

Washington Update

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Overview of Waxman-Markey

- H.R. 2454, the “American Clean Energy and Security Act (ACESA) of 2009”
- 2 main components:
 1. Climate Bill - establishes targets and timetables for carbon emissions reductions as well as a cap-and-trade program
 2. Energy Bill - provisions promoting clean energy and energy efficiency including a combined efficiency and Renewable Electricity Standard and a program for building retrofits
- Passed the House June 26, 2009 by a vote of 219-212
- Companion bills have been introduced in the Senate.



Retrofit for Energy and Environmental Performance (REEP) Program

- Introduced by Rep. Peter Welch (D-VT) on March 30, 2009 and subsequently adopted as Sec. 202 of ACESA
- **Provides financial incentives of \$3,000 for actual demonstrated savings of 20% in efficiency plus an additional \$1,000 for each additional five percentage points capped at 50% of retrofit costs**
- Requires high standards for energy and environmental retrofit contractors
- 40 Co-sponsors, all Democratic Representatives
- Supporting organizations: NRDC, ACEEE, RESNET, USGBC, NAHB, NAR, among many others



Health Care Dominates

- REEP legislative debate in Senate may be pushed back to 1st or 2nd quarter of 2010.
- Strong support for REEP but Democratic leadership does not want to scuttle the cap and trade provisions of Waxman-Markey in favor of a separate energy efficiency bill.



Bridge to REEP

- Even if REEP passes, rulemaking could take a year to put in place.
- Another year of collecting and disbursing funds could be required.
- Administration concerned that this could be a “jobless recovery.”
- Funding needed now to promote REEP goals and spur demand.

Recovery Through Retrofit

- VP Joseph Biden press conference at the White House on 10/19/09.
- 11 agency initiative to create a national ramp-up to retrofit 1 million homes initially.
- Need to ramp-up to a 10 year build out cycle.
- Critical elements according to the White House are information, financing and credentialing.



ARRA Stimulus Investments in Energy Efficiency

- \$3.1 billion for the Department of Energy's (DOE's) State Energy Program (SEP)
- \$3.2 billion to assist local governments in implementing energy efficiency and conservation programs.
- 5 billion for the weatherization of low-income family homes.
- \$500 million in Green Jobs training grants through DOL.
- Extends and increases the value of the existing homes energy efficiency credit to 30 percent of cost up to \$1,500 for 2009 and 2010 for property meeting certain standards.



Retrofit Ramp-up RFP from DOE

- Announced by A.S. Cathy Zoi at NASEO. Stephen Chu announced the RFP this week.
- \$454 million available to cities and states targeted at innovative approaches to retrofit.
- RFP available at www.ee.doe.gov.



ARRA: DOL Funding of *Green Jobs*

\$500 million is targeted for research, labor exchange, and job training projects that prepare workers for careers in energy efficiency and renewable energy as defined in the Green Jobs Act: energy efficient building, construction, and retrofitting; renewable electric power; energy efficient and advanced drive train vehicles; biofuels; deconstruction and materials use; energy efficiency assessment for residential, commercial, or industrial sector, and manufacturing of sustainable products using sustainable processes.



