

# HeatSmart Arlington-Winchester

## Incentives and Financing Guide





Revised 5/16/19

The clean heating and cooling technologies offered through HeatSmart Arlington-Winchester are eligible for thousands of dollars in incentives, tax credits and financing from the Massachusetts Clean Energy Center, Mass Save, and the Massachusetts Dept. of Energy Resources.

### Air Source Heat Pumps

Updated 5/16/19 to reflect new whole-home air source heat pump pilot program from MassCEC

Program Name	Description	Special Requirements
	<b>Ductless:</b> <b>Electric Heat</b> (year-round only): <b>\$1,000</b> per ton of capacity <b>Oil/Propane Heat:</b> <b>\$1,600</b> per ton of capacity (with integrated controls or removal of existing system) <b>Other</b> (no integrated controls): <b>\$150</b> per ton of capacity	<p>In 2019, Mass Save greatly expanded the rebates available for heat pumps. These expanded rebates are targeted towards residents who install heat pumps with integrated controls to maximize efficient heat pump usage for heating throughout the winter. Ask your installer about the integrated controls package necessary to take advantage of these larger rebates. All ductless models installed must be NEEP-qualified cold climate heat pumps.</p> <p>Once your installer has completed your installation, all you have to do is submit your rebate application and paid invoice online through the Mass Save website or by mail.</p>
	<b>Ducted:</b> <b>Oil/Propane Heat:</b> <b>\$1,000</b> per ton of capacity (with integrated controls or removal of existing system) <b>Other</b> (no integrated controls): <b>\$350</b> per ton of capacity	
 <b>0% Interest HEAT Loan</b>	<b>0% interest HEAT Loan</b> of up to <b>\$25,000 over a 7-year term</b> for qualifying homeowners	<p>In addition to qualifying for the loan:</p> <p><b>If you live in a 1-4 unit building,</b> you will need to have completed a Mass Save home energy assessment. <b>Sign up</b> for an energy assessment as soon as possible to make sure you'll be able to qualify.</p> <p><b>If you live in a 5 or more unit condo or apartment complex,</b> you will need to meet the following requirements:</p> <ol style="list-style-type: none"> <li>(1) Your unit must be individually metered for electricity and/or gas</li> <li>(2) An authorized representative of the building (e.g. building owner, condo board member, property manager) will need to enroll your building for a Mass Save Multifamily energy assessment.</li> </ol>



Massachusetts Department of Energy Resources

### Alternative Energy Certificates

The Commonwealth’s Alternative Portfolio Standard awards **Alternative Energy Certificates (AECs)** to owners of clean heating & cooling technologies. These AECs can be worth around \$15-20 each, determined by the price paid by electric utilities at a public auction held every quarter.

**You will only be able to receive AECs if your heat pump system is the only or primary source of heat.** The number of certificates you’ll receive will be based on two criteria: **(1)** the square footage of your home; **(2)** how efficient your home is; and **(3)** whether your heat pump is the sole source of heat.

After registering your system, you will be awarded AECs equal to 10 years’ worth of the heat your heat pump system is expected to provide. Depending on the number of certificates you receive, this incentive could be worth anywhere from **\$1,200 to \$4,500!**

Visit the HeatSmart website for more information on this incentive and eligibility requirements.

We strongly encourage you to contract with an AEC aggregator, who can sell your AECs on your behalf for a small fee. A list of potential AEC aggregators can be provided by your installer or found on the HeatSmart website.

**If you wish to contract with an aggregator,** you will need to provide all information required by your aggregator. That’s it! Once the auction occurs, the aggregator will send you a check based on the auction price.

**If you do not wish to contract with an aggregator,** you will need to register your system at <http://rt.masscec.com>. Note that utilities purchasing AECs tend to buy large quantities, and they may not purchase AECs for just your system.



### Whole-Home Air Source Heat Pump Pilot

MassCEC’s whole-home pilot program provides rebates starting at **\$2,500** to homeowners who install air source heat pumps without supplementary or backup heating.

