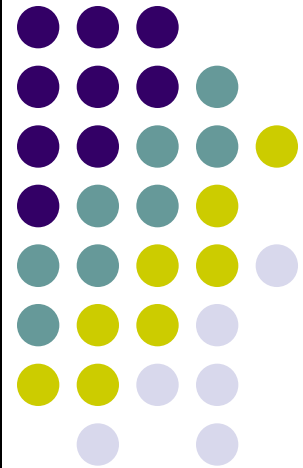


The 2005 Energy Policy Act

Monetization of Energy Efficient Commercial Building Property Deduction (179D) for Government Entities

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Energy Efficient Commercial Building Tax Deduction (CBTD)



- One-time deduction during year placed in service
- Applicable to both retrofit & new construction
- Includes :
 - Interior Lighting System
 - HVAC & Hot Water System
 - Building Envelope
- 100% of Project Cost UP TO \$1.80/sq.ft.
 - \$.60/sq.ft. Per Lighting, HVAC, Envelope System
- Certified by Independent ‘Qualified Individual’
 - 3rd Party Contractor/Engineer Licensed in locale of Project
 - DOE-Approved Software

Special Rule for Government - Owned Buildings



- Assignable by Governmental Entity to Designer of Qualified Project
- Architect, Engineer, Contractor, Environmental Consultant or Energy Services Company (ESCO)
- **3rd Party Validation & Valuation Required**

Energy Policy Act Requirements



- IRS NOTICES

- http://www.irs.gov/irb/2006-26_IRB/ar11.html
- http://www.irs.gov/irb/2008-14_IRB/ar12.html
- http://www.irs.gov/irb/2012-17_IRB/ar08.html

- January 1, 2006 thru December 31, 2013

- Combined 50% Savings vs. ASHRAE 90.1-2001

- 25% Lighting, 15% HVAC, 10% Envelope

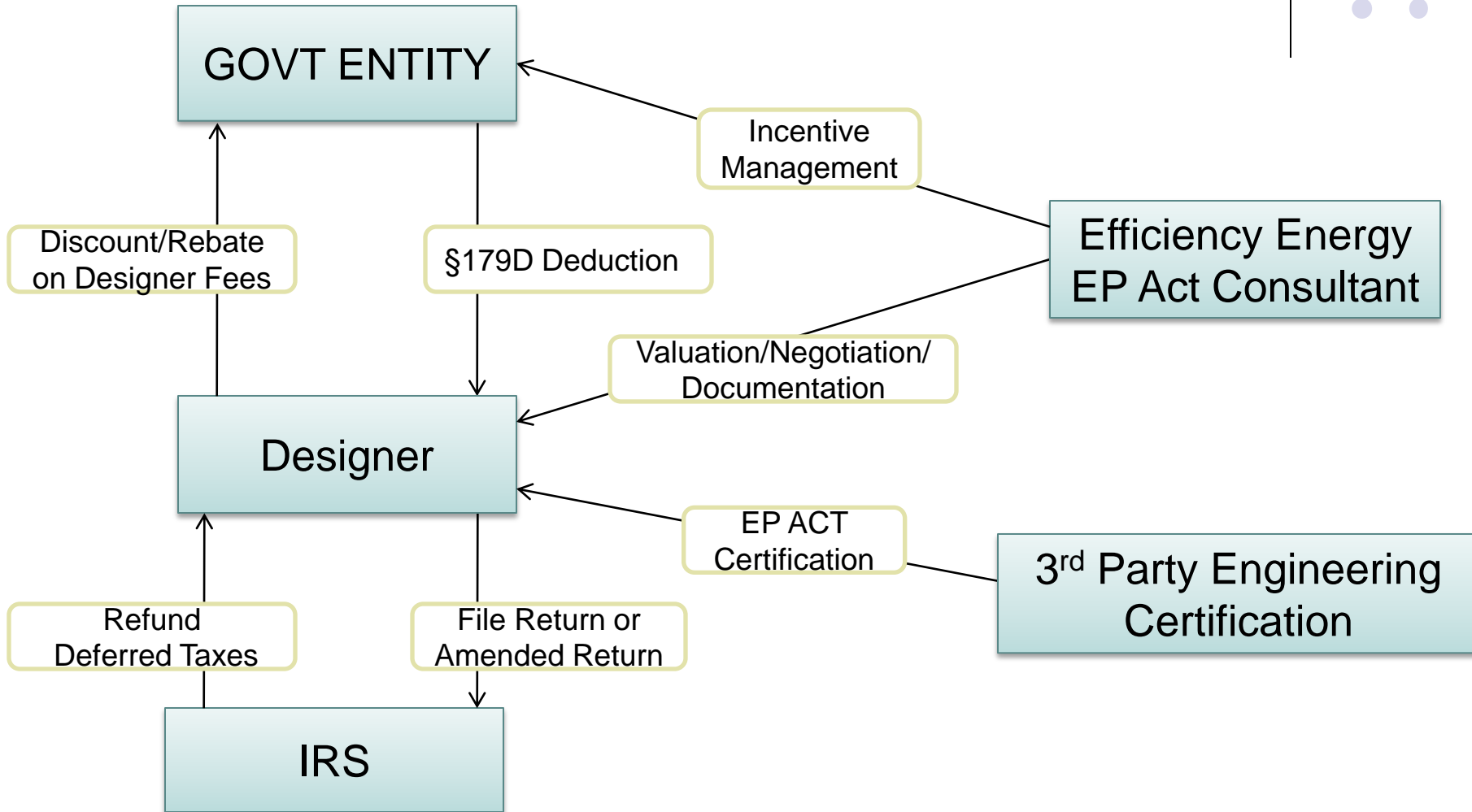
What is it worth?



