program and receive annual payments for the solar energy they generate. **$15,000 (project cost) - $4,500 (federal tax credit) = $10,500 (total net cost)**

In total, the couple received $12,930, 6% of their annual household income, to help them implement projects that will improve the energy efficiency and thermal comfort of their home and earn money from the solar energy generated. These investments improved their home's value and created lasting community benefits including improved air quality and lower greenhouse gas emissions.

Incentive Pyramid for Minnesota 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.*

[1]Cost estimate based on real home project in Ramsey County, MN from the Center for Energy and Environment
[2]Cost estimate from Rewiring America
[3]Cost estimate from Center for Energy and Environment
[4]Cost estimate from EnergySage