All projects must be designed to serve as the sole source of heating in the building. Existing buildings and new construction (including gut renovation) projects are eligible, but existing homes must currently heat with gas to participate.

This rebate increases to **up to \$5,000** per ton of capacity if your home meets certain income-based criteria.




See Page 8 for more information.

Applications must be submitted and approved by MassCEC **prior** to starting project construction. Only 1-4 unit residential buildings are eligible.

In existing buildings, the home must currently heat with gas and the existing central gas system must be removed. In new construction projects, the site may not have any fossil fuel appliances (including domestic hot water, cooking, and dryers).

In both new existing buildings and new construction, non-fossil fuel backup heat may be left in place or installed (e.g. wood or pellet stoves, electric resistance heat), including in areas that are not able to be adequately conditioned by the heat pump. Existing buildings must have completed a **home energy assessment** within the past **4 years**.

## Ground Source Heat Pumps

Program Name	Description	Special Requirements
 <p><b>0% Interest HEAT Loan</b></p>	<p><b>0% interest HEAT Loan</b> of up to <b>\$25,000 over a 7-year term</b> for qualifying homeowners</p>	<p>In addition to qualifying for the loan:</p> <p><b>If you live in a 1-4 unit building</b>, you will need to have completed a Mass Save home energy assessment. <b>Sign up</b> for a Mass Save home energy assessment through as soon as possible to make sure you'll be able to qualify.</p> <p><b>If you live in a 5 or more unit condo or apartment complex</b>, you will need to meet the following requirements:</p> <ol style="list-style-type: none"> <li>(1) Your unit must be individually metered for electricity and/or gas</li> <li>(2) An authorized representative of the building (e.g. building owner, condo board member, property manager) will need to enroll your building for a Mass Save Multifamily energy assessment.</li> </ol>
 <p><b>Clean Heating &amp; Cooling Program: Ground Source Heat Pump Rebate</b></p>	<p><b>\$2,000</b> per ton of heating capacity (up to \$10,000 for single-family homes, \$20,000 for multi-family or non-residential projects)</p> <p>This rebate increases to <b>up to \$3,500</b> per ton of capacity if your home meets certain income-based criteria.</p> <p>See Page 8 for more information.</p>	<p><b>If you live in a 1-4 unit building</b>, you will need to have completed a <b>home energy assessment</b> within the past <b>4 years</b>. If you have not, you can complete a free home energy assessment <b>within 6 months</b> of your heat pump installation. <b>Sign up</b> for a Mass Save home energy assessment as soon as possible to make sure you'll be able to get this rebate.</p> <p><b>If you live in a 5 or more unit building</b>, you do not need to complete a home energy assessment</p> <p>Once you've completed or scheduled your audit, Wenzel will submit your rebate application on your behalf.</p>
 <p><b>Federal Investment Tax Credit (newly restored as of February 2018!)</b></p>	<p>The federal investment tax credit for renewable energy technologies (e.g. solar photovoltaics) was restored to include ground source heat pumps in the recent government spending bill passed in February 2018.</p> <p>This tax credit is worth <b>30% of the installed cost</b> of your ground source system <b>after rebates</b> (with no maximum). If you don't have sufficient tax liability, you may be able to claim the credit in future years. Consult a tax professional for more information.</p>	<p>Residents should complete <a href="#">Form 5695</a> and follow the IRS <a href="#">instructions</a>.</p> <p>Tax-exempt non-profit and public organizations are not eligible to receive the tax credit.</p> <p>If the entire credit is not used in one tax year, it can roll over to next.</p> <p>Note that the federal tax credit steps down from 30% to 26% at the end of 2019. Speak with your installer if you have concerns about whether your HeatSmart project will be able to receive the full tax credit.</p>



Massachusetts Department  
of Energy Resources

### Alternative Energy Certificates

The Commonwealth's Alternative Portfolio Standard awards **Alternative Energy Certificates (AECs)** to owners of clean heating & cooling technologies. These AECs can be worth around \$15-20 each, determined by the price paid by electric utilities at a public auction held every quarter.

