

118TH CONGRESS
2D SESSION

S. 5622

To amend the Energy Policy Act of 2005 to establish an energy efficient appliance rebate program to provide rebates for the manufacturing, distribution, contracting, installation, and servicing of certain building electrification products and industrial heat pumps, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 19 (legislative day, DECEMBER 16), 2024

Mr. MARKEY (for himself and Mr. SANDERS) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Energy Policy Act of 2005 to establish an energy efficient appliance rebate program to provide rebates for the manufacturing, distribution, contracting, installation, and servicing of certain building electrification products and industrial heat pumps, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Installing Clean Effi-
5 cient Energy Hastens Our Transition Act of 2024” or the
6 “ICEE HOT Act of 2024”.

1 **SEC. 2. ENERGY EFFICIENT APPLIANCE REBATE PROGRAM.**

2 (a) DEFINITIONS.—Section 124(a) of the Energy
3 Policy Act of 2005 (42 U.S.C. 15821(a)) is amended—

4 (1) by redesignating paragraphs (1) through
5 (5) as paragraphs (8), (9), (15), (17), and (18), re-
6 spectively;

7 (2) by inserting before paragraph (8) (as so re-
8 designated) the following:

9 “(1) CONTRACTOR.—The term ‘contractor’
10 means any individual or business entity that is li-
11 censed under applicable State or local laws to install,
12 service, maintain, or repair eligible building elec-
13 trification products, including general contractors,
14 electricians, HVAC specialists, and plumbers en-
15 gaged in the installation and servicing of energy-effi-
16 cient appliances.

17 “(2) DISADVANTAGED BUSINESS.—The term
18 ‘disadvantaged business’ means a contractor, dis-
19 tributor, or original equipment manufacturer that is
20 a small business participating in the minority small
21 business and capital ownership development program
22 of the Small Business Administration pursuant to
23 section 8(a) of the Small Business Act (15 U.S.C.
24 637(a)) (commonly known as the ‘8(a) program’).

25 “(3) DISADVANTAGED INDIVIDUAL.—The term
26 ‘disadvantaged individual’ means—

1 “(A) a Black American, Hispanic Amer-
2 ican, Native American, Asian Pacific American,
3 any other minority, or any other individual
4 found to be disadvantaged by the Small Busi-
5 ness Administration pursuant to section 8(a) of
6 the Small Business Act (15 U.S.C. 637(a)); and

7 “(B) a woman.

8 “(4) DISTRIBUTOR.—The term ‘distributor’
9 means any individual or business entity to which an
10 eligible building electrification product is delivered or
11 sold for purposes of distribution in commerce.

12 “(5) ELECTRIC RESIDENTIAL COLD CLIMATE
13 HEAT PUMP.—The term ‘electric residential cold cli-
14 mate heat pump’ means a heat pump that—

15 “(A) is certified under the Energy Star
16 program;

17 “(B) is optimized for peak heating and
18 part-load cooling performance; and

19 “(C) meets—

20 “(i) the cold climate air source heat
21 pump specifications of the Northeast En-
22 ergy Efficiency Partnerships; or

23 “(ii) the criteria for cold climate heat
24 pumps under the Energy Star program.

1 “(6) ELECTRIC RESIDENTIAL HEAT PUMP
2 WATER HEATER.—The term ‘electric residential heat
3 pump water heater’ means an electric heat pump
4 water heater for residential use that is certified
5 under the Energy Star program.

6 “(7) ELIGIBLE BUILDING ELECTRIFICATION
7 PRODUCT.—The term ‘eligible building electrification
8 product’ means any of the following United States-
9 made products or their critical components:

10 “(A) An electric residential heat pump
11 water heater.

12 “(B) An electric residential air source heat
13 pump.

14 “(C) An electric residential central geo-
15 thermal heat pump.

16 “(D) An electric residential cold climate
17 heat pump.

18 “(E) An induction or noninduction electric
19 smooth stove, flat cooktop, range, or oven.

20 “(F) An electric heat pump clothes dryer
21 that—

22 “(i) is certified under the Energy Star
23 program; or

24 “(ii) meets a more stringent standard,
25 as determined by the Secretary, if the Sec-

1 retary determines a more stringent stand-
2 ard is appropriate.