Grant Name (National Funding)	Purpose	Eligible Applicants	Award Amount Per Grantee
State Labor Market Information Improvement Grants \$50 million	Funds to state LMI or consortia of state LMI agencies to collect, analyze, & disseminate information to enhance the labor exchange infrastructure for careers within the energy efficiency and renewable energy industries.	State Workforce Agencies	\$750,000 to \$1,250,000 to individual states; grants to multi-state consortiums ranging from \$2 to \$4 million.
Energy Training Partnership Grants \$100 million	Green jobs training targeting workers impacted by national energy and environmental policy, individuals in need of updated training related to the energy efficiency and renewable energy industries, and unemployed workers. Applications funding registered apprenticeship and/or pre-apprenticeships strategies are strongly encouraged. A local WIB must be a partner but they cannot be the grant applicant.	Part A. National Labor-Management organizations. Part B. Non-profit entities through a labor, employer, WDC partnership	20-30 grants ranging from \$2 to \$5 million. ¼ of total funds reserved for communities impacted by <u>automobile restructuring</u> .
Pathways Out of Poverty \$150 million	Applicant must have experience serving individuals with barriers to employment. Applicant must use a strategic partnership to design career pathways, set up support services, arrange integrated basic skills training with occupational skills training and deliver certification training. Part B applicants must propose a project that serves one single high poverty community (or a neighborhood within a city).	Part A. National non-profit organizations. Part B. community colleges, local WIBs, and non-profit organizations.	\$3 to \$8 million for national nonprofit orgs. \$2 to \$4 million for local applicants.
State Energy Sector Partnership (SESP) and Training Grants \$190 million	DOL will select states who propose a strategic planning process that aligns the Governor’s overall workforce vision, state energy policies, and local and regional training activities that lead to employment in targeted green energy sector.	State Investment Boards. Only one application per state. The WIB would lead a State Energy Sector Partnership.	Range of awards is \$2 to \$6 million. 13 percent of total funds reserved for communities undergoing auto industry restructuring.
Green Capacity Building Grants \$5 million	Funds will be used to enhance active, competitively awarded, workforce projects such as YouthBuild and National Farmworker Jobs Program.	Competition limited to DOL grantees awarded funds under previous specific Solicitations for Grant Applications.	Awards will range from \$50,000 to \$100,000.



Tax Credits for Consumers:

Home Improvements

Tax credits are now available for home improvements:

- must be "placed in service" from January 1, 2009 through December 31, 2010
- must be for taxpayer's principal residence, EXCEPT for geothermal heat pumps, solar water heaters, solar panels, and small wind energy systems (where second homes qualify)
- \$1,500 is the maximum total amount that can be claimed for all products placed in service in 2009 & 2010 for most home improvements, EXCEPT for geothermal heat pumps, solar water heaters, solar panels, fuel cells, and small wind energy systems which are not subject to this cap, and are in effect through 2016
- must have a [Manufacturer Certification Statement](#) to qualify for record keeping, save your receipts and the [Manufacturer Certification Statement](#)
- improvements made in 2009 will be claimed on your 2009 taxes (filed by April 15, 2010) — use IRS Tax Form 5695 (2009 version) — it will be available late 2009 or early 2010
- If you are building a new home, you can qualify for the tax credit for geothermal heat pumps, photovoltaics, solar water heaters, small wind energy systems and fuel cells, **but not the tax credits for windows, doors, insulation, roofs, HVAC, or non-solar water heaters.**



Changes to Tax Credits by ARRA

These changes apply to products "[placed in service](#)" in 2009. The highlights are:

The tax credits that were previously effective for 2009, have been extended to 2010 as well.

The tax credit has been raised from 10% to 30%.

The tax credits that were for a specific dollar amount (ex \$300 for a CAC), have been converted to 30% of the cost.

The maximum credit has been raised from \$500 to \$1,500 total for the two year period (2009-2010). However, some improvements such as geothermal heat pumps, solar water heaters, and solar panels are not subject to the \$1,500 maximum.

The \$200 cap on windows has been removed, but the requirements for windows (after June 1, 2009) has been increased significantly. Not all ENERGY STAR qualified windows will qualify after June 1, 2009.



Important Considerations

A 'patch' to the Alternative Minimum Tax for tax year 2008 and 2009 allows this credit to be claimed by those paying the AMT. It is uncertain if this will be extended to 2010 and beyond.

How much is the credit? The tax credit amount is now 30 percent of the cost of the measures, including installation costs for heating and cooling equipment, but only product costs for windows, insulation, and other parts of the building "shell." There is a cap on the credit amount of \$1,500 for fiscal years 2009 and 2010 combined; thus the credit applies to up to \$5,000 in total costs.



