



Incentives and Rebates for Energy Efficiency and Electrification Projects

ClimateWork Summit on Maine's Economy
and Climate Change

May 19, 2023

Commercial and Industrial Prescriptive Initiatives

Who can participate?

- Businesses, for profit or nonprofit
- Municipalities
- Schools and higher education facilities
- Manufacturing and other industrial facilities
- Other non-residential facilities
- Multifamily buildings with five or more units



Commercial and Industrial Prescriptive Initiatives

The screenshot shows the efficiency MAINE website. The top navigation bar includes the logo, the phone number 866-376-2463, a contact icon, and a search icon. The navigation menu has links for AT HOME, AT WORK (circled in red with a red arrow pointing to it), RESOURCES, and ABOUT. Below the navigation is a large banner featuring a woman knitting on a wicker sofa. A yellow callout box on the banner reads: "Insulation Rebates up to \$8,000 Available Now. Insulate. Be comfortable. Save money. Home Comfort Paid For by Energy Savings. LEARN MORE >". Below the banner are two smaller promotional boxes. The left box is titled "Options for Low-Income Households" and includes the text "Find out if you're eligible for enhanced incentives that can save on energy costs." and a yellow button labeled "CLICK HERE FOR DETAILS". The right box is titled "Federal Funding" and includes the text "Learn about available incentives that are funded by the Inflation Reduction Act, the American Rescue Plan Act, and the Maine Jobs & Recovery Plan." and a yellow button labeled "CLICK HERE FOR DETAILS".

efficiencymaine.com/at-work/

Virtual Consultation Video



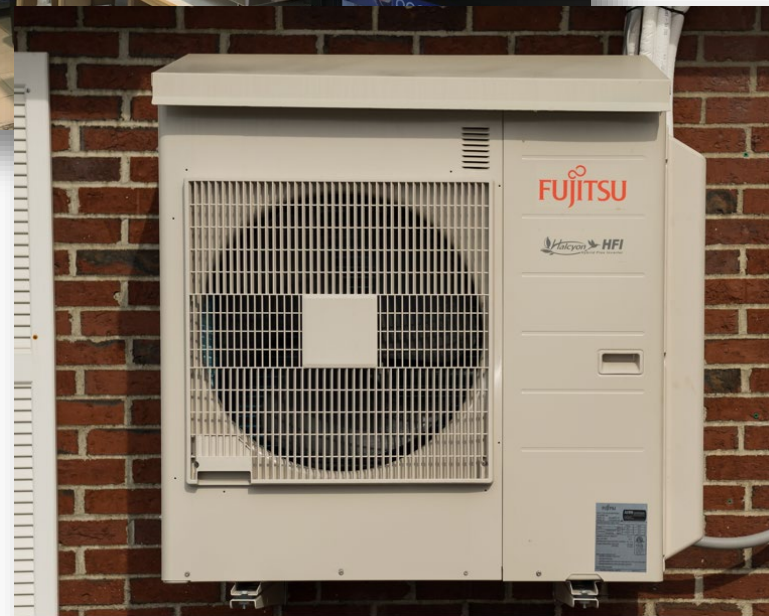
efficiencymaine.com/business-customer-consultation/



Financial Examples – Heat Pumps

High-Performance Heat Pump Single-Zone	
Installed Cost	\$4,600
Incentive	\$500
Net Cost	\$4,100
Annual Savings*	\$754
Payback Period	5.5 years

Small Business - Single-Zone Heat Pump	
Installed Cost	\$4,600
Incentive	\$1,600
Net Cost	\$3,000
Annual Savings*	\$754
Payback Period	4 years



* Your results may differ. Source: Efficiency Maine [Compare Heating Costs](#) accessed 1/5/23. Oil at \$5.11/gal, 87% combustion efficiency, and 90% distribution efficiency. Electricity at 26 cents/kwh without a heat pump, and at 23 cents/kwh with a heat pump. Heat pump COP is 2.7, and has 100% distribution efficiency.

May 19, 2023

PERSPECTIVE

A man in a suit is looking out from a high-rise building, with the Earth from space in the background. The word "PERSPECTIVE" is written in large, white, bold letters across the top of the image.

