RESOURCE

Using Incentives Without Double-Counting Them

An incentive is one of the few inputs that can single-handedly flip a purchase decision from "not worth it" to "worth it," which is exactly why it is also the input most often entered wrong. Getting it right means being specific about what you have actually confirmed, and entering it exactly once.

The default is zero for a reason

Every RetrofitROI incentive field, on the solar incentive impact engine, the water heater incentive impact engine, and elsewhere, defaults to $0. That is deliberate. An unconfirmed incentive assumed into a payback calculation produces a number that looks better than your real situation, and you only find out it was wrong after you have already committed to the purchase.

The most common double-counting mistake

It happens when a homeowner enters a rebate into the incentive field and also lowers the installed-cost field to reflect the same rebate, effectively applying it twice. RetrofitROI's engines always subtract confirmed incentives from the installed cost you enter internally, so enter your full, pre-incentive installed cost in the cost field and the incentive amount, separately, in the incentive field.

Stacking incentives correctly

A federal tax credit, a state rebate, and a utility program can sometimes all apply to the same project, but each has its own rules about whether it stacks with the others and whether it is capped as a percentage or a flat dollar amount. Confirm the actual combined dollar figure with each program's current documentation, then enter that single combined total. RetrofitROI's incentive fields are capped internally so no combination of entries can exceed your installed cost.

Eligibility is not the same as availability

A program existing and you qualifying for it are two different facts. Income limits, home age, equipment efficiency tiers, and whether you own versus rent can all affect eligibility. RetrofitROI does not verify eligibility for you, on purpose: that is a determination your installer, tax preparer, or the program administrator has to make, not a website.

How an incentive interacts with financing

If you are financing the purchase, check whether the incentive reduces the amount you finance or arrives later as a rebate check or tax credit after the loan is already funded. Those are different cash-flow timelines. The electrification incentive impact engine and the EV charging incentive impact engine both assume the incentive reduces net cost immediately; if yours arrives later as a tax credit, you are effectively financing that gap in the meantime.

A worked example of the mistake

Consider a $10,000 heat pump with a genuine $2,000 confirmed rebate. Entered correctly: installed cost $10,000, confirmed incentives $2,000, net cost $8,000. Entered wrong, with the installed-cost field already reduced to $8,000 and the incentive field also set to $2,000, the engine would compute a net cost of $6,000, understating your real cost by $2,000 and overstating both payback speed and NPV.

When you do not have a confirmed number yet

Run the calculation at $0 first to see the true unsubsidized picture. Then run it again with a conservative estimate you have reason to believe, clearly labeled in your own notes as unconfirmed, so you never mistake a planning guess for a locked-in number when you are ready to sign a contract. The heat pump vs. gas furnace comparison is a good example of a decision where the confirmed-versus-assumed distinction routinely changes the winner.