



ENERGY EFFICIENCY STUDIES (EPAC 2005) GO GREEN!

INTRODUCTION

You may be eligible for a tax deduction of up to \$1.80 per square foot for improving the energy efficiency of your existing commercial buildings or designing high efficiency into new buildings.

THE ENERGY POLICY ACT OF 2005 includes a tax credit for investments in “energy-efficient commercial building property” designed to significantly reduce the:

- Heating and Cooling elements
- Interior lighting energy
- Building Envelope

To be eligible, the energy efficient commercial building property must be placed in service between January 1, 2006 and December 31, 2008. Under section 179 D of the Internal Revenue Code for the proposed or newly installed: lighting upgrades, HVAC, hot water and building envelope, CORE can perform the certification process and conducts this process in accordance to section 1331 of the Energy Policy Act of 2005, Pub. L.No. 109 – 58,119 Sta. 594 (2005) enacted Section 179 D of the Internal Revenue Code.



Who can benefit from the energy tax deduction?

- The person or organization that pays for construction is generally the recipient of the credit. This is usually the building owner, but for some HVAC or lighting efficiency projects, it could be the tenant.
- Building or renovation must have been put into service after December 31st, 2005.
- Building must be at least 40,000 sq feet to qualify.

OVERVIEW:

Section 1331 of the Energy Policy Act of 2005 provides for and allows a deduction for energy efficient commercial buildings that reduce annual energy and power consumption by 50% compared to the American Society Of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) standard. A maximum deduction of \$1.80 can be obtained if a reduction in energy consumption reaches 50%. Additionally, a partial deduction of \$0.60 per square foot for building sub systems.

SUB-SYSTEMS: Lighting, HVAC, Hot water and Building Envelope.

PARTIAL DEDUCTION: Owners of new and existing buildings (placed in service prior to the date of enactment) may earn a partial deduction of \$0.60 per square foot per "system" for upgrading one or two major building Sub – Systems.

CORE follows the IRS Guidelines relative to partial credits and the interim rule, Partial Credits and the Permanent Rule Notice 2006 – 52, Calculations methods – Notice 2006 – 52, and the Certification – Notice 2005 – 52.

SCOPE OF SERVICES:

CORE will conduct a physical inspection and perform an Energy Efficiency Study (EEF) to calculate, determine and certify the allowable deductions for part or all of the cost of Energy Efficient lighting, HVAC, hot water and building envelope – or any of these Sub-Systems that have been placed in service after December 31, 2005 and Before January 1, 2008.

INTERIM RULES: Lighting: Interim rules (existing while the Secretary of the Treasury develops long term rules) establishes a deduction of \$.30 per square foot for buildings – or portion of buildings – that achieve at least 25% lighting savings relative to the ASHRAE 90.1-2001 lighting power density (*Watts per sq ft*) requirements (but excluding ASHRAE's "additional lighting power allowances") and that also uses bi-level switching. This deduction increases progressively to \$0.60 per square foot for using bi-level switching and achieving 40% lighting savings.

METHOD OF COMPUTATION: The Performance Rating Method (PRM) must be used to compute the percentage reduction in the total annual energy and power costs with respect to combined usage of a building's heating, cooling, ventilation, hot water and interior lighting systems as compared to the minimum requirements of standard 90.1-2001.

THE CORE ENERGY EFFICIENCY STUDY (EES) PROCESS:

- Initial data is gathered to evaluate the potential tax savings for implementation of EES and Certification.
- Once letter of Engagement is authorized, someone from our engineering team will visit site/ buildings and inspect the facility.
- Prescribed calculations will be made on the energy usage and proposed usage utilizing IRS approved software.
- The calculations, the Certification of approved and qualifying assets/ equipment will be completed and the (EES) documenting the allowable deductions will be delivered to tax payer / property owner.