CHANGES EVERYTHING.

ENERGY TAX INCENTIVES

By: Teri Samples, CPA, Partner, CRE

WIPFLI

Who is Eligible for 179D and What is it?

Commercial and residential building owners

Designers of Buildings

- For projects placed in service after January 1, 2023
- The maximum deduction has increased from \$1.88 per square foot to \$5.00 per square foot.
- The same building can recertify if energy improvements are made every 3 years. (4 years in the case of allocation of deduction)
- REITs can now benefit from the year that the EECBP went into service. (5 year ratable period no longer required)
- Non-profits and tribal organizations are now eligible.
- Bonus deduction: the local prevailing wage and apprenticeship percentage hours must be

Prevailing Wage and Apprenticeship Requirements for Post 2023



Any laborer or mechanic employed in the construction, alteration, or repair of a facility, property, project, or equipment by the taxpayer or any contractor or subcontractor of the taxpayer shall meet the prevailing wage requirements.

- The taxpayer shall maintain and preserve sufficient records that include proof that the laborers and mechanics of contractors and subcontractors were paid prevailing wages in accordance with the published rates by the secretary of labor.
- The Secretary of Labor has published on www.sam.gov a prevailing wage determination for the geographic area and type or types of construction applicable to the facility, including all labor classifications for the construction, alteration, or repair work that will be done on the facility by laborers or mechanics.
- Apprentices shall cumulatively account for 12.5% of the total hours worked at the facility.
- Prevailing wage and apprenticeship requirements will not be mandated for projects that begin within 60 days of the notice's publication date, which means that projects that begin prior to 1/30/2023 will be exempt from the notice's requirements.

Prevailing Wage will determine the starting point of the benefit

Key Relevant Changes – for EECBP Placed in service 01/01/2023

		25% Reduction	Each additional % Point	50% or Higher
Prevailing wage & apprenticeship requirements	Meets	\$2.50/SF	\$0.10/SF	\$5.00/SF
	Does not meet	\$0.50/SF	\$0.02/SF	\$1.00/SF

Inflation Reduction Act - ASHRAE Standards for §179D

On December 23, 2022, the Internal Revenue Service issued Announcement 2023-01, affirming the applicable standards to be used for the 179D Energy Efficient Commercial Building Tax Deduction, starting January 1st, 2023.

- The IRS clarifies that the reference standard to be used for projects being placed in service until 1/1/2027 will be ASHRAE 90.1-2007.
- ASHRAE 90.1-2019 will be the applicable standard for property that is placed in service after December 31, 2026.

Date Placed In Service	Applicable Reference Standard 90.1
Before 1/1/2015	Reference Standard 90.1-2001
After 12/31/2014 and before 1/1/2027*	Reference Standard 90.1-2007
After 12/31/2026*	Reference Standard 90.1-2019

Who Qualifies as a Designer?

Architects



Engineers



Design Build Contractors



- ESCO's – Energy Performance Contractors such as HVAC, Lighting, etc.



Section 45L Tax Credit Post 12/31/2022

New homes and multi-family homes placed in service after 12/31/2022 will be eligible for a \$500 to \$5,000 tax credit.

- For qualified single-family and manufactured homes first acquired for use as a residence in 2023, the credit is:
 - \$2,500, with Energy Star becoming the new base qualification standard.
 - \$5,000 with a Zero Energy Ready Home qualification
- For qualified multifamily units first acquired for use as a residence in 2023, the credit is:
 - \$500 per unit with Energy Star base qualification, potentially up to \$2,500 if the taxpayer meets the additional prevailing wage requirement.
 - \$1,000 per unit with Zero Energy Ready certification, and up to \$5,000 with prevailing wage requirements
 - All residential developments are now potentially eligible, whereas under the previous law, only low-rise residential developments were eligible.