3 “(G) A smart panel or a panel that is part
4 of an electric load or service center upgrade.

5 “(H) Any product described in subpara-
6 graphs (A) through (G) installed in a commer-
7 cial or multifamily building, subject to the con-
8 dition that the product meets applicable per-
9 formance standards, as determined by the Sec-
10 retary.

11 “(I) Any other electric product, as deter-
12 mined by the Secretary.”;

13 (3) by inserting after paragraph (9) (as so re-
14 designated) the following:

15 “(10) INDUSTRIAL HEAT PUMP.—The term ‘in-
16 dustrial heat pump’ means a high-capacity heat
17 pump that—

18 “(A) is capable of providing thermal en-
19 ergy at temperatures above 65 degrees Celsius
20 or 150 degrees Fahrenheit, suitable for indus-
21 trial processes, including manufacturing proc-
22 essing, drying, distillation, pasteurization, and
23 steam production;

24 “(B) incorporates technology that—

1 “(i) enables waste heat recovery or en-
 2 ergy reuse, if feasible, and conversion to
 3 useful thermal output; and

4 “(ii) adheres to specifications estab-
 5 lished by the Secretary to ensure thermal
 6 efficiency and reduce carbon emissions;
 7 and

8 “(C) meets recognized performance and ef-
 9 ficiency standards for industrial applications, as
 10 defined by the American Society of Heating,
 11 Refrigerating, and Air-Conditioning Engineers,
 12 or equivalent industry standards as specified by
 13 the Secretary.

14 “(11) MIDSTREAM REBATE.—The term ‘mid-
 15 stream rebate’ means a rebate provided by a State
 16 to a distributor or contractor under a State program
 17 described in subsection (b)(1)(A)(ii).

18 “(12) ORIGINAL EQUIPMENT MANUFAC-
 19 Turer.—The term ‘original equipment manufac-
 20 turer’ means an entity that manufactures eligible
 21 building electrification products.

22 “(13) RESIDENTIAL AIR SOURCE HEAT PUMP.—
 23 The term ‘residential air source heat pump’ means
 24 a heat pump or central air conditioner (as defined

1 in section 321(21) of the Energy Policy and Con-
2 servation Act (42 U.S.C. 6291(21))) that—

3 “(A) notwithstanding subparagraph (E) of
4 that section, is a heating and cooling unit and
5 includes both ducted and ductless configura-
6 tions; and

7 “(B) is certified under the Energy Star
8 program.

9 “(14) RESIDENTIAL CENTRAL GEOTHERMAL
10 HEAT PUMP.—The term ‘residential central geo-
11 thermal heat pump’ means equipment designed for
12 residential use that—

13 “(A) uses the ground or groundwater as a
14 thermal energy source to provide heating and
15 cooling; and

16 “(B) is certified under the Energy Star
17 program or meets efficiency and performance
18 standards established by the Secretary.”;

19 (4) by inserting after paragraph (15) (as so re-
20 designated) the following:

21 “(16) SMART PANEL.—The term ‘smart panel’
22 means an electrical power distribution panel with an
23 integrated communications and energy management
24 system capable of—

1 “(A) interoperability with electric utility
2 distribution networks; and

3 “(B) monitoring and controlling individual
4 circuits to ensure that the total load on the
5 electrical service does not exceed a programmed
6 set-point.”;

7 (5) in paragraph (18) (as so redesignated), by
8 striking “(b)(1)” and inserting “(b)(1)(A)”; and
9 (6) by adding at the end the following:

10 “(19) UNITED STATES-MADE.—

11 “(A) IN GENERAL.—The term ‘United
12 States-made’, with respect to an eligible build-
13 ing electrification product, means that the total
14 cost of components of the eligible building elec-
15 trification product that are mined, produced, or
16 manufactured, as applicable, in the United
17 States, as determined by the Secretary, is not
18 less than 55 percent of the total cost of all of
19 the components of the eligible building elec-
20 trification product, unless a waiver is made in
21 accordance with subparagraph (B).

