



EDISON ELECTRIC
INSTITUTE

What's New in Washington and How it Affects Suppliers

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EEI Supplier Diversity Conference
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Overview

- Review of Recent Laws
- Impacts of the Stimulus Bill on Efficiency
- Federal and State Governments
- Your Business
- Individuals (YOU!)
- New Federal Legislation and Regulations in 2009
- Q & A

Recent Laws

- EPACT 2005 (August 2005)
 - Efficiency Incentives and efficiency standards
- EISA 2007 (December 2007)
 - Efficiency standards and government programs
- Emergency Economic Stabilization (Oct 2008)
 - Energy efficiency tax incentives extended, renewed
- American Recovery and Reinvestment Act (February 2009)
 - Energy Efficiency tax incentives + Govt Prog \$\$\$

Stimulus Bill Basics

- President Obama signed the American Recovery and Reinvestment Act of 2009 into law on February 17, 2009.
- Many of the provisions that affect your business or home are only in effect for 2009 and 2010. Some are only in effect for 2009 only.
- In many cases, the government funds must be spent by Sept. 30, 2010 (or by Sept. 30, 2011 at the latest).

Federal Government - Buildings

- Department of Defense
 - \$4.24 Billion to modernize facilities and improve efficiency by 9/30/2010
- General Services Administration (\$5.5 Billion)
 - \$4.5 Billion to convert GSA facilities to High Performance Green Buildings
 - \$1.0 Billion for federal buildings, courts, borders
- Department of Energy
 - \$400 Million to establish the Office of Federal High Performance Green Buildings

Federal Government - Vehicles

- GSA Motor Vehicle Acquisition & Leasing
 - \$300 Million to replace the Federal Fleet with more efficient vehicles
- DOE
 - \$2.0 Billion for Advanced Battery Manufacturing (for facilities in the United States)
 - \$400 Million Plug-In Electric Drive Vehicle Program
- Department of Transportation (\$17.7 Billion)
 - Intercity Passenger Rail Service (\$8 Billion), Transit Capital Assist (\$6.9 Billion), Amtrak (\$1.3 Billion)

Federal Government – Programs (1)

- Green Schools - \$9.75 Billion
 - Weatherization Assistance - \$5.0 Billion
 - Assisted Housing - \$6.0 Billion (HUD and Native American housing)
 - Energy Efficiency and Conservation Block Grant Program - \$3.2 Billion
 - State Energy Program - \$3.1 Billion
 - Conditions: States must assure DOE that they will update regulatory policies on utility efficiency programs, update building codes, and provide a plan for enforcement of codes.
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Federal Government – Programs (2)

- Innovative Technology and Loan Guarantee Program - \$6.0 Billion
- Green Jobs - \$500 Million
- Advanced Research Projects Agency – Energy - \$400 Million
- Energy Efficient Appliance Rebate - \$300 Million
- Smart Grid - \$4.5 Billion (increase federal match from 20% to 50%).
 - DOE has already published a funding opportunity announcement.
 - Smart Grid equipment can be depreciated over 10 years.

Business Tax Incentive\$

- Updates as of 5/01/2009
 - Some got extended, while other will expire on 12/31/2009!
 - These were affected by:
 - Economic Stimulus Act of 2008 (HR 5140)
 - Emergency Economic Stabilization Act of 2008 (HR 1424)
 - American Recovery and Reinvestment Act of 2009 (HR 1)
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Section 179 Tax Deduction

- Small Business Section 179 Tax Deduction
 - Econ Stimulus Act of Feb 2008: 2008 Values
 - Expense \$250,000 with the phaseout starting at \$800,000 (and scheduled to go down to \$128,000 + COLA in 2009 and 2010, and \$25,000 in 2011).
 - ARRA 2009 – For 2009, expense \$250,000, with the phaseout starting at \$800,000 (expires on 12/31/2009)
 - See www.section179.org for other details.
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Bonus Depreciation

- 50% First Year Bonus Depreciation, for any size business
- Under ESA 2008, it was only for equipment placed in service between January 1, 2008 and December 31, 2008. Now extended by ARRA until 12/31/2009.
- For “tangible personal property” like Sect. 179
- For equipment falling under MACRS
 - Depreciation < 20 years / Qualified leased property
 - Software, business / process equipment

Commercial Building Tax Deduction

- From EPACT 2005 (unchanged by ARRA)
- For “real property” (any component of a building, such as lighting, HVAC, and envelope)
- Started August 2005, scheduled to expire on December 31, 2008 (until HR 1424!).
- \$1.80 per square foot, or \$0.60 per square foot for any sub-system (ltg, HVAC+WH, envelope)
- New expiration date: **December 31, 2013**

Business Tax Incentive\$ Summary

- Options for federal tax incentives in 2009:
 - Commercial Building Tax Deduction (to 2013)
 - \$0.60 / square foot (subsystem), \$1.80/sf whole bldg
 - Real Property (HVAC, envelope, etc).
 - Small Business Section 179 (to 12/31/09)
 - \$250,000 (first year write off), up to \$800,000
 - All Business 50% 1st Year Bonus Depreciation
 - (both for personal property) to 12/31/09
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Other Incentives (1)

