

Comprehensive Energy Audits focus on saving and recovering some of the high costs of energy. One of the ways this is done is through a tax deduction based on the efficiency of the building. Another way to recapture energy costs is by doing a full Energy Audit to find all the ways to make your energy use more efficient. Your company may be eligible for a tax deduction of up to \$1.80 per square foot for improving the energy efficiency of your existing commercial buildings or designing high efficiency into new buildings.

The Energy Policy Act of 2005:

Includes a tax benefit for investments in energy-efficient commercial building property designed to significantly reduce the:

- Heating and Cooling elements
- Interior lighting energy
- Building Envelope

Who can benefit from the energy tax deduction?

The person or organization that pays for construction is generally the recipient of the deduction. This is usually the building owner, but for some HVAC or lighting efficiency projects, it could be the tenant.

Building or renovation must have been put into service after December 31st, 2005.

Building must be at least 40,000 sq feet to qualify.

Overview

Section 1331 of the Energy Policy Act of 2005 provides for and allows a deduction for energy efficient commercial buildings that reduce annual energy and power consumption by 50% compared to the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) standard. A maximum deduction of \$1.80 can be obtained if a reduction in energy consumption reaches 50%. Additionally, a partial deduction of \$0.60 per square foot for building sub systems.

Sub-Systems

Lighting, HVAC, Hot water and Building Envelope.

Partial Deduction

Owners of new and existing buildings (placed in service prior to the date of enactment) may earn a partial deduction of \$0.60 per square foot per "system" for upgrading one or two major building Sub Systems.

Scope of Services

An engineer will conduct a physical inspection and perform an Energy Efficiency Study (EEF) to calculate, determine and certify the allowable deductions for part or all of the cost of Energy Efficient lighting, HVAC, hot water and building envelope or any of these Sub-Systems that have been placed in service after December 31, 2005 and Before January 1, 2008.

Method of Computation

The performance Rating Method (PRM) must be used to compute the percentage reduction in the total annual energy and power costs with respect to combined usage of a building's heating, cooling, ventilation, hot water and interior lighting systems as compared to the minimum requirements of **standard 90.1-2001**.

Energy Efficiency Study (EES) Process:

- Initial data is gathered to evaluate the potential tax savings for implementation of EES and Certification.
- Once letter of Engagement is authorized, someone from our engineering team will visit site/buildings and inspect equipment.
- Prescribed calculations will be made on the energy usage and proposed usage utilizing IRS approved software.
- The calculations, the Certification of approved and qualifying assets/ equipment will be completed and the (EES) documenting the allowable credits will be delivered to tax payer / property owner.