

Energy Efficiency/Incentive Programs

Current Law:

Commercial Buildings Tax Deduction: Provides an accelerated deduction of up to \$1.80/sf for energy efficient upgrades that achieve a 50% reduction in annual energy cost to the user, compared to a base building defined by the ASHRAE/IESNA 90.1-2001 Standard.

Though the CBTD has been extended through the end of 2013, the take up rate has thus far been very low due to the small amount of incentive provided as well as the high energy efficiency hurdle that must be met.

BOMA Position:

BOMA International supports tax incentives for energy efficiency upgrades and calls on Congress to consider conservation and demand side management tools, such as tax incentives, to address the growing energy challenge.

Current Status:

Legislation is expected to be introduced by the end of March in both the House and Senate. Climate change legislation is anticipated soon after. BOMA International is supporting two proposals that we hope to see included in the yet to be introduced energy bill.

- *Commercial Buildings Efficiency Retrofits Program:* Supported by both environmental groups and real estate, it would provide direct incentives for buildings that improve energy performance by a minimum of 20% compared to their 2008 baseline. Incentive amounts proposed are \$0.15 /sf for 20% savings; \$0.75/sf for 30% savings; \$1.60/sf for 40% savings; and \$2.50 for 50% savings.
- *Energy Efficiency Resource Standard (EERS):* H.R. 889 (Markey) and S. 548 (Schumer) would set a clear goal for reducing electricity demand through a national Energy Efficiency Resource Standard (EERS). This would provide each major electricity and natural gas distributor with a simple and equitable target for achieving energy savings over a multi-year period (fully phased in by 2020). In theory, utilities would not be able to meet these targets unless they work cooperatively with industry and the building community to design and implement effective demand side management programs.

Supporting Arguments for tax incentives:

- Any energy bill Congress passes must include incentives for energy efficiency retrofits to *private sector* commercial buildings.
- Tax incentives help building owners make the financial case to implement energy efficiency upgrades by lowering up-front costs and decreasing the payback period, which is especially important in investment properties.
- In this economy and absent robust incentives, it is extremely difficult to access capital funds to finance energy efficiency retrofits.

Supporting Arguments for Energy Efficiency Resource Standard:

- Any energy bill Congress passes should include an Energy Efficiency Resource Standard (EERS).
- An EERS would accelerate utility investment in energy-saving technologies, products and practices and thereby slow the growth in consumption of electricity and natural gas in all 50 states.
- An EERS would achieve significant savings of both electricity and natural gas and significant reductions of greenhouse gas emissions.
- By 2020, a national EERS will reduce peak electric demand by 90,000 MW, create 260,000 net jobs and save utility customers a net \$144 billion.
- An EERS will create an incentive structure in which it is in the interest of a utility to improve the asset value of commercial and residential buildings by helping to invest in energy efficiency improvements.