45L Credit Rules Beginning in 2023



Summary Table

Home Type	Qualification Requirement	Prevailing Wage Requirement	Credit Amount
Single Family*	EnergyStar	No	\$2,500
Single Family*	ZERH	No	\$5,000
Manufactured Home	EnergyStar	No	\$2,500
Manufactured Home	ZERH	No	\$5,000
Multifamily	EnergyStar	No	\$500
Multifamily	ZERH	No	\$1,000
Multifamily	EnergyStar	Yes	\$2,500
Multifamily	ZERH	Yes	\$5,000

*Single Family includes site-built and modular single family homes, duplexes and townhomes.

45L Credit Example

Example One

A new apartment complex with 208 units is built and completely leased out in 2021. The following credit is available:

- \$2,000 per unit, totaling \$416,000 in tax credits.

Example Two

In 2023, a new four-story apartment complex is built and completely leased, with 208 units. The units also qualified for ZER and met prevailing wage requirements. The following credit is available:

- \$5,000 per unit equals \$1,040,000 in tax credits

Energy Characteristics to Consider



Energy-Efficient Features to Consider

Wall Insulation
R-13 thru R-19+

Roof Insulation
R-38+

Double/Triple
Pane Windows

Vinyl Low E
Windows

Insulated
Exterior Doors

Extra Insulated
Foundations
and Slabs

Air
Conditioning
with SEER
Rating 13-18

80-95 Percent
Efficiency Gas
Furnaces

80 Percent of
Lighting are
ENERGY STAR

Ventilation
Units are
ENERGY STAR

Programmable
Thermostat

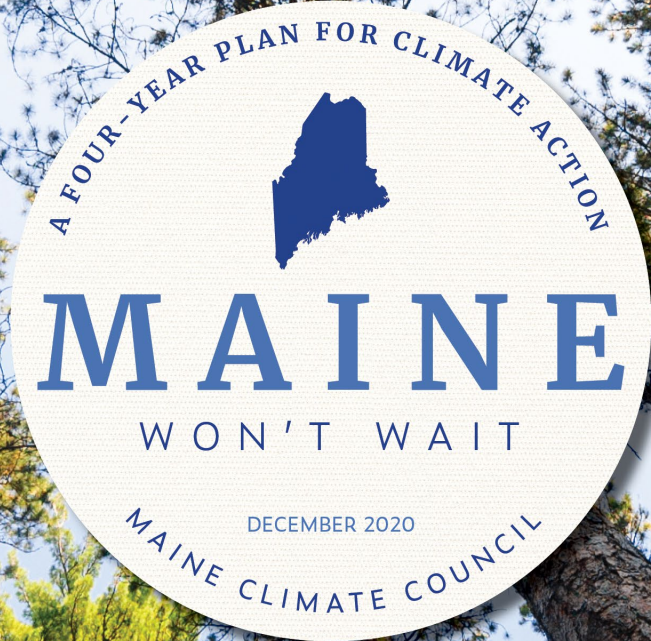
Section 48 – Solar, Geothermal & EV

An investment tax credit

- base credit rate 6%
- maximum credit 30% (prevailing wage and apprenticeship rule applies)
- 5 year depreciation for any qualifying zero carbon 45Y facility or qualifying 48E property
- Generally the credits reduce basis of the property being depreciated

EXCEPTION: if building is supported by Section 42 LIHTC then Sections 48, 48E or 45Y will not reduce basis.

(microturbines 2% base up to 10% bonus rate) – bonus applies if domestic content requirements are met (made in USA) or located in an energy community (brownfield or adjacent site/tract)



A FOUR-YEAR PLAN FOR CLIMATE ACTION



MAINE

WON'T WAIT

DECEMBER 2020

MAINE CLIMATE COUNCIL

CLIMATE ACTION PLAN – *MAINE WON'T WAIT*

A. Embrace the Future of Transportation in Maine

- **Innovation in transportation options:** electrified and low-carbon transportation, future savings and benefits, local biofuel; remote work options w/improved broadband
- **Vibrant Communities:** Development strategies that locate schools, workplaces and shopping near where people live to reduce the need for driving with safe pedestrian and bicycle infrastructure

B. Modernize Maine's Buildings

- **Energy efficiency industry and clean energy growth**
- **Savings:** for consumers and businesses
- **Climate-friendly forest product opportunities:** including mass timber and wood-fiber insulation, biofuels