- State Programs – from the www.dsireusa.org website, several states offer:
 - Grants
 - Loans
 - Rebates
 - Property tax relief
 - Corporate tax credits
- Utility programs, of course (see www.eei.org)

Other Incentives (2)

- County programs for Green buildings – from the National Association of Counties June 2008 Green Programs survey, the following types of incentives are located at the county level:
 - Tax Credits (4%)
 - Reduced Permitting Fees (1%)
 - Expedited Permitting Process (6%)
 - Other (11%)

Incentives for Individuals

- ARRA also contains:
 - Incentives for purchasing new cars and trucks (2009)
 - Incentives for first-time home buyers (2009)
 - Improved tax incentives for improving the efficiency of existing homes (2009 and 2010)
 - Improved incentives for solar energy and geothermal heat pumps (through 2016).
 - Note: If you received tax credits in 2006 and/or 2007, they do not count towards the new cap.

Individual / Homeowners (1)

- First time home buyers - \$8,000 federal tax credit (unlike last year, it does not have to be repaid)
 - New car buyers – Above the line Deduction for all “qualified motor vehicle taxes” from the federal return (state sales taxes, local sales taxes, and excise taxes).
 - Plug-In Hybrid Electric Vehicles (200,000 per manuf)
 - \$2,500 to \$7,500 federal tax credit, based on battery size.
 - Conversions – 10% tax credit , up to \$4,000 (to Dec 2011)
 - Electric Low-speed vehicles and motorcycles – 10% tax credit, up to \$2,500
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And speaking of PHEV's...



Individual / Homeowners (2)

- Solar Energy
 - PV systems receive 30% tax credit, no cap, until Dec. 2016
 - Solar Thermal receive 30% tax credit, and no cap (ARRA removed the \$2,000 cap) until December 2016
- Geothermal Heat Pumps – 30% tax credit, no cap (started at \$300 in EPACT 2005, then \$2,000 under HR 1424), until Dec. 2016. Units must meet Energy Star levels on cooling EER and heating COP to qualify.
- Note: These can be combined with state/local grants or tax incentives.

Individual / Homeowners (3)

- Insulation

- Must meet the IECC 2009 requirements. In CZ 4 (DC area):
- Ceiling / Attic: R-38
- Wood Frame Wall: R-13
- Floor: R-19
- Basement Wall: R-10 continuous on exterior or interior or R-13 cavity on interior
- Crawl Space Wall: R-10 continuous on exterior or interior or R-13 cavity on interior

- Incentive is 30% up to \$1500 total for 2009 and 2010
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Individual / Homeowners (4)

- Windows and Skylights (\$200 cap is eliminated)
 - As of 2/17/2009, they must meet the following conditions:
 - U value ≤ 0.30
 - SHGC ≤ 0.30
 - Many Energy Star windows will not qualify (for CZ 4, an Energy Star Window is U ≤ 0.40 and SHGC ≤ 0.55)
- Doors
 - U value ≤ 0.30 (Energy Star Door in the CZ 4 is U ≤ 0.40)
- Incentive is 30% up to \$1500 total for 2009 and 2010

Individual / Homeowners (5)

- Heating and Cooling (as of 2/17/2009)
 - Heat Pumps, New and (previous) requirements:
 - Split: 15.0 SEER, 12.5 EER, 8.5 HSPF (15 S, 13 E, 9 H)
 - Package: 14.0 SEER, 12.0 EER, 8.0 HSPF (14 S, 12 E, 8 H)
 - Air Conditioners:
 - Split: 16.0 SEER, 13.0 EER (15.0 SEER, 12.5 EER)
 - Package: 14.0 SEER, 12.0 EER (14.0 SEER, 12.0 EER)
 - Gas, Oil, Propane Boilers: 90 AFUE (95 AFUE)
 - Incentive is 30% up to \$1500 total for 2009 and 2010
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Individual / Homeowners (6)

- Heating and Water Heating (as of 2/17/2009)
- Gas Furnaces: 95 AFUE (95 AFUE, no change)
- Oil Furnaces: 90 AFUE (95 AFUE)
- Gas, Propane, or Oil-fired Water Heaters
 - 0.82 EF or 90% thermal efficiency (0.80 EF before)
- Electric Heat Pump Water Heaters
 - 2.0 EF (2.0 EF before, no change)
- Incentive is 30% up to \$1500 total for 2009 and 2010

Even More New Laws in 2009?

- Here is what is “in play” in Washington:
- Energy Bills
 - Building and Appliance Efficiency Standards
 - “Energy Efficiency Resource Standards”
- Renewable Portfolio Standards Bills
 - Efficiency allowed to be used to meet ___% of the standard?
- Climate Change Bills
 - Efficiency component / efficiency allowed as offset?
 - Efficiency as a “tradable” part?

More New Regulations in 2009?

- Some rulemakings that could have an impact:
- EPA – CA GHG Tailpipe Emission Regulation Waiver
 - EPA is reviewing the December 2008 decision that denied the waiver. Will states set vehicle CO2 emissions?
- EPA regulations on stationary reciprocating engines (diesel emergency generators)
 - Emissions standards for existing as well as new units?
- EPA regulate CO2 under the Clean Air Act?
 - EPA is going to review this year after July 2008 ANOPR

Q & A

- The floor is open!