Building Size: 1,000,000 sq ft		
	One Bldg. System	Three Bldg. Systems
	\$0.60/sq ft	\$1.80/sq ft
179D Allocation	\$ 600,000	\$ 1,800,000
Benefit Value @ 35% Tax rate	\$ 210,000	\$ 630,000
Benefit Value @ 45% Tax Rate	\$ 270,000	\$ 810,000



179D Transfer Monetization



Case Study: School District Lighting and HVAC upgrades



798,100 sqft affected in 9 Schools

x \$1.20/sqft = \$957,720 Deduction

x Designer Tax Rate 35%

= \$335,202 Tax Benefit

Less: Certification Fee \$54,400

Less: Legal/Accounting Fees \$17,000

Net Tax Benefit = \$263,802

50/50 split = \$131,901 savings on current project via
invoice credit in lieu of cash



Issues...

- Education, Certification, Valuation
- Tax Status: c-corp, s-corp, partnership
- Tax Rate: NOL vs. 0-49% tax payers
- Two Way Street
 - Participation is not 100% either way
- Negotiation
 - Relative Tax Benefit Value/Appetite of Designer
 - Certification, Legal, Accounting, Admin Fees
- Omission or Undervaluation



Risk Management...

- Compliance, Disallowance Risks
 - Multiple Designers
 - Certification and Insurance
 - Public Oversight
 - Record-Keeping Quality Control
- Funding 'Blind'
- Savings Forms: Additional ECM Scope via No Cost Change Order, Donated Equipment, Rebate

MWCOG...



- Your entity's Use and Compliance
 - D.C., Cities, Counties, School Districts, Housing Authorities, anyone who owns buildings >40k sqft
 - Airports, Ports, Parking Garages
- Federal Legislation (S3591) – \$3/sqft increase, expansion, extension thru 2016

EFFICIENCY ENERGY LLC

Energy Policy Act Advisor Clients



Texas A&M University

University of Texas at Austin

City of Garland, TX

Denver International Airport

NC State University

North Carolina Global Transpark

District of Columbia School District

City of Orlando

Orange County, FL

Los Angeles Unified School Districts

Miami-Dade County

Miami-Dade County Public Schools

City of Saint Augustine, FL

City of Sarasota, FL

Palm Beach County, FL

Florida State University

University of South Florida

University of Central Florida

St. Lucie County Schools

University of Florida

Efficiency Energy: Pioneering Energy Policy Act Consulting



1. Efficiency Energy LLC – www.wesavegreen.com
 - Developers of EP Act Benefit Monetization Model
 - EPACT Qualifying Project Management Experience
 - Former SEC Forensic Auditor
 - Public Finance / Investment Banking Backgrounds
2. Kutak Rock LP – www.kutakrock.com
 - Federal tax law and public finance law experts



Bottom Line

- **Underutilized Tax Benefits to be Managed**
- Rebates & Reduced Upfront Cost on Energy Efficiency Lighting, HVAC and Envelope Projects