The Inflation Reduction Act (IRA) provides payments to public entities for installing geothermal, or ground-source, heat pumps.

Eligible projects receive a base payment of 30% of the total project cost and could be eligible for two bonus payments—an additional 10% for domestically manufactured heat pumps and an additional 10% for being installed in a designated “energy community”—for up to 50% of the total project cost.

A geothermal feasibility study is prepared by the project developer and provides the information necessary to determine the technical and financial viability of a geothermal heat pump project.

When Should DPS Install Geothermal Heat Pumps?

- Is the building receiving full A/C? 
  - YES: Conduct geothermal feasibility study 
  - NO: Scope too small to explore geothermal

- Is ROM around 40% premium or lower? 
  - YES: Obtain ROM* cost for geothermal 
  - NO: Select Climate Conscious A/C where applicable or Standard A/C

- Is geothermal feasible? 
  - YES: Design and price geothermal 
  - NO: Select Climate Conscious A/C where applicable or Standard A/C

- Is cost within 40% premium?* 
  - YES: Will the project meet the IRA’s domestic bonus? 
    - YES: Select Climate Conscious A/C where applicable or Standard A/C 
    - NO: SELECT GEOTHERMAL HEAT PUMPS
  - NO: SELECT GEOTHERMAL HEAT PUMPS

*ROM: Rough Order of Magnitude

Climate Conscious A/C

DPS has also proposed using air-source heat pumps, which typically have a lower construction cost than ground-source heat pumps but do not qualify for the IRA payment.

Air-source heat pumps either reject heat to the air in cooling mode or absorb heat from the air in heating mode.

Geothermal heat pumps either reject heat to the ground or absorb heat from the ground and are more efficient than air-source in extreme temperatures.

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