

WI HYPOTHETICAL SCENARIO:

Combining IRA Funding with Xcel Energy Resources (Income Qualified)



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An Xcel Energy Community Collaboration

A family of four filing jointly with a household income of \$61,000 who own their own 2,000 sq. ft. home served by Xcel Energy for electricity and natural gas.

This family began their journey by signing up for a [home energy assessment](#) with an approved Focus on Energy trade ally. The assessment is eligible for a 30% tax credit through the IRA (up to \$150), refunding the couple \$150. The assessment found that their home could benefit from attic and wall insulation and air sealing, and that the gas water heater and central air conditioner were nearing end of life.

\$500 (assessment cost) - \$150 (tax credit) = \$350 (total net cost)

Based on the results of the home energy assessment, the family applied for the [Weatherization Assistance Program](#) through Home Energy Plus and was accepted. The Home Energy Plus team visited the home and determined that since the family met the income guidelines, they qualified for free attic and wall insulation and air sealing work (a \$8,000¹ value) and free replacement of their aging gas water heater with a new gas model (\$3,000 value).

\$11,000 (project cost) - \$11,000 (Weatherization Assistance Program cost assistance) = as low as \$0 (total net cost)

The family's 20-year-old air conditioner was on its last leg, so the family chose to replace it with a heat pump, costing them \$14,000². The new heat pump was compatible with the existing 5-year-old furnace, so the heat pump would provide cooling in the summer, and heating in the winter until outside temperatures would reach 20 degrees Fahrenheit or below, at which point the furnace would provide heat. The couple received a \$1,000 [rebate](#) from Focus on Energy and the IRA [tax credit](#) for up to 30% of the project costs after rebates, capped at \$2,000 per year. The family is now able to keep their heating bills low by heating their home with the heat pump in milder temperatures when it is cheaper and more efficient, while using their gas furnace on the extremely cold days when it is cheaper to heat with gas.

\$14,000 (project cost) - \$1,000 (Focus on Energy rebate) - \$2,000 (federal tax credit) = \$11,000 (total net cost)

In total, the family received \$14,150, over 23% 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 estimate from [Rewiring America](#)

Incentive Pyramid for Wisconsin Hypothetical Scenario

