Introducing 25E: The First Performance Based Tax Credit for Homes
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Jay Murdoch | Executive Director

Efficiency First

• Jay has over seventeen years experience impacting federal, state and local policy and regulations and over seven years of experience in residential and light commercial design, construction, and project management.

• Before joining Efficiency First, Jay helped lead business development and government affairs at Masco Home Services. He also spent ten years at Owens Corning serving in a variety of roles.

• Further, Jay assisted in the development of policy positions as well as education and compliance tools at the Building Owners and Managers Association, specifically on the ADA.
Agenda

• Introducing 25E: Performance-based tax credit for energy efficiency
• How 25E: The Nuts and Bolts
• A model to build on
• Impacts on Energy Use and Job Creation
• Energy Efficiency Policy Landscape
• Next Steps
• Supporting a Strong 25E Campaign
Greg Thomas | CEO, Performance Systems Development
Chair of Efficiency First

- He was a founding board member of Efficiency First and served as a member of the Efficiency First Policy Committee and as Vice Chair before becoming Chair.
- He was a founding board member of Affordable Comfort Inc. and also served as board chair. He is a member of the RESNET board and a member of the National Home Performance Council Forms Committee.
Welcome and Intro

• 25E: Part of continued effort to develop policy solutions for performance industry growth

• Performance-based credit

• Model for broader adoption: Dual path, Software standards
Matt Golden | Principle, Efficiency.org

Policy Chair of Efficiency First

- Matt Golden currently serves as the Policy Chair for Efficiency First. He also founded Recurve.

- He has written numerous articles for Home Energy Magazine and has been featured in the *San Francisco Chronicle*, *USA Today*, *Forbes*, the *New York Times* and the *Ellen DeGeneres Show*.

- Matt currently serves on the boards of the Home Performance Council, along with many others.
Valuing Performance

• Value RESULTS – not what goes in, but what comes out
• Value ENERGY SAVINGS
• Value COST SAVINGS
• All with high quality standards
Valuing Performance

• High quality work + better modeling tools =
  • More value for customers
  • More value for the public (energy savings)
• Performance-based incentives reward this performance-based approach
Valuing Performance

• With energy modeling, and
• By applying building science

WE CAN DELIVER MORE FOR OUR CUSTOMERS
• Build policies that offer more rewards for predicted performance

• So companies LIKE YOURS that accurately predict savings are rewarded for it.

• What we deliver is what matters
Rewarding Performance

- Tax credits from $2,000-$5,000, up to 30%
- Higher tax credit for higher performance
- Learning from the past: Make it simple for companies and customers
Step 1: Sales and Energy Assessment

Modeling of building, use of bills to calibrate

Work scope, and saving % (in USD)

Customer signs with Contractor
Step 2: Work Completed

Post work model based on test-out

BPI / RESNET QA on % of jobs
Step 3: IRS Tax Credit

Proof of Accreditation, Contract, Energy Model Output, Before and After photos give to homeowner.

Homeowner claims credit on tax return
How Does This Compare to Other Programs?

• Direct Tax Incentive vs. Utility / ARRA program
• Standards are the same in all 50 states
• No local pre-approvals, QA, forms, unique rules
• Simple output for contractors given to homeowners:
  • Copy of contract
  • Copy of energy model
  • Photos before and after
How Do You Qualify?

Dual Path:

- BPI Accredited Contractor
- RESNET Energy Smart Team
Key concepts:

• Standards and QA on quality of work not just energy modeling.

• Equal tracks for Third Party Auditor and Accredited Contracting business models.

• Model for future policy/program development at federal and state level.
Software

• Using utility bills to calibrate projected savings
  • BPI 2400

• Improved standards for energy modeling
  • RESNET certified energy efficiency software for residential tax credits

• Most commonly used existing home performance software does or will qualify
Steve Baden | Executive Director

RESNET

- Steve Baden has worked in the residential energy efficiency field for over twenty five years, including eighteen years with home energy ratings on the state, national and international levels.
RESNET’s Role in 25E

• Software Certification – RESNET Publication 2006-001

• Dual Path Option: RESNET Raters & EnergySmart Contractors
Home Energy Rater – Test in and prepare work scope
Energy Smart Contractors – Install improvements per work scope
Home Energy Rater – Test out and quality assurance review
Home Energy Rater – Calculate Energy Savings
Opportunities for the Energy Rater Community

• Provide clients with total energy solution

• Financial incentive for homeowners to make upgrades recommended (main barrier to comprehensive retrofits)
Session on Legislation Offered at 2012 RESNET Building Performance Conference
Meg Waltner | Energy Efficiency Advocate

Natural Resources Defense Council

- Meg Waltner is a lead advocate in NRDC’s DC office for Federal policies to promote energy efficiency in buildings and equipment.
- Meg’s experience includes a variety of legislative and regulatory initiatives, such as energy efficiency incentives, building energy labeling, building codes and appliance efficiency standards.
NRDC has been a strong advocate for energy efficiency tax incentives for many years because of the environmental benefits of energy efficiency.

