

Little Known Energy Rebate Programs Can Provide Big Payback for Developers. *Recouping costs of green building made easier.*

By Glen Folland, LEED AP

Rebates and Incentives Available

While the costs of building green and following the path of voluntary rating programs such as LEED can easily add to the cost of projects, there are some long-term financial benefits that can begin to offset some of these costs.

Much of these long-term financial benefits are in the form savings from electricity, gas and water that are conserved. The providers of these utilities may also offer shorter term payback for building green in the form of financial incentives for the energy- and water-efficient building strategies that your project is already incorporating.

Tax incentives provide another means to recover capital invested in sustainable strategies. Owners or developers looking to install solar panels to generate additional electricity, to offset the costs of utility-bought energy or as part of a voluntary rating program may also be eligible for utility rebates.

Federal Deductions

The Energy Policy Act of 2005 included a tax incentive to reward energy efficiency in commercial buildings. The "Commercial Building Tax Deduction" looks at overall energy-efficiency in commercial buildings to determine eligibility. Buildings achieving a 50%

energy savings over ASHRAE 90.1-2001 are awarded a tax credit of \$1.80 per square foot.

Alternatively, a project can be awarded tax credits of \$0.60 per square foot each for lighting, HVAC and envelop measures. One \$0.60 per square foot rebate is awarded for when the building envelop efficiency contributes to an overall energy savings of 10% or greater. The other two tax deductions of \$0.60 per square foot can be awarded for efficiency in lighting and HVAC. Individually, they must contribute 20% or greater each to receive the deduction.

Energy Efficiency Rebates

Many of projects in California are served by one of the three investor-owned utility companies. Southern California Edison (SCE), Pacific Gas and Electric (PG&E) and San Diego Gas and Electric (SDG&E) have teamed up with Southern California Gas Company to create a number of rebates for new projects and renovations – residential and non-residential. For new projects, the Savings By Design (non-residential) and California Advanced Homes Program (residential) both function in similar ways.

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The entry point for these rebates is achieved when energy performance of 15% above Title 24 is realized. Incentive values rise linearly until a performance of 45% greater than is achieved. Additional financial incentives are offered along the way.

For multifamily, 10% bonuses are granted for enrolling in the Energy Star® New Homes Program and for a Green Home Certification. An additional 15% is awarded to compact homes, which are defined as those 10% smaller than the LEED square footage by the number of bedrooms. Savings By Design offers qualified non-residential projects kickers of 10% for enhanced commissioning and 10% for achieving LEED or CHPS certification. Another 10% bonus can be earned for end-use monitoring.

Because the two programs are administered by the same utility, they can be work together, and the relevant rebate can be applied to the relevant portion of work. For example, California Advanced Homes Program could furnish rebates on the residential portion of a new mixed-use multifamily project, while Savings By Design could provide rebates for the retail, parking garage and/or ancillary spaces.

Solar PV Incentives

California's investor-owned utilities, SCE, PG&E and SDG&E, have teamed up to offer incentives for solar panels as well. The New Solar Homes Partnership (NSHP) covers new construction multifamily projects, and the

California Solar Initiative (CSI) covers retrofit residential and all commercial applications.

Like with the energy-efficiency rebates, the entry point for these projects is a design that is 15% more efficient than Title 24. For solar NSHP and CSI, incentives are determined by the amount of electricity calculated to be generated by photovoltaics installed. A second tier, achieved at a 30% improvement on Title 24 energy standards, provides a rebate rate which is generally \$0.25 per watt generated more than the 15% improvement on Title 24.

Water Incentives

The Metropolitan Water District of Southern California and its affiliated water districts offer some limited rebates. Commercial and multifamily customers can earn rebates by upgrading irrigation nozzles and switching to weather-based controllers.

Other Jurisdictions

Many incorporated cities that are not part of the territory served by the three investor-owned electricity providers operate their own districts. Projects in these cities are not eligible for the incentives offered by SCE, PG&E and SDG&E. Yet many of these have their own rebates available. Cities whose independent utilities offer rebates include Los Angeles, Pasadena, Glendale, Burbank, Anaheim and Palo Alto.

Almost anywhere that you decide to build in California, there is money to

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be uncovered which can offset some of the costs building green. These rebates and incentives are one of the many benefits of sustainable projects and are realized quicker than long term energy savings and durability benefits. If VCA is helping you achieve the sustainability goals for your project, then we already have the necessary information to help you claim your rebates.

VCA Green speaks the same language of sustainability as the utilities that offer them. We can act as a liaison and provide utility companies the required documentation, smoothing the process and maximizing rebates. Or we can tailor our services to include documentation of energy performance for federal tax. VCA is here to help. We can make sure that your project is awarded its fair share of the money allocated for the building green. ■

Glen Folland, LEED AP, *Assistant Project Manager of VCA GREEN.*