The number of certificates you'll receive will be based on three criteria: **(1)** the square footage of your home; **(2)** how efficient your home is. Your home must also use the heat pump system as the only source of heating in your home.

After registering your system, you will be awarded AECs equal to 10 years' worth of the heat your heat pump system is expected to provide. Depending on the number of certificates you receive, this might be worth anywhere from **\$3,500 to \$11,000 or more!**

Visit the HeatSmart website for more information on this incentive.

We strongly encourage you to contract with an AEC aggregator, who can sell your AECs on your behalf for a small fee. A list of potential AEC aggregators can be provided by your installer or found on the HeatSmart website.

**If you wish to contract with an aggregator**, you will need to provide all information required by your aggregator. That's it! Once the auction occurs, the aggregator will send you a check based on the auction price.

**If you do not wish to contract with an aggregator**, you will need to register your system at <http://rt.masscec.com>. Note that utilities purchasing AECs tend to buy large quantities, and they may not purchase AECs for just your system.



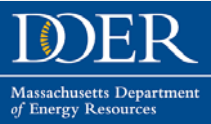


### Sales Tax Exemption

Ground source heat pumps are **exempt from the Massachusetts sales tax (6.25%)** under MGL 64H.6(dd).

Fill out Form ST-12 (Exempt Use Certificate, Section 3) and provide it to your installer. The form can be found here: <https://www.mass.gov/files/documents/2017/12/12/dor-sales-use-form-st-12.pdf>

## Solar Hot Water

Program Name	Description	Special Requirements
 <p><b>0% Interest HEAT Loan</b></p>	<p><b>0% interest HEAT Loan</b> of up to <b>\$25,000 over a 7-year term</b> for qualifying homeowners</p>	<p>In addition to qualifying for the loan:</p> <p><b>If you live in a 1-4 unit building</b>, you will need to have completed a Mass Save home energy assessment. <b>Sign up</b> for a Mass Save home energy assessment through <a href="http://www.ackenergy.org">www.ackenergy.org</a> as soon as possible to make sure you'll be able to qualify.</p> <p><b>If you live in a 5 or more unit condo or apartment complex</b>, you will need to meet the following requirements:</p> <ol style="list-style-type: none"> <li>(1) Your unit must be individually metered for electricity and/or gas</li> <li>(2) An authorized representative of the building (e.g. building owner, condo board member, property manager) will need to enroll your building for a Mass Save Multifamily energy assessment.</li> </ol>
 <p><b>Clean Heating &amp; Cooling Program:</b></p>	<p><b>Up to \$3,500 for residences</b> depending on the number and performance rating of your solar hot water collectors</p> <p>This rebate increases to <b>up to \$4,500</b> (or more) if your home meets certain income-based criteria.</p> <p>See Page 8 for more information.</p>	<p><b>If you live in a 1-4 unit building</b>, you will need to have completed a <b>home energy assessment</b> within the past <b>4 years</b>. If you have not, you can complete a free home energy assessment <b>within 6 months</b> of your heat pump installation. <b>Sign up</b> for a Mass Save home energy assessment through <a href="http://www.ackenergy.org">www.ackenergy.org</a> as soon as possible to make sure you'll be able to get this rebate.</p> <p><b>If you live in a 5 or more unit building</b>, you do not need to complete a home energy assessment.</p>
 <p><b>Alternative Energy Certificates</b></p>	<p>The Commonwealth's Alternative Portfolio Standard awards <b>Alternative Energy Certificates (AECs)</b> to owners of clean heating &amp; cooling technologies. These AECs can be worth around \$15-20 each, determined by the price paid by electric utilities at a public auction held every quarter.</p> <p>The number of certificates you'll receive will be based on three criteria: <b>(1)</b> the performance rating (OG-100 or OG-300) of your solar hot water collectors; <b>(2)</b> the number of collectors installed; and <b>(3)</b> the amount of sun those collectors receive.</p> <p>After registering your system, you will be awarded AECs equal to 10 years' worth of the heat your solar hot water system is expected to provide. Depending on the number of certificates you receive, this might be worth anywhere from <b>\$750 to \$2,000 or more!</b></p> <p>Visit the HeatSmart website for more information on this incentive.</p>	<p>We strongly encourage you to contract with an AEC aggregator, who can sell your AECs on your behalf for a small fee. A list of potential AEC aggregators can be provided by your installer or found on the HeatSmart website.</p> <p><b>If you wish to contract with an aggregator</b>, you will need to provide all information required by your aggregator. That's it! Once the auction occurs, the aggregator will send you a check based on the auction price.</p> <p><b>If you do not wish to contract with an aggregator</b>, you will need to register your system at <a href="http://rt.masscec.com">http://rt.masscec.com</a>. Note that utilities purchasing AECs tend to buy large quantities, and they may not purchase AECs for just your system.</p>



