

117TH CONGRESS
2D SESSION

S. 4144

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

IN THE SENATE OF THE UNITED STATES

MAY 4, 2022

Mr. MARKEY (for himself, Ms. WARREN, Mr. SANDERS, Mr. BOOKER, and Ms. SMITH) 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, and shipment of certain building electrification products, 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 2022” or the
6 “ICEE HOT Act of 2022”.

1 **SEC. 2. FINDINGS.**

2 Congress finds that—

3 (1) additional measures are needed to further
4 reduce United States and European dependence on
5 Russia and other authoritarian petrostates while also
6 saving money for people in the United States, pro-
7 tecting public health, and combating the climate cri-
8 sis;

9 (2) over the past 5 years, the United States
10 has, on average, imported approximately 500,000
11 barrels of oil per day from Russia;

12 (3) almost 40 percent, or 196,500 barrels per
13 day, of Russian oil supplied to the United States can
14 be replaced by swapping out the 5,300,000 residen-
15 tial oil heating devices in the United States with ef-
16 ficient electric heat pumps;

17 (4) in 2020, 104,000 heat pump water heaters
18 were installed in the United States;

19 (5) in 2021, 3,900,000 air source heat pumps
20 were installed in the United States;

21 (6) through the modified energy efficient appli-
22 ance rebate program of the Department of Energy,
23 the United States could provide midstream incen-
24 tives and upstream incentives that support and in-
25 crease manufacturing capacity and supply chain se-
26 curity for technologies that reduce fossil fuel demand

1 and fuel costs, such as electric heat pumps and effi-
2 cient electric appliances;

3 (7) \$10,000,000,000 in midstream incentives
4 and upstream incentives at \$1,000 per unit for cold
5 climate and \$500 per unit for noncold climate
6 would—

7 (A) help the manufacture of an additional
8 7,500,000 heat pumps in the United States;
9 and

10 (B) lay the groundwork to bring down
11 manufacturing and distribution costs in the me-
12 dium and long term, thus transforming the heat
13 pump marketplace; and

14 (8) combined with climate justice and clean en-
15 ergy investment, generation, and domestic manufac-
16 turing incentives, the incentives described in para-
17 graph (6) will provide additional support for national
18 security, climate action, and consumer protection
19 goals.

20 **SEC. 3. ENERGY EFFICIENT APPLIANCE REBATE PROGRAM.**

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

23 (1) by redesignating paragraphs (1) through
24 (5) as paragraphs (7), (8), (13), (15), and (16), re-
25 spectively;

(2) by inserting before paragraph (7) (as so redesignated) the following:

“(1) DISADVANTAGED BUSINESS.—The term ‘disadvantaged business’ means a distributor or original equipment manufacturer that is a small business participating in the minority small business and capital ownership development program of the Small Business Administration pursuant to section 8(a) of the Small Business Act (15 U.S.C. 637(a)) (commonly known as the ‘8(a) program’).

“(2) DISADVANTAGED INDIVIDUAL.—The term ‘disadvantaged individual’ means—

“(A) a Black American, Hispanic American, Native American, Asian Pacific American, any other minority, or any other individual found to be disadvantaged by the Small Business Administration pursuant to section 8(a) of the Small Business Act (15 U.S.C. 637(a)); and

“(B) a woman.

“(3) DISTRIBUTOR.—The term ‘distributor’ means a person to which an eligible building electrification product is delivered or sold for purposes of distribution in commerce.

1 “(4) ELECTRIC RESIDENTIAL COLD CLIMATE
2 HEAT PUMP.—The term ‘electric residential cold cli-
3 mate heat pump’ means a heat pump that—

4 “(A) is certified under the Energy Star
5 program;

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

8 “(C) meets—

9 “(i) the cold climate air source heat
10 pump specifications of the Northeast En-
11 ergy Efficiency Partnerships; or

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

14 “(5) ELECTRIC RESIDENTIAL HEAT PUMP
15 WATER HEATER.—The term ‘electric residential heat
16 pump water heater’ means an electric heat pump
17 water heater for residential use that is certified
18 under the Energy Star program.

