

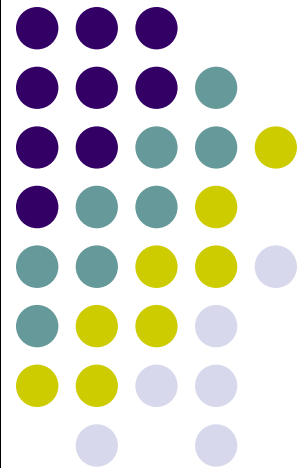
The 2005 Energy Policy Act

Energy Efficient Commercial Building Property
Deduction and Government Building Retrofits

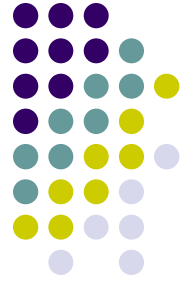
William Volker

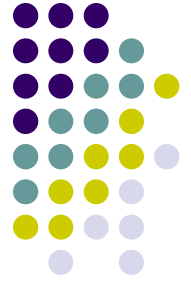
Efficiency Energy

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Green Incentives





The E.P. Act of 2005

- Energy Efficient Building Property
o1 Accelerated Depreciation Deduction
- 100% of Project Cost
- \$1.80/sqft/year
 - \$.60/sqft Per Building System Efficiency Upgrade
 - HVAC, Lighting, Building Envelope
- Less than 0.3% of applicable buildings/projects have taken advantage

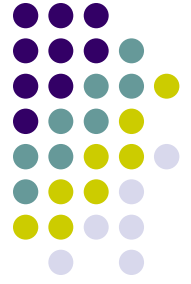
Slide 3

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Accelerated Depreciation Deduction

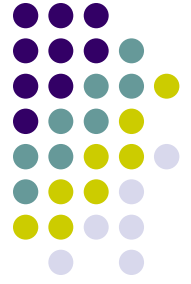
omaerg0, 4/22/2009

05 Energy Policy Act Fine Print

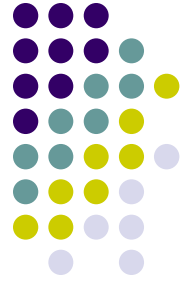


- Partial Deductions
- Plan to reduce overall building energy use vs. industry standard
 - ANSI/ASHRAE/IESNA Standard 90.1-2001
- User-specific requirements: light levels, controls
- Third-party inspection, testing and certification
- IRS NOTICES 2006-52 and 2008-40
- Extended thru 2013
- Draft legislation increases to \$3+/sqft

Special Rule for Government - Owned Buildings

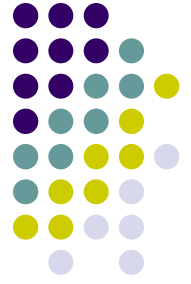


- Assignable to Designer of Qualified Project
- Architect, Engineer, Contractor, Environmental, Consultant or Energy Services provider who creates the technical specifications
- May allocate to multiple parties
- A person that merely installs, repairs, or maintains the property is not a designer.



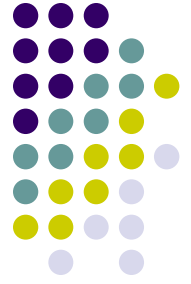
What is it worth?

- Project Cost: \$100,000
- Total Depreciation: \$100,000
- Tax Benefit of Assignee: 25%
- Tax Benefit Value: \$25,000



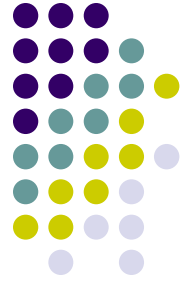
Process

1. Specification
2. Project Costing/Implementation
3. Project Completion
4. Certification
5. Market Valuation
6. Discount vs. Cash Refund



E.P. Act Certification

- Enhanced/Hastened Return on Investment
 - Additional Savings Metric:
 - Tax benefits + offsets + rebates
 - Increased cash flows can be used on additional efficiency/sustainability efforts or at discretion of Governmental Entity
- Quality Control Mechanism
 - Valuation/Validation of Benefit



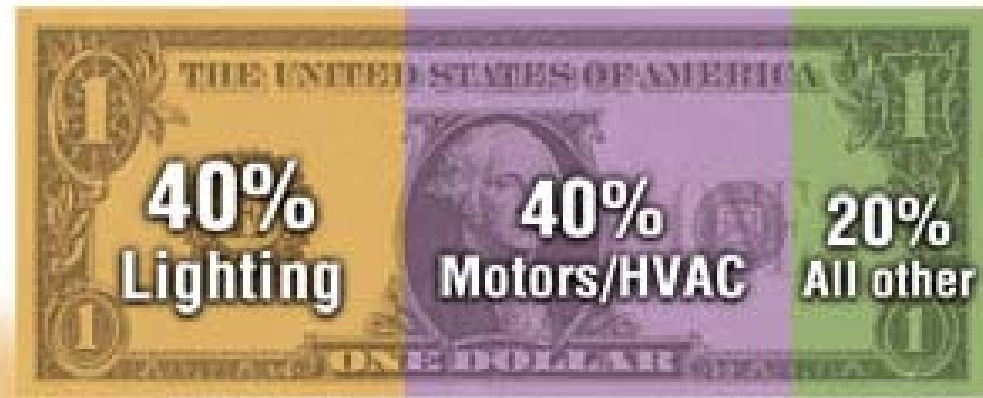
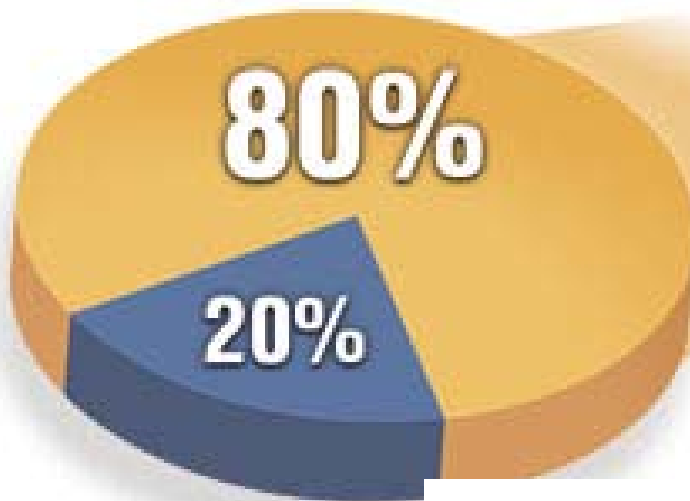
Financial Incentives...

- Tax Benefits
- Utility Rebates
 - State by State programs
 - Public/Private financed
 - Cash rebates for efficiency efforts
- Emissions Offsets
 - Not mandatory
 - Domestic: RGGI, CCX
 - International: Kyoto, Copenhagen

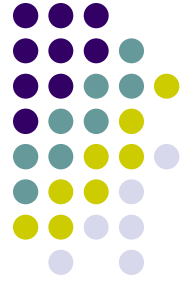


Light the way

Lighting represents up to 40% of your electricity bill.
Commercial Electrical Use by Technology.



Fact: most buildings use outdated and inefficient lighting systems.



DOE Grants

- 26 March: DOE Announces \$3.2 Billion Grant Program for Energy Efficiency Improvements
 - \$1.9 Billion to cities and counties
 - \$455mm competitive grants
 - \$770mm states, territories, D.C.
 - \$54mm to Indian tribes
- Variety of approved uses but all building retrofits have E.P. ACT implications
- Administration priority: ‘Leverage other public and private resources’

Thank You.