22 “(B) WAIVER.—

23 “(i) IN GENERAL.—The Secretary
24 may waive the requirement under subpara-
25 graph (A) where the term ‘United States-

made’ is used in this subtitle if the Secretary finds that—

“(I) applying the requirement would be inconsistent with the public interest;

“(II) 1 or more components of the eligible building electrification product are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or

“(III) the inclusion of 1 or more components of the eligible building electrification product produced in the United States will increase the cost of the building electrification product by more than 25 percent.

“(ii) WRITTEN JUSTIFICATION.—Before issuing a waiver under clause (i), the Secretary shall—

“(I) make publicly available in an easily accessible location on a website designated by the Office of Management and Budget and on the website of the Department of Energy a de-

1 tailed written explanation for the pro-
 2 posed determination to issue the waiv-
 3 er; and

4 “(II) provide a period of not less
 5 than 15 days for public comment on
 6 the proposed waiver.

7 “(20) UPSTREAM REBATE.—The term ‘up-
 8 stream rebate’ means a rebate provided by a State
 9 to a distributor or original equipment manufacturer
 10 under a State program described in subsection
 11 (b)(1)(A)(ii).”.

12 (b) PROGRAM.—Section 124 of the Energy Policy Act
 13 of 2005 (42 U.S.C. 15821) is amended—

14 (1) in subsection (b)—

15 (A) by redesignating paragraphs (1)
 16 through (3) as subparagraphs (A) through (C),
 17 respectively, and indenting appropriately;

18 (B) in the matter preceding subparagraph
 19 (A) (as so redesignated), by striking “A State”
 20 and inserting the following:

21 “(1) IN GENERAL.—A State”;

22 (C) in subparagraph (A) (as so redesign-
 23 ated)—

24 (i) by striking “program to provide”
 25 and inserting the following: “program—

1 “(i) to provide”;

2 (ii) in clause (i) (as so designated), by
3 adding “or” at the end after the semicolon;
4 and

5 (iii) by adding at the end the fol-
6 lowing:

7 “(ii) to provide midstream rebates and
8 upstream rebates to contractors, distribu-
9 tors, and original equipment manufactur-
10 ers, as applicable, for 30 percent of the
11 cost of manufacturing, distributing, install-
12 ing, or servicing an eligible building elec-
13 trification product or product component
14 or an industrial heat pump;”; and

15 (D) by adding at the end the following:

16 “(2) PURPOSES.—The purpose of the rebates
17 described in paragraph (1)(A)(ii) are—

18 “(A) to resolve barriers that limit the effi-
19 cient production, distribution, and deployment
20 of eligible building electrification products and
21 industrial heat pumps, including—

22 “(i) by increasing the production and
23 availability of residential and industrial-
24 grade critical components, such as revers-
25 ing valves, variable speed compressors, or

1 other parts necessary for proper
 2 functionality in both heating and cooling
 3 modes; and

4 “(ii) addressing other factors, such as
 5 market challenges, product technical re-
 6 quirements, and environmental and equity
 7 goals, with respect to those barriers, as de-
 8 termined by the Secretary, through the
 9 public stakeholder process described in
 10 subsection (g); and

11 “(B) in the case of contractors installing
 12 eligible building electrification products and in-
 13 dustrial heat pumps—

14 “(i) encourages the installation of ap-
 15 propriately sized heat pumps or other elec-
 16 trification products to encourage the adop-
 17 tion of right-sized and energy-efficient
 18 technologies; and

19 “(ii) supports the passing through of
 20 rebates to end users, to the extent prac-
 21 ticable.”;

22 (2) in subsection (c)(1), by striking “subsection
 23 (f)” and inserting “subsection (h)”;

24 (3) in subsection (d)—

1 (A) by striking “The allocation” and in-
 2 serting the following:

3 “(1) IN GENERAL.—The allocation”; and

4 (B) by adding at the end the following:

5 “(2) DISADVANTAGED BUSINESSES AND INDI-
 6 VIDUALS.—Of the amount used by a State to carry
 7 out a State program described in subsection
 8 (b)(1)(A)(ii), to the extent practicable for specific
 9 technologies, as determined by the Secretary, not
 10 less than 40 percent shall be used to provide mid-
 11 stream rebates and upstream rebates—

12 “(A) to disadvantaged businesses; or

13 “(B) to contractors, distributors, or origi-
 14 nal equipment manufacturers 40 percent of the
 15 employees of which are disadvantaged individ-
 16 uals.”;