19 “(6) ELIGIBLE BUILDING ELECTRIFICATION
20 PRODUCT.—The term ‘eligible building electrification
21 product’ means any of the following United States-
22 made products:

23 “(A) An electric residential heat pump
24 water heater.

1 “(B) An electric residential air source heat
2 pump.

3 “(C) An electric residential central geo-
4 thermal heat pump.

5 “(D) An electric residential cold climate
6 heat pump.

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

9 “(F) An electric heat pump clothes dryer
10 that—

11 “(i) is certified under the Energy Star
12 program; or

13 “(ii) meets a more stringent standard,
14 as determined by the Secretary, if the Sec-
15 retary determines a more stringent stand-
16 ard is appropriate.

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

19 “(H) Any other electric product, as deter-
20 mined by the Secretary.”;

21 (3) by inserting after paragraph (8) (as so re-
22 designated) the following:

23 “(9) MIDSTREAM REBATE.—The term ‘mid-
24 stream rebate’ means a rebate provided by a State

1 to a distributor under a State program described in
 2 subsection (b)(1)(B).

3 “(10) ORIGINAL EQUIPMENT MANUFAC-
 4 Turer.—The term ‘original equipment manufac-
 5 turer’ means an entity that manufactures eligible
 6 building electrification products.

7 “(11) RESIDENTIAL AIR SOURCE HEAT PUMP.—
 8 The term ‘residential air source heat pump’ means
 9 a heat pump or central air conditioner (as defined
 10 in section 321(21) of the Energy Policy and Con-
 11 servation Act (42 U.S.C. 6291(21))) that—

12 “(A) notwithstanding subparagraph (E) of
 13 that section, is a heating and cooling unit; and

14 “(B) is certified under the Energy Star
 15 program.

16 “(12) RESIDENTIAL CENTRAL GEOTHERMAL
 17 HEAT PUMP.—The term ‘residential central geo-
 18 thermal heat pump’ has the meaning given the term
 19 ‘qualified geothermal heat pump property’ in section
 20 25D(d)(5)(B) of the Internal Revenue Code of
 21 1986.”;

22 (4) by inserting after paragraph (13) (as so re-
 23 designated) the following:

24 “(14) SMART PANEL.—The term ‘smart panel’
 25 means an electrical power distribution panel with an

1 integrated communications and energy management
 2 system capable of—

3 “(A) interoperability with electric utility
 4 distribution networks; and

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

9 (5) by adding at the end the following:

10 “(17) UNITED STATES-MADE.—The term
 11 ‘United States-made’, with respect to an eligible
 12 building electrification product, means that not less
 13 than 55 percent of the components of the eligible
 14 building electrification product are mined, produced,
 15 or manufactured, as applicable, in the United
 16 States, as determined by the Secretary.

17 “(18) UPSTREAM REBATE.—The term ‘up-
 18 stream rebate’ means a rebate provided by a State
 19 to a distributor or original equipment manufacturer
 20 under a State program described in subsection
 21 (b)(1)(B).”.

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

24 (1) in subsection (b)(1)—

1 (A) by striking “program to provide” and
 2 inserting the following: “program—

3 “(A) to provide”;

4 (B) in subparagraph (A) (as so des-
 5 ignated), by adding “or” at the end after the
 6 semicolon; and

7 (C) by adding at the end the following:

8 “(B) to provide midstream rebates and up-
 9 stream rebates to original equipment manufac-
 10 turers and distributors, as applicable, for the
 11 manufacturing, distribution, or shipment of eli-
 12 gible building electrification products;”;

13 (2) in subsection (d)—

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

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

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

18 “(2) DISADVANTAGED BUSINESSES AND INDI-
 19 VIDUALS.—Of the amount used by a State to carry
 20 out a State program described in subsection
 21 (b)(1)(B), not less than 40 percent shall be used to
 22 provide midstream rebates and upstream rebates—

23 “(A) to disadvantaged businesses; or

1 “(B) to original equipment manufacturers
2 or distributors that employ disadvantaged indi-
3 viduals.