CLIMATE PLAN, JOBS & ECONOMIC BENEFITS

C. Reduce Carbon Emissions in the Energy and Industrial Sectors through Clean Energy Innovation

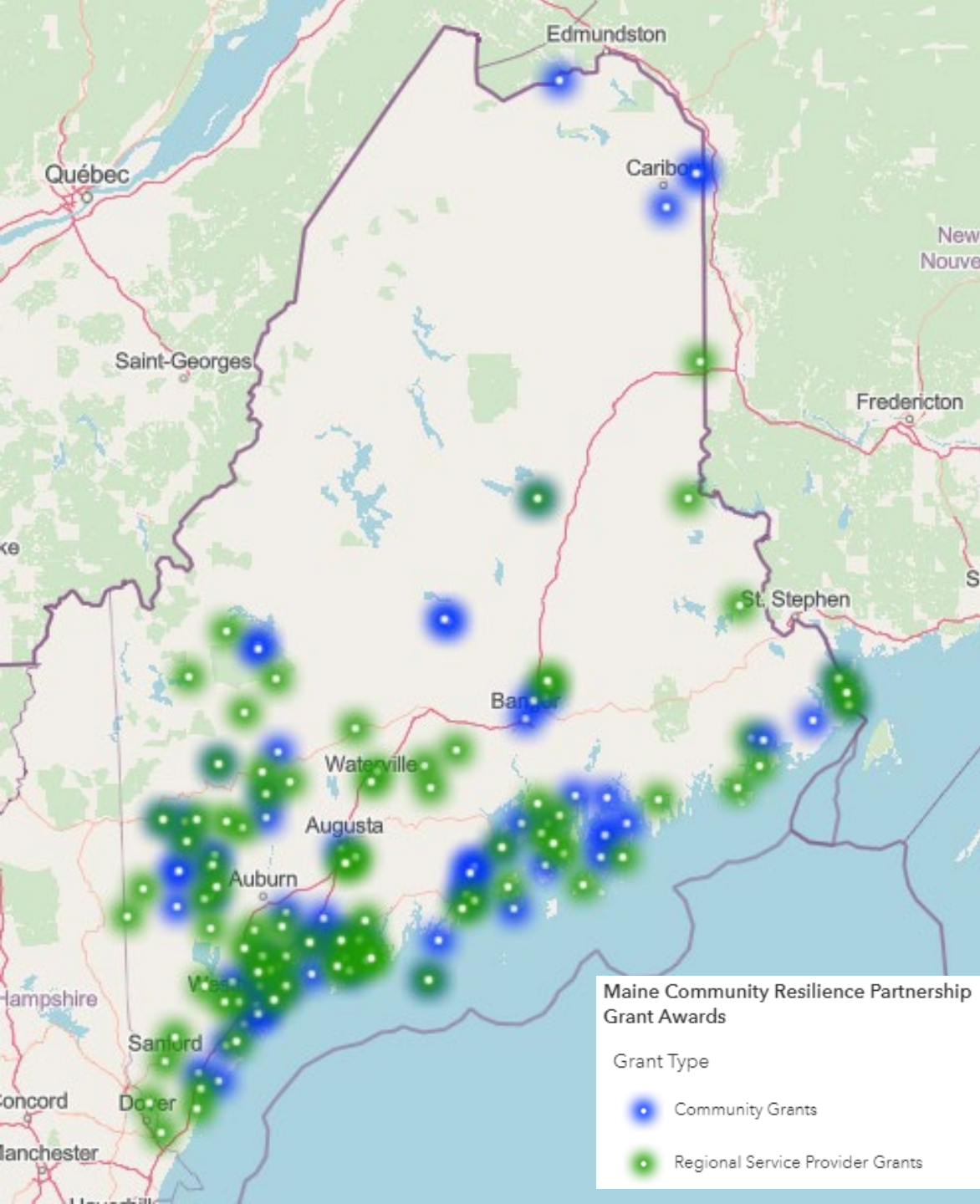
- **Maine grown/located clean energy industries** – wind, solar, off-shore wind, storage, CHP = energy independence
- **Industry:** Improve efficiency in Maine's industrial sector, improving long-term outlook

