

ENERGY POLICY ACT OF 2005

Here's a green building summary of tax credits and incentives in the Energy Policy Act of 2005. Thanks to Energy Trust of Oregon for providing this information.

1) SOLAR TAX CREDIT

The existing 10% tax credit for commercial PV and solar thermal installations is increased to 30% for two years; no cap on amount of credit; applies to all property placed in service after December 31, 2005 and before January 1, 2008; credit reverts to the permanent 10% credit thereafter.

Creates a new 30% tax credit for residential solar installations for two years; capped at \$2000; applied to all property placed in service after December 31, 2005 and before January 1, 2008. All solar technologies, including PV, solar water heating, CSP, and solar hybrid lighting, are eligible to claim the credit. Credit applies to the basis remaining after any utility or state incentives have been taken.

2) PV IN PUBLIC BUILDINGS

Sec. 204: Use of Photovoltaic Energy in Public Buildings (p. 170). GSA may create a PV commercialization program for the procurement and installation of PV on new and existing public buildings. Acquisition level of at least 150 MW peak targeted during the 5-year program. Authorization: \$50 million annually for acquisition in FY06-FY10, and \$10 million annually authorized for PV system evaluation in FY06-FY10.

3) NEW HOMES

\$2,000 for homes 50% better than the International Energy Conservation Code (IECC). \$1000 for manufactured homes meeting Energy Star certification.

4) EXISTING HOMES

10% up to \$500 for various measures, including insulation meeting 2000 IECC prescriptive standards (what that means needs to be specified--IECC has several compliance paths. Other lower caps apply as indicated below.

- Replacement windows eligible for products meeting IECC (again, specs need to be defined), capped at \$200 per project to limit costs
- \$300 Central Air Conditioning/Heat Pump that meeting Consortium for Energy Efficiency highest tier criteria as of 1-1-06, expected to be SEER 15/EER 13 (HSPF 9) with AC testing based on 95o ambient
- \$150 for furnaces and boilers at least 95 AFUE
- \$50 for high efficiency furnace fans (must use no more than 2% of total unit energy use)
- \$300 for ground source heat pumps (several tech criteria apply by type of unit)
- \$300 for heat pump water heaters with EF at least 2.0
- \$300 for gas water heaters with EF at least .8

5) COMMERCIAL BUILDINGS

Deduction of \$1.80 per SF for buildings designed 50% better than ASHRAE 90.1-2001. For public buildings, the designer can be made eligible for the credit--could be a key design assistance incentive. Also allows \$.60 per SF for improvements in lighting, HVAC, or envelope systems alone. Lighting has special added rules that prorate the credit further based on the percentage that the LPD is below the ASHRAE standard--let me know if you want the details.

Additional details are provided in the attached analysis from the Clean Energy States Alliance and the Solar Energy Industry Association. Another source of info is the American Council for an Energy Efficient Economy, <http://www.aceee.org/energy/05finalnrg.htm>.

The biggest impact on green buildings and LEED will be from the commercial building tax incentives, the extension of daylight savings time will allow buildings to harvest more natural light, the provisions for new homes that beat the IECC by 50%, the solar tax credit and the PV in public buildings.