



BREAKING NEWS

Rheem Government Affairs

August 1, 2022

Key Policy Update

Senators Joe Manchin (D-WV) and Charles Schumer (D-NY) announced an agreement on comprehensive climate and tax policy legislation, potentially paving the way for enactment of a key set of consumer appliance electrification incentives. Dubbed the Inflation Reduction Act of 2022, the draft [bill](#) includes several specific [consumer incentives](#) to encourage the purchase of Heat Pumps, High-Efficiency Air Conditioning Systems, and Heat Pump Water Heaters.

25C Residential Tax Credit

- 10-year extension
- \$1,200 annual credit cap
- 30% cost of eligible equipment/capped at \$600 per eligible equipment purchase (Air Conditioner)
- 30% of eligible equipment/capped at \$2,000 per eligible equipment purchase (HP or HPWH)
- Product eligibility tied to applicable CEE tiers and credit cap can include labor/installation costs

High Efficiency Electric Home Rebate Program

- \$4.275 billion grant program, administered by State Energy Program Offices, to provide point of sale rebates to [income-eligible consumers](#) for purchase of HP and HPWH
- \$1,750 maximum grant HPWH; \$8,000 maximum grant HP
- \$4,000 panel upgrades maximum grant and \$2,500 electric wiring maximum grant

Key Take Aways

All 50 Senate Democrats must agree to support the Inflation Reduction Act. Senator Kyrsten Sinema (D-AZ), a key swing vote, has yet to take a position on the legislation.

Senator Schumer intends for the Senate to consider the legislation week of August 1st. Key procedural steps include a review of the legislation by the Senate Parliamentarian and amendment votes.

If Senate passes legislation, House Speaker Nancy Pelosi indicates she would bring the House of Representatives back into session week of August 8th to vote on bill.