17 (4) in subsection (e)—

18 (A) by redesignating paragraphs (1)
 19 through (3) as subparagraphs (A), (C), and
 20 (D), respectively, and indenting appropriately;

21 (B) in the matter preceding subparagraph
 22 (A) (as so redesignated), by striking “Rebates”
 23 in the first sentence and all that follows
 24 through “The amount” in the second sentence
 25 and inserting the following:

1 “(1) IN GENERAL.—Rebates may be provided
2 to—

3 “(A) residential consumers that meet the
4 requirements of the applicable State program
5 described in subsection (b)(1)(A); and

6 “(B) contractors, distributors, and original
7 equipment manufacturers of eligible building
8 electrification products and industrial heat
9 pumps that meet the requirements of the State
10 program described in clause (ii) of that sub-
11 section.

12 “(2) AMOUNT.—The amount”;

13 (C) in paragraph (2) (as so designated)—

14 (i) in the matter preceding subpara-
15 graph (A) (as so redesignated)—

16 (I) by inserting “under a State
17 program described in subsection
18 (b)(1)(A)(i)” after “rebate”; and

19 (II) by striking “consideration—
20 ” and inserting “consideration, as ap-
21 plicable—”; and

22 (ii) by inserting after subparagraph
23 (A) (as so redesignated) the following:

24 “(B) the amount of any Federal or State
25 tax incentive available for the manufacturing,

1 distribution, or installation of eligible building
 2 electrification products and industrial heat
 3 pumps, including tax credits or rebates offered
 4 under—

5 “(i) section 25C, 45L, or 48C of the
 6 Internal Revenue Code of 1986;

7 “(ii) a HOMES rebate program (as
 8 defined in section 50121(d) of Public Law
 9 117–169 (commonly known as the ‘Infla-
 10 tion Reduction Act of 2022’) (42 U.S.C.
 11 18795(d)); or

12 “(iii) a high-efficiency electric home
 13 rebate program (as defined in section
 14 50122(d) of that Act (42 U.S.C.
 15 18795a(d)));”; and

16 (D) by adding at the end the following:

17 “(3) ADDITIONAL REBATES.—

18 “(A) UNION LABOR.—Under a State pro-
 19 gram described in subsection (b)(1)(A)(ii), a
 20 State energy office shall provide an additional
 21 incentive of 10 percent of the midstream or up-
 22 stream rebate value to contractors, distributors,
 23 and original equipment manufacturers, as appli-
 24 cable, that operate under a collective bargaining
 25 agreement negotiated by a labor organization

(as defined in section 2 of the National Labor Relations Act (29 U.S.C. 152)) in accordance with the requirements of section 9 of the National Labor Relations Act (29 U.S.C. 159).

“(B) HIGH-EFFICIENCY BUILDING ELECTRIFICATION PRODUCTS.—Under a State program described in subsection (b)(1)(A)(ii), a State energy office shall provide additional rebates of not more than 10 percent of the cost of manufacturing, distributing, installing, or servicing an eligible building electrification product that exceeds baseline standards under the Energy Star program or other efficiency benchmarks approved by the Secretary.

“(C) HIGH-EFFICIENCY INDUSTRIAL HEAT PUMPS.—Under a State program described in subsection (b)(1)(A)(ii), a State energy office shall provide additional rebates of not more than 10 percent of the cost of manufacturing, distributing, installing, or servicing an industrial heat pump based on system capacity, energy savings, emissions reduction, and heat recovery functions that exceed baseline standards for industrial energy efficiency, as determined by the State energy office.”;

1 (5) by redesignating subsection (f) as sub-
2 section (h);

3 (6) by inserting after subsection (e) the fol-
4 lowing:

5 “(f) ADMINISTRATIVE REQUIREMENTS FOR RECIPI-
6 ENTS OF MIDSTREAM AND UPSTREAM REBATES.—

7 “(1) PASS-THROUGH.—

8 “(A) IN GENERAL.—Under a State pro-
9 gram described in subsection (b)(1)(A)(ii), as a
10 condition of receipt of a midstream rebate or
11 upstream rebate, a contractor, distributor, or
12 original equipment manufacturer shall pass
13 through not less than 85 percent of the value
14 of the midstream rebate or upstream rebate, as
15 applicable, to the next entity in the supply
16 chain or the end consumer in the form of a re-
17 duced price for the purchase of an eligible
18 building electrification product or an industrial
19 heat pump.

