



What does a heat pump cost?

If you're interested in upgrading to a cold-climate air-source heat pump, by now, you've gained [an understanding of heat pump technology](#) and how it efficiently warms and cools your home year-round. But what about the cost of purchase and installation? It's a fair question. Answering it requires considering a number of important variables.

What you pay largely depends on two things:

- The size of the system your home requires
- The incentives you're qualified to claim

By separating and then examining the two, you can ensure a relevant range of costs that is easier to understand.



Equipment cost

System size is the biggest driver of upfront cost. Many homes call for a unit falling into one of three common sizes:

2-ton system	\$12,000 to \$16,000 cost on average
3-ton system	\$18,000 to \$24,000 cost on average
4-ton system	\$24,000 to \$30,000 cost on average

Note that the above figures include equipment and standard installation. They don't include optional work like upgrades you may need to your electrical panel or ductwork. If this "sticker price" feels intimidating, it's important to understand that it's rarely the number people pay.

Available rebates

Savings through rebates and tax credits play a major role in reducing the amount of money most homeowners end up paying. Incentives can come from multiple sources, like local utilities, municipal and state energy programs, and tax credits. The amount you receive depends on factors like income, the type of equipment you're installing—even the equipment you're replacing. It's no wonder two households can end up with very different out-of-pocket costs.

Average cost after rebates

Of the heat pumps in the table above, the most common size is the 3-ton system. For a homeowner installing a 3-ton cold-climate air-source heat pump:

- Installed cost: \$18,000 to \$24,000
- Available incentives: \$1,800 to \$17,000
- Out-of-pocket: \$1,000 to \$22,200

Rebate “stackability”

It’s important to note that many heat pump incentives are stackable. Don’t leave money on the table! Savings add up, increasing affordability and accessibility for Colorado residents.

And remember, income-qualified parties have access to expanded rebates. Be sure to measure your household income against your locale’s area median income (AMI) to see if you’re eligible for additional financial help.

79% AMI household in Golden

3-ton cold-climate air-source heat pump replacing electric heating

<i>Incentive</i>	<i>Amount</i>
Xcel heat pump rebate	\$2,250
City of Golden sustainability rebate	\$4,000
Power Ahead Colorado heat pump rebate	\$1,500
Colorado heat pump tax credit	\$333
Total Savings	\$8,083

100% AMI household in Longmont

4-ton cold-climate air-source heat pump replacing gas furnace

<i>Incentive</i>	<i>Amount</i>
Efficiency Works heat pump rebate	\$2,000
Boulder County income-qualified rebate	\$2,000
Power Ahead Colorado heat pump rebate	\$1,500
Colorado Energy Office heat pump tax credit	\$333
Total Savings	\$5,833

Reach out

If you’d like to discuss costs and incentives as they relate to your own needs, geographic location, and income level, our team is ready to help with valuable personalized guidance.

Reach out to a Power Ahead Colorado energy advisor at 1-844-303-9333.

