

Energy Washington Week

exclusive news on national energy policy

From Vol. 2, No. 45 — November 9, 2005

TRADE GROUPS RALLY TO GREEN BUILDING TAX INCENTIVES IN ENERGY LAW

A leading electrical manufacturers trade organization, combined with an array of groups with vested interests in increased energy efficiency in commercial buildings, have joined forces to promote new “energy efficiency” tax deductions contained in the energy law. The new alliance plans to monitor policy implementation and coordinate promotional efforts to spread the word about the incentives.

The Energy Policy Act of 2005 includes a provision that offers commercial buildings up to \$1.80 per square foot in tax deductions if the owners of the buildings use 50 percent less energy than a traditional building designed to ASHRAE 90.1-2001 standards.

The National Electrical Manufacturers Association (NEMA) and representatives from more than 30 other commercial and advocacy organizations said the new incentives will lead to far-reaching increases in energy efficiency in commercial buildings, though some members lamented the two-year limit on time builders and manufactures have to take advantage of the tax incentives.

At a Nov. 1 briefing, representatives from NEMA, the Alliance to Save Energy, EPA and many others lauded Congress’ inclusion of the incentive provision in the energy law. NEMA president and CEO Evan Gaddis said this “good piece of legislation” is a “win-win” situation for everyone, not a provision that will collect dust but one that “has got legs” that will lead to substantial energy savings.

To ensure those “legs” run, Gaddis, NEMA and its member organizations have assembled twice in the last month to coordinate efforts for promotional campaigns.

Jean Lupinacci, an EPA official who works with the agency’s EnergyStar program, said the agency has begun an outreach program to thousands of businesses and institutions to let them know about the available incentives.

Lupinacci said EPA has been working on a rating system that would provide a uniform method for building owners to measure energy savings. She added that EPA Administrator Stephen Johnson recently reissued a challenge to building owners to increase their efficiency by 10 percent of their baseline.

That challenge, coupled with increased efforts as a result of the tax incentives, could lead to substantial savings as measured by the rating system, which would provide “an apples to apples comparison.”

Altogether, energy savings reaped as a result of owners and manufacturers taking advantage of the incentives could top 2 quadrillion btus, equal to 62 coal-fired power plants, according to Harry Misuriello, an official at the Alliance to Save Energy.

DOE estimates “that lighting accounts for 25 percent of all electricity consumed in the U.S., at a cost of more than \$37 billion annually,” according to a NEMA release. NEMA says that commercial establishments “will spend up to 40 percent of their total energy budget on lighting,” and that “technologies developed during the past decade, however, can help cut lighting costs 30 to 60 percent.”

Karen Penafiel, an official with the Building Owners and Manufacturers Association, said the incentives are “really going to tilt the balance,” bringing commercial builders and owners into the efficiency drive.

Though every official present at the luncheon praised the tax incentives, there was some disapproval of the limited time builders and manufactures have to take advantage of them. The incentives apply to buildings — both new construction and retro-fits — that come into service between Jan. 1, 2006 and Dec. 31, 2007.