20 “(B) USE OF REMAINDER.—After carrying
21 out subparagraph (A), a contractor, distributor,
22 or original equipment manufacturer may retain
23 not more than 15 percent of the remainder of
24 the applicable midstream rebate or upstream
25 rebate.

1 “(2) PARTICIPATION IN MULTIPLE BUILDING
2 ELECTRIFICATION AND HEAT PUMP PROGRAMS.—

3 “(A) IN GENERAL.—The Secretary, in con-
4 sultation with the Secretary of the Treasury,
5 shall issue guidelines to simplify participation in
6 a State program described in subsection
7 (b)(1)(A)(ii) and any other Federal or State re-
8 bate or tax credit program relating to energy
9 efficiency upgrades, building electrification
10 products, and industrial heat pumps—

11 “(i) to ensure that eligible entities can
12 receive all applicable rebates and tax cred-
13 its; and

14 “(ii) to minimize administrative hur-
15 dles by providing clear guidance on incen-
16 tive stacking and documentation require-
17 ments consistent with Federal and State
18 building electrification product and indus-
19 trial heat pump standards.

20 “(B) AUTOMATIC APPLICATION.—If a re-
21 bate is claimed by an eligible entity under a
22 State program described in subsection
23 (b)(1)(A)(ii), any other Federal rebate for
24 which the entity would be eligible relating to en-
25 ergy efficiency upgrades, building electrification

1 products, or industrial heat pumps, as applica-
2 ble, shall automatically apply.

3 “(3) COORDINATION.—An entity that receives a
4 midstream rebate or upstream rebate for an eligible
5 building electrification product or industrial heat
6 pump under a State program described in subsection
7 (b)(1)(A)(ii) is encouraged to coordinate with Fed-
8 eral and State agencies, utilities, nonprofit organiza-
9 tions, and other entities carrying out other relevant
10 Federal or State rebate programs.

11 “(4) NO MULTIPLE MIDSTREAM AND UPSTREAM
12 REBATES.—An entity that receives a midstream re-
13 bate or upstream rebate under a State program de-
14 scribed in subsection (b)(1)(A)(ii) for an eligible
15 building electrification product may not receive—

16 “(A) an upstream rebate or midstream re-
17 bate, respectively, for the same eligible building
18 electrification product; or

19 “(B) a second midstream rebate or up-
20 stream rebate, respectively, for the same eligible
21 building electrification product.

22 “(5) TAXATION.—A midstream rebate or up-
23 stream rebate under a State program described in
24 subsection (b)(1)(A)(ii) shall not be considered to be

gross income of the recipient of the rebate for purposes of the Internal Revenue Code of 1986.

“(g) PUBLIC STAKEHOLDER PROCESS.—

“(1) IN GENERAL.—The Secretary shall establish a process to solicit input from public stakeholders in establishing parameters for a State program described in subsection (b)(1)(A)(ii).

“(2) ISSUES.—The Secretary shall solicit input under the process established under paragraph (1) on the following issues:

“(A) Meeting the purposes described in subsection (b)(2).

“(B) Boosting production and availability of residential and industrial heat pumps.

“(C) Parameters for rebate structure and eligibility requirements.

“(D) Technical standards, especially for industrial heat pumps and new residential heat pump technology not covered under the Energy Star program.

“(E) Any other relevant issue, as determined by the Secretary.”; and

(7) in subsection (h) (as so redesignated)—

(A) by striking “There are” and inserting the following:

1 “(1) IN GENERAL.—There are”; and

2 (B) by adding at the end the following:

3 “(2) ADDITIONAL AUTHORIZATION OF APPRO-
4 PRIATIONS.—There is authorized to be appropriated
5 to the Secretary, to provide allocations under sub-
6 section (c) only to States that have established a
7 State program described in subsection (b)(1)(A)(ii),
8 \$10,000,000,000 for the period of fiscal years 2025
9 through 2032.”.

○