D. Grow Maine's Clean Energy Economy and Protect Our Natural-Resource Industries

- **Jobs:** Governor's 30,000 clean energy jobs goal (doubling jobs in 8 years)
- **New natural resource economy market opportunities:** bioproducts and innovation, local foods, protecting impacted industries

E. Protect Maine's Environment and Working Lands and Waters, Increase Carbon Sequestration

- **Natural Lands & Heritage Industries:** Fishing, farming and forestry industries; future carbon market opportunities in forests, farms and ocean, protecting quality of place for tourism and quality of life

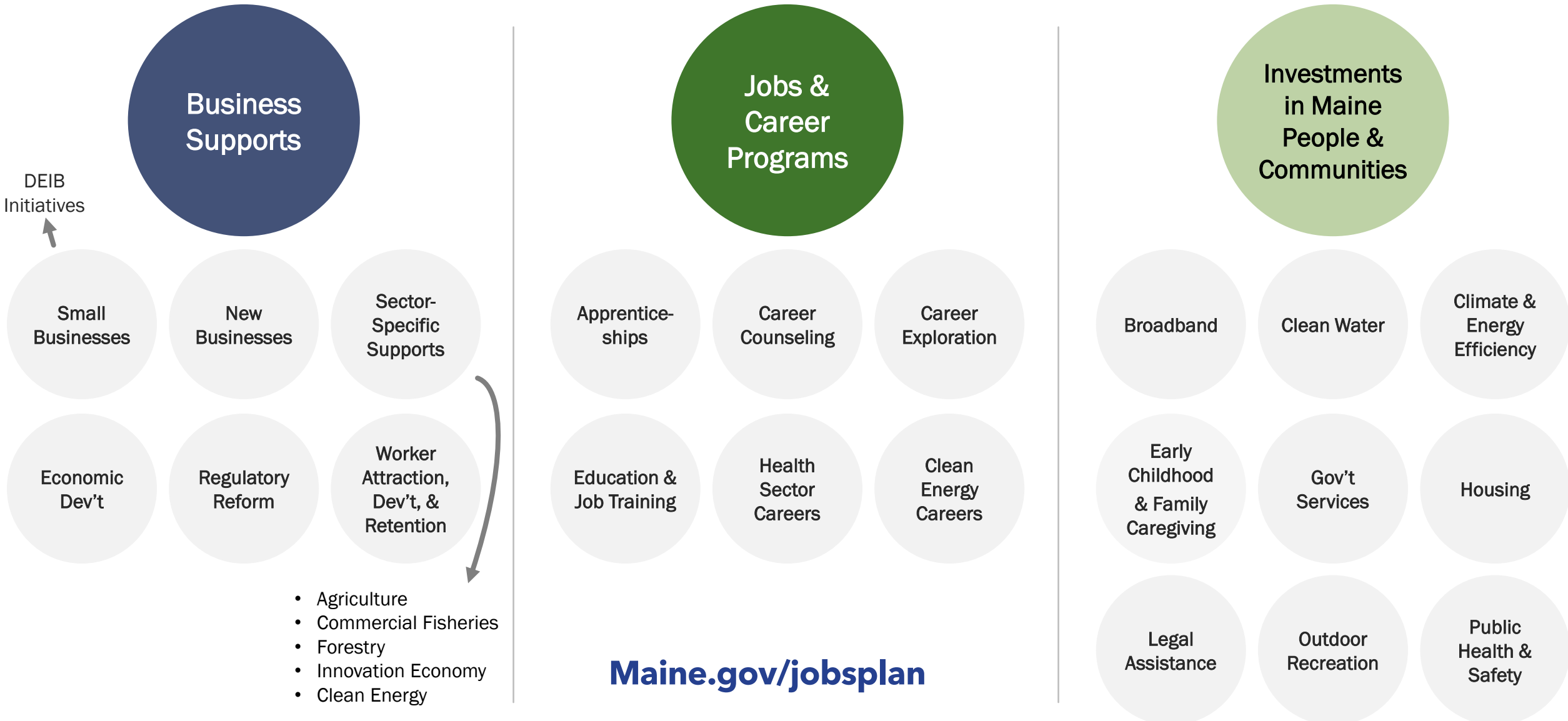


Community Resilience Partnership

More than 100 Maine communities engaged!

- 140 participating communities
- 98 fully enrolled communities
- 41 communities working with Service Providers to enroll

MAINE JOBS & RECOVERY PLAN



Significant Federal Infrastructure Support

BIL Investment Categories

By [executive order of Governor Mills](#), the State has established an Infrastructure Implementation Committee to coordinate the implementation of BIL initiatives among the State, cities, towns, tribal governments, and other entities in Maine. For more about each BIL category, [visit the Categories page](#).



Transportation

BIL funding will support important investments in Maine's transportation system to support economic opportunity and quality of life.

Coordinating Agencies: Maine Department of Transportation, Governor's Energy Office, Governor's Office of Policy Innovation and the Future, Department of Environmental Protection, Efficiency Maine, and Department of Economic and Community Development.



Resilience & Environmental Protection

Programs to strengthen the state's preparedness for storm events, flooding, and wildfires; to build resilience of transportation networks, drinking water and wastewater systems; to mitigate contaminants and pollution; and to improve natural capacity of watersheds and ecosystems.

Coordinating Agencies: Coordination of these investments is through a BIL Resilience Working Group, a cross-agency effort established to take advantage of BIL resilience opportunities which include over \$50 billion for evacuation routes, coastal resilience, improving infrastructure resilience, or efforts to move infrastructure to nearby locations less impacted by extreme weather and natural disasters.



Energy Programs & Building Efficiency

Programs supporting improved energy efficiency in buildings and the expansion of affordable, clean energy generation and transmission networks.

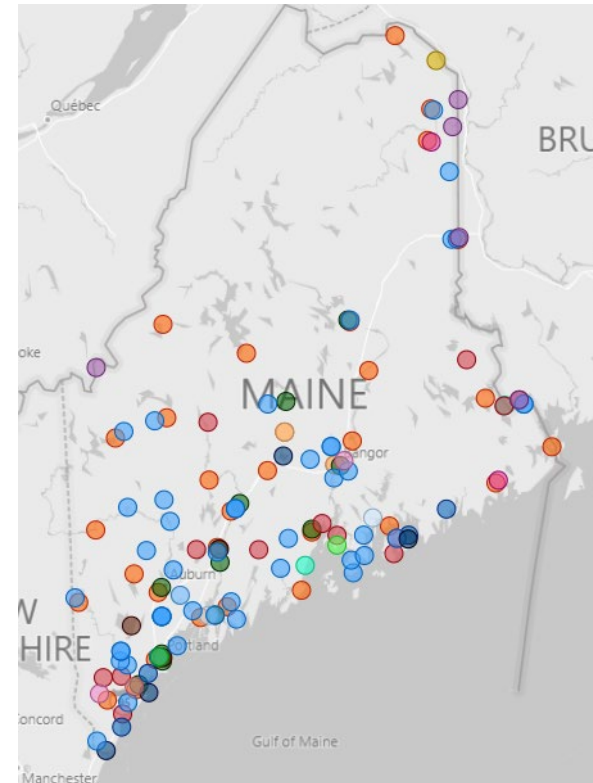
Coordinating Agencies: Governor's Energy Office, Maine Department of Transportation, Governor's Office of Policy Innovation and the Future, Efficiency Maine, MaineHousing, and the Maine Public Utilities Commission.



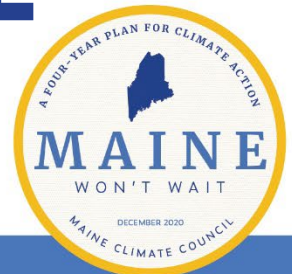
Broadband & Technology

Programs to expand the interconnection and economic viability of Maine communities through improved, robust, affordable and universally available high speed internet (broadband) and secure information systems.

Coordinating Agencies: Department of Economic and Community Development, Maine Connectivity Authority, Department of Administrative and Financial Services, and Maine Department of Transportation.



Maine.gov/BIL