SUMMARY OF TAX CREDITS FOR HOMEOWNERS

Product Category	Product Type	Tax Credit Specification	Tax Credit	Notes
Insulation	Insulation	Meets 2009 IECC & Amendments	30% of cost, up to \$1,500 ¹	For insulation to qualify, its primary purpose must be to insulate (example: insulated siding does not qualify). Check to see if you have Home Performance with ENERGY STAR in your areas. Adding insulation to your home is covered.
Windows & Doors	Exterior Windows and Skylights	Before June 1, 2009: Must meet ENERGY STAR criteria After June 1, 2009: U factor <= 0.30 SHGC <= 0.30	30% of cost, up to \$1,500 ¹	Not all ENERGY STAR labeled windows and skylights qualify for tax credit. More information
	Storm Windows	1.In combination with the exterior window over which it is installed:has a U-factor and SHGC of 0.30 or below 2.Meets the IECC	30% of cost, up to \$1,500 ¹	FAQ on storm doors and storm windows.
	Exterior Doors	Before June 1, 2009: Must meet ENERGY STAR criteria After June 1, 2009: U factor <= 0.30 SHGC <= 0.30	30% of cost, up to \$1,500 ¹	Not all ENERGY STAR doors will qualify. More information
	Storm Doors	1.In combination with a wood door over which it is installed:has a U-factor and SHGC of 0.30 or below 2.Meets the IECC	30% of cost, up to \$1,500 ¹	FAQ on storm doors and storm windows.



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Roofing	Metal Roofs, Asphalt Roofs	All ENERGY STAR qualified metal and reflective asphalt shingles	30% of cost, up to \$1,500 ¹	FAQ on roofs that qualify for the tax credit
HVAC	Central A/C	<i>Split Systems:</i> EER >=13 SEER >= 16 <i>Package systems:</i> EER >= 12 SEER >= 14	30% of cost, up to \$1,500 ¹	FAQ on Central ACs that qualify for the tax credit FAQ on Air Source Heat Pumps that qualify for the tax credit Note — not all ENERGY STAR products will qualify for the tax credit. View ENERGY STAR criteria.
	Air Source Heat Pumps	<i>Split Systems:</i> HSPF >= 8.5 EER >= 12.5 SEER >= 15 <i>Package systems:</i> HSPF >= 8 EER >= 12 SEER >= 14	30% of cost, up to \$1,500 ¹	
	Natural Gas or Propane Furnace	AFUE >= 95	30% of cost, up to \$1,500 ¹	FAQ on Furnaces and Boilers that qualify for the tax credit
	Oil Furnace	AFUE >= 90	30% of cost, up to \$1,500 ¹	Note — not all ENERGY STAR products will qualify for the tax credit. View ENERGY STAR criteria for furnaces , boilers .
	Gas, Propane, or Oil Hot Water Boiler	AFUE >= 90	30% of cost, up to \$1,500 ¹	
	Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use.	30% of cost, up to \$1,500 ¹	Read this FAQ if the fan qualifies, but the furnace does not.



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Water Heaters	Gas, Oil, Propane Water Heater	Energy Factor ≥ 0.82 or a thermal efficiency of at least 90%.	30% of cost, up to \$1,500 ¹	FAQ on Water Heaters that qualify for the tax credit
	Electric Heat Pump Water Heater	Same criteria as ENERGY STAR: Energy Factor ≥ 2.0	30% of cost, up to \$1,500 ¹	View ENERGY STAR criteria for water heaters.
Biomass Stove	Biomass Stove	Stove which burns biomass fuel to heat a home or heat water. Thermal efficiency rating of at least 75% as measured using a lower heating value.	30% of cost, up to \$1,500 ¹	FAQ on biomass stoves.
Geo-Thermal Heat Pump	Geo-Thermal Heat Pump	Same criteria as ENERGY STAR: Closed Loop: EER ≥ 14.1 COP ≥ 3.3 Open Loop: EER ≥ 16.2 COP ≥ 3.6 Direct Expansion: EER ≥ 15 COP ≥ 3.5	30% of the cost	All ENERGY STAR geo-thermal heat pumps qualify for the tax credit. Must be “placed into service” before December 31, 2016.
Solar Energy Systems	Solar Water Heating	At least half of the energy generated by the “qualifying property” must come from the sun. Homeowners may only claim spending on the solar water heating system property, not the entire water heating system of the household. The credit is not available for expenses for swimming pools or hot tubs. The water must be used in the dwelling. The system must be certified by the Solar Rating and Certification Corporation (SRCC).	30% of cost	All ENERGY STAR solar water heaters qualify for the tax credit. Must be placed in service before December 31, 2016.
	Photovoltaic Systems	Photovoltaic systems must provide electricity for the residence, and must meet applicable fire and electrical code requirement.	30% of cost	Must be placed in service before December 31, 2016.



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