4 “(3) UNION FACILITIES.—Of the amount used
5 by a State to carry out a State program described
6 in subsection (b)(1)(B), not less than 40 percent
7 shall be used to provide midstream rebates and up-
8 stream rebates to distributors and original equip-
9 ment manufacturers, as applicable, that own or op-
10 erate facilities operating under a collective bar-
11 gaining agreement negotiated by a labor organiza-
12 tion (as defined in section 2 of the National Labor
13 Relations Act (29 U.S.C. 152)) in accordance with
14 the requirements of section 9 of the National Labor
15 Relations Act (29 U.S.C. 159).”;

16 (3) in subsection (e)—

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

20 (B) in the matter preceding subparagraph
21 (A) (as so redesignated), by striking “Rebates”
22 in the first sentence and all that follows
23 through “The amount” in the second sentence
24 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 State program described in
5 subsection (b)(1)(A); and

6 “(B) original equipment manufacturers
7 and distributors of eligible building electrifica-
8 tion products that meet the requirements of the
9 State program described in subsection
10 (b)(1)(B).

11 “(2) AMOUNT.—The amount”; and

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

13 (i) in the matter preceding subpara-
14 graph (A) (as so redesignated), by striking
15 “consideration—” and inserting “consider-
16 ation, as applicable—”; and

17 (ii) by inserting after subparagraph
18 (A) (as so redesignated) the following:

19 “(B) the amount of any Federal or State
20 tax incentive available for the manufacturing or
21 distribution of eligible building electrification
22 products;”; and

23 (4) by striking subsection (f) and inserting the
24 following:

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

3 “(1) PASS-THROUGH.—

4 “(A) IN GENERAL.—As a condition of re-
5 ceipt of a midstream rebate or upstream rebate,
6 a distributor or original equipment manufac-
7 turer shall pass through not less than 90 per-
8 cent of the value of the midstream rebate or up-
9 stream rebate, as applicable, to a distributor or
10 other customer in the form of a reduced price
11 for the purchase of an eligible building elec-
12 trification product.

13 “(B) USE OF REMAINDER.—After carrying
14 out subparagraph (A), a distributor or original
15 equipment manufacturer may retain not more
16 than 10 percent of the remainder of the appli-
17 cable midstream rebate or upstream rebate as
18 a processing fee.

19 “(2) COORDINATION WITH EXISTING PRO-
20 GRAMS.—An entity that receives a midstream rebate
21 or upstream rebate is encouraged to coordinate with
22 Federal and State agencies, electric utilities, natural
23 gas utilities, nonprofit organizations, and other enti-
24 ties carrying out other relevant Federal or State re-
25 bate programs.

1 “(3) NO MULTIPLE MIDSTREAM AND UPSTREAM
 2 REBATES.—An entity that receives a midstream re-
 3 bate or upstream rebate for an eligible building elec-
 4 trification product may not receive—

5 “(A) an upstream rebate or midstream re-
 6 bate, respectively, for the same eligible building
 7 electrification product; or

8 “(B) a second midstream rebate or up-
 9 stream rebate, respectively, for the same eligible
 10 building electrification product.

11 “(4) TAXATION.—A midstream rebate or up-
 12 stream rebate shall not be considered to be gross in-
 13 come of the recipient of the rebate for purposes of
 14 the Internal Revenue Code of 1986.

15 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
 16 is authorized to be appropriated to the Secretary to carry
 17 out this section to provide allocations only to States that
 18 have established a State program described in subsection
 19 (b)(1)(B) \$10,000,000,000 for the period of fiscal years
 20 2023 through 2030.”.

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