



Incentives for Renewables and Energy Efficiency

Presented by:

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Outline of Session

1. Resource for Incentives in General – www.dsireusa.org
2. Federal Investment Tax Credit
3. Section 179D Deduction
4. USDA REAP Grants
5. Other Incentives to look for in the Future
 - PACE/On Bill Financing
 - Carbon Pricing (EICDA)
 - New Legislation
6. Non-Energy Incentives (that might apply)
 - Job Creation Incentives
 - R&D Incentives

Resource for Incentives - DSIRE

✦ Teaching you to fish

✦ www.dsireusa.org
(resource from NC Clean Energy Tech Center)

✦ Utility Incentives – Rebates are out there, but they depend on the location and the year (moving target).

✦ Tax incentives (Federal and State)

- ◆ DSIRE is great resource for these as well
- ◆ We will cover some specific Federal incentives

Federal Investment Tax Credit

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- ✦ Applies to renewable energy projects
 - ✦ Solar/small wind dropping from 30% to 10% of cost:
(could be renewed to 30% with new legislation):
 - ◆ 2020-2022 commencement – 26%
 - ◆ 2023 commencement – 22%
 - ◆ 2024 and after – 10%
 - ✦ Off-shore wind – 30%
 - ✦ Large on-shore wind – 18%
 - ✦ Also applies to Geothermal, Microturbines, CHP
 - ◆ 10%
 - ◆ Maximums apply based on capacity

Commercial Building Tax Deduction (179D)

✦ Provides a tax deduction for energy saving projects

- Must reduce the modeled consumption as compared with ASHRAE 90.1 standard
- Currently 2007 standard, but will be updated soon
- Recently made permanent

✦ Ways to qualify

- 50% modeled reduction gives deduction of \$1.80/sq ft (not to exceed costs)
- Up to \$0.60 /sq ft. partial deduction for modeled reductions:
 - 10% reduction from upgrades to envelope
 - 15% (20% prior to 2021) reduction from upgrades to HVAC, or
 - 25% (20% prior to 2021) reduction from upgrades to lighting
- Interim Lighting Rule – up to 60 cents for lighting
 - Allows Lighting Power Density calc. instead of modelling
 - Requires bi-level switching

✦ Government Projects (not non-profit)

- Can assign deduction to designer/contractor

Limitations of 179D

✦ Credit versus Deduction

- ◆ Credit (e.g. ITC) reduces tax liability (refundable or non-refundable)
- ◆ Deduction (e.g. 179D) reduces taxable income
 - Benefit is the deduction times marginal tax rate


✦ Timing versus Permanent difference

- Requires basis adjustment so in lieu of depreciation

✦ Potential redundancy – section 179, bonus depreciation, expensing as repairs/maintenance

✦ Requires PE sign off on model (CEM can't do it)

USDA REAP Grants

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- ✦ 25% Grant for Renewable and Efficiency Projects
 - ✦ Must be in rural area (50,000 or less residents) OR be an agricultural business
 - ✦ Bi-Annual dates for applications
 - ✦ There are also loan guarantees that can help reduce finance costs

What is coming in the Future?

✦ PACE/On Bill Financing

- ◆ PACE allows project financing on property tax bill
 - NC and GA have enabling legislation but no active programs
 - Other states are operational
 - Benefits – financing “off books”, may solve split interest, liability goes with property when sold
 - Problems – high interest rates in some cases, problems with mortgages for residential programs.
- ◆ On-Bill Financing with Utilities has a lot of promise

✦ Carbon Pricing

- ◆ Proposed Energy Innovation and Carbon Dividend Act

✦ Proposed Legislation – Clean Energy for America Act

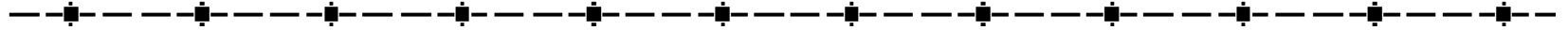
- ◆ Major changes to 179D, ITC....

Non-Energy Incentives (that might apply)

- ✦ Economic Development Incentives
 - ◆ Job Creation Tax Credits
 - e.g. NC Credit for Creating New Jobs
 - ◆ Capital Investment Credits
 - ◆ Property Tax Abatements
 - ◆ Grants (e.g. JDIG in North Carolina)
- ✦ Research Credits – federal and state
- ✦ Training Incentives



QUESTIONS????



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