### Federal Investment Tax Credit

The Internal Revenue Service (IRS) offers a **30% tax credit** based on total installation costs **with no maximum amount**.

Residents should complete [Form 5695](#) and follow the IRS [instructions](#). Tax-exempt non-profit and public organizations are not eligible to receive the tax credit. If the entire credit is not used in one tax year, it can roll over to next. Note that the federal tax credit steps down from 30% to 26% at the end of 2019. Speak with your installer if you have concerns about whether your HeatSmart project will be able to receive the full tax credit.



### State Renewable Energy Tax Credit

The Massachusetts Department of Energy Resources administers a **15% state tax credit** for installation costs for solar hot water. This credit has a **maximum amount of \$1,000**.

Only residents are eligible for this tax credit. This credit may be rolled over to the next year if not used in one tax year.



### Property and Sales Tax Exemption



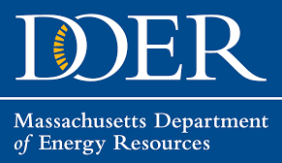
Solar hot water is 100% **exempt from the Massachusetts sales tax (6.25%)** under MGL 64H.6(dd).

Solar hot water is 100% **exempt from the Massachusetts property tax** for 20 years under M.G.L. ch. 59 § 5 (45, 45A)

**For the sales tax exemption**, fill out Form ST-12 (Exempt Use Certificate, Section 3) and provide it to your installer. The form can be found here: <https://www.mass.gov/files/documents/2017/12/12/dor-sales-use-form-st-12.pdf>

**To learn more about the property tax exemption**, please see the Massachusetts Department of Revenue's Information Sheet: <http://www.mass.gov/dor/docs/dls/city-town/2012/ctmarch1-2012.pdf>

