

Energy Tax Savers, Inc.

Tax Aspects of Daylighting and Solar Shades Presentation

Specialty
GROUP



Energy Policy Act of 2005 (EPAct)

- EPAct Tax Incentives are available for energy efficient investments in three building systems:
 - Lighting
 - HVAC
 - Building Envelope
- The Building Envelope does not use energy, only the Lighting system and the HVAC system do.
- With existing buildings conventional building envelope investments like roofs, insulation, etc. do not substantially reduce Lighting or HVAC energy use.
- **A daylighting system with shades is one of the few investments that will materially reduce lighting energy use and trigger a building envelope deduction.**

Calculation of Daylighting Power Allowance

- The EAct Daylighting power allowances are calculated with computer building simulation software.
- It is easier to understand the computer modeling adjustments by understanding California Title 24 power allowances.
- The calculated energy saving power allowance will vary depending on:
 1. Glazing type
 2. Type of daylighting controls
 3. Window to wall ratio and or skylight aperture
- To the extent the building has time of day controls that can allow most, if not all, of the daytime light to be provided by natural daylight the computer simulation model will confirm tremendous energy cost savings.
- **Strategy:** The strategy is to see if the day lighting/shade system generates two EAct tax deductions:
 1. Lighting
 2. Building Envelope

Modeling Strategy

- Look for projects that are already undergoing modeling:
 - LEED Buildings
 - Utility rebate programs that require modeling like NYSERDA multi family program

Government Buildings

- The federal Government has mandated energy reductions that it must achieve and is beginning to aggressively act on achieving these goals.
- Under the EAct government building designer tax provisions, the lighting designer which can be an ESCO, an architect, an engineer or lighting specifier receives the EAct tax incentives.
- This is an incredible opportunity for the design community since they get the same tax savings as if they were actually making the lighting investment.
- **Strategy:** Make sure any of the A & E firms that you call that have a government practice understand the tremendous opportunities this legislation provides them. If they are handling a government LEED project or modeling for any other reason, your product may be the key to tremendous tax savings for the architect or engineer.

Government Buildings

- Architects/Engineers/Lighting Designers
 - DOE goal to incentivize green design in **government** building sector
 - Benefits passed through to the primary designer of:
 - Federal
 - offices, military bases, court houses, post office, labs etc.
 - State
 - offices, transportation facilities, state universities, court houses etc.
 - County, city, town, village etc
 - offices, schools, town halls, police, fire, libraries etc.

Focusing on Occupied Spaces

Office buildings

- **Most new office buildings will go from not qualifying for EAct to qualifying based on your daylighting solar shade product.**
- **Your daylighting solar shade product will be particularly helpful in achieving EAct in these spaces since many of the spaces just miss EAct on pure wattage basis. The lighting in many office buildings is designed at 1 watt per square foot and EAct tax deductions begin at .975.**

Hotels

- We are seeing more and more LEED hotels and corporate travel organizations seeking green hotel accommodations.
- Hotels are one of the more achievable EAct categories since the occupant rooms tend to use a lot of plug in lighting which is not counted in the EAct calculation.

Summary

- To learn more about how **The Specialty Group** products and services can help you qualify for EPAct, and other tax credits, give us a call at 804.264.3000 for a free consultation.