NRDC was involved in development of incentives in Energy Policy Act of 2005 (25C, 45L, 179D) and subsequent revisions.

NRDC has long called for incentives to be based on performance, rather than cost and to reward for whole building energy improvements.
- Energy efficiency is cheapest, cleanest, quickest resource we have to reduce environmental impacts of energy use.

- Properly designed incentives can transform markets for energy efficiency.

- Whole home incentive targets deep energy savings at lowest cost, while incentivizing investment in most cost-effective measures first.
Steve Nadel | Executive Director

American Council for an Energy-Efficient Economy

- Steve has been at ACEEE for 22 years serving as Deputy Director of the organization and Director of ACEEE’s Utilities and Buildings programs prior to his promotion to Executive Director in 2001.
- He has worked in the energy efficiency field for 30 years and has over 100 publications on energy-efficiency subjects. He has testified many times before Congress on energy efficiency subjects and also testified before multiple state legislatures.
Impacts of 25E: “Cut Energy Bills at Home Act”
New Homes vs. Existing Homes

Source: EIA AEO 2011
Energy Efficiency in Building Since 1979

Historical Energy Consumption Intensity

Source: EIA RECS and CBEECS
Rough Estimate of Impacts

• Estimate 1 million homes participate over 2012-2016
• Average 25% savings, $2500 incentive
• Per home savings:
  • 1692 kWh/year, 180 therms/year
  • Based on RECS data, participating homes use 50% more than U.S. average
• Cost to Treasury about $2 billion total over the 5 years
Energy Savings

By 2016, annual savings are:

- 1.7 billion kWh
- 18 trillion Btu of fuel
- Equivalent to covered energy use of about 375,000 average homes
We estimate this will generate an average of roughly 19,000 jobs during the 2012-2016 period (e.g. nearly 100,000 job-years).

- Starts modestly, grows to ~25,000/yr
- These are net jobs
- Include direct, indirect and induced jobs
Lowell Ungar | Director of Policy

Alliance to Save Energy

• As Director of Policy at the Alliance since September 2003, Lowell Ungar leads Alliance efforts to craft and enact strong government policies to save energy in all economic sectors.

• Lowell is a co-author of two Alliance reports on building efficiency policies and of a Department of Energy report on state utility policies.
The Alliance to Save Energy promotes energy efficiency worldwide to achieve a healthier economy, a cleaner environment and greater energy security.

- Non-profit organization headquartered in U.S.; operations world-wide
- Led by Senator Mark Warner (D-Va.) and Tom King, Chairman of the Board, and President, National Grid USA
- Includes 14 Members of Congress – Bi-Cameral; Bipartisan
- Also includes environmental, consumer, and trade association heads, state and local policy makers, corporate executives
Business • Government • Public Interest

- Coalition membership of more than 175 diverse organizations
- Involvement by businesses in all economic sectors
- Participants active in policy advocacy, research, standards, education and communication

Working with & Across All Sectors of the Economy
To encourage technological innovation

To gain foothold in market

To achieve market penetration

To lock in savings for consumers and businesses

+ Remove Barriers

R&D  Incentives  Education/Outreach  Codes/Standards

Energy Policy Portfolio

• To encourage technological innovation

- To gain foothold in market

- To achieve market penetration

- To lock in savings for consumers and businesses

+ Remove Barriers
Building Efficiency Policies

- Building energy codes (in ESICA)
- Appliance standards (INCAAA)
- Consumer information (e-KNOW)
- Financing (SAVE Act, PACE)
- Utility programs – in Clean Energy Standard?
- Tax incentives
- Research & Development (appropriations)
Efficiency Tax Incentives

- 179D Commercial buildings owner deduction (new + retrofit)
  - Proposed: Cool + efficient roofs accelerated depreciation
- 45L New Homes builder credit
- 45M Appliances manufacturer credit
- 25C Home improvements owner credit
- Proposed: 25E Whole home retrofit owner credit
Energy Bills in 112th Congress

- Bipartisan, targeted
- Helps consumers, environment, energy security

- Add tax title to Energy Committee bill (Shaheen-Portman, INCAAA, etc.)?
- Tax extenders +?
Kara Saul Rinaldi | CEO, AnnDyl Policy Group
Government Affairs Consultant, Efficiency First

- Kara Rinaldi has more than a dozen years of experience in advocacy strategy development, lobbying and media relations.
- She has directed national policy, communications and grassroots campaigns leading advocacy efforts with the Administration and Congress on tax, appropriations, authorization and climate change policy for national and international NGOs and corporations.
Support in DC for 25E

- Momentum in Congress for performance-based tax credit
- Leadership from Senators Snowe, Bingaman & Feinstein
- Strong group of organizations involved in drafting the legislation
Next Steps

1. Learn more & add your endorsement:

   www.efficiencyfirst.org/25E

2. Forward web site to your friends and colleagues for support.

3. Stay tuned for future actions – get involved as EF member and with EF chapters.
Efficiency First Membership

• Support HP industry advocacy – national and local

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Questions

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Do you have more questions on this topic? If so send it to 25e@efficiencyfirst.org
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