## Modern Wood Heating

Program Name	Description	Special Requirements
 <p><b>0% Interest HEAT Loan</b></p>	<p><b>0% interest HEAT Loan</b> of up to <b>\$25,000 over a 7-year term</b> for qualifying homeowners</p>	<p>In addition to qualifying for the loan:</p> <p><b>If you live in a 1-4 unit building</b>, you will need to have completed a Mass Save home energy assessment. <a href="#">Sign up</a> for a Mass Save home energy assessment through as soon as possible to make sure you'll be able to qualify.</p> <p><b>If you live in a 5 or more unit condo or apartment complex</b>, you will need to meet the following requirements:</p> <ol style="list-style-type: none"> <li>(1) Your unit must be individually metered for electricity and/or gas</li> <li>(2) An authorized representative of the building (e.g. building owner, condo board member, property manager) will need to enroll your building for a Mass Save Multifamily energy assessment.</li> </ol>
 <p><b>Clean Heating &amp; Cooling Program: Modern Wood Heating</b></p>	<p><b>Up to 40%</b> of the eligible cost of your system (up to \$10,000) Additional <b>\$2,000</b> for the cost of thermal storage if required (separate from \$10,000 limit)</p> <p>This rebate increases to <b>up to 60%</b> of the cost of your system (up to \$14,500 for residences) if your home meets certain income-based criteria.</p> <p>See Page 8 for more information.</p>	<p><b>If you live in a 1-4 unit building</b>, you will need to have completed a <b>home energy assessment</b> within the past <b>4 years</b>. If you have not, you can complete a free home energy assessment <b>within 6 months</b> of your modern wood heating installation. <a href="#">Sign up</a> for a Mass Save home energy assessment as soon as possible to make sure you'll be able to get this rebate.</p> <p><b>If you live in a 5 or more unit building</b>, you do not need to complete a home energy assessment</p>
 <p><b>Alternative Energy Certificates</b></p>	<p>The Commonwealth's Alternative Portfolio Standard awards <b>Alternative Energy Certificates (AECs)</b> to owners of clean heating &amp; cooling technologies. These AECs can be worth around \$15-20 each, determined by the price paid by electric utilities at a public auction held every quarter.</p> <p>You will receive AECs every quarter based on the amount of eligible wood pellets you use for the life of the system (up to 20 years or more!).</p> <p>Depending on the number of certificates you receive, this might be equal to a <b>quarterly payment of \$90 to \$200+</b> for the entire life of your modern wood heating system.</p> <p>Visit the HeatSmart website for more information on this incentive.</p>	<p>We strongly encourage you to contract with an AEC aggregator, who can sell your AECs on your behalf for a small fee. A list of potential AEC aggregators can be found on the HeatSmart [Community Name] website.</p> <p><b>If you wish to contract with an aggregator</b>, you will need to provide all information required by your aggregator. Every quarter they will request information from you about the amount of wood pellets you used in that quarter. Once the auction occurs, the aggregator will send you a check based on the auction price.</p> <p><b>If you do not wish to contract with an aggregator</b>, you will need to register your system at <a href="http://rt.masscec.com">http://rt.masscec.com</a>. Note that utilities purchasing AECs tend to buy large quantities, and they may not purchase AECs for just your system.</p>



## Am I eligible for a larger rebate from the Massachusetts Clean Energy Center?

To make clean heating and cooling more affordable for Massachusetts residents, MassCEC offers larger rebates for households that earn less than 120% of the state median income (for your household size). This rebate increases if you earn less than 80% of the state median income.

Similarly, larger rebates are also available for non-profit and state/municipal entities, as well as for projects in affordable housing developments. Air source heat pumps are also eligible for a larger rebate if you are replacing electric resistance heating.

For more details on these larger rebates, visit MassCEC website for more information.

Technology Name	Base Rebate	<120% of State Median Income	<80% of State Median Income
Air source heat pumps (whole-home)	\$2,500	\$3,750	\$5,000
Ground source heat pumps	\$2,000 per ton of heating capacity (up to \$10,000)	\$3,000 per ton of heating capacity (up to \$15,000)	\$3,500 per ton of heating capacity (up to \$17,500)
Solar hot water	Up to \$3,000 depending on collector rating	Up to \$3,500 depending on collector rating	Up to \$4,000 depending on collector rating
Modern wood heating	40% of eligible project costs (up to \$10,000)	50% of eligible project costs (up to \$12,250)	60% of eligible project costs (up to \$14,500)

## How do I know if I qualify for a larger income-based rebate?

If you meet the income thresholds for your household size (in the table to the right), you can verify your income prior to submitting your rebate application by going to <http://masscecoverify.com/>.

Alternatively, if you receive a special low-income electricity rate or heating fuel assistance, you can submit a copy of your electric bill or fuel assistance letter with your rebate application. Additionally, if you have already been approved through Mass Save for larger income-based incentives, you can submit a copy of your letter of approval.

Household Size	80% of State Median Income	120% of State Median Income
1	\$47,347	\$71,020
2	\$61,916	\$92,874
3	\$76,484	\$114,726
4	\$91,052	\$136,578
5	\$105,620	\$158,430
6	\$120,188	\$180,282
7	\$122,920	\$184,380
8	\$125,652	\$188,478

**\*\*Note:** These levels are updated annually. Visit <http://www.masscec.com/income-based-rebate-adders> for the most up-to-date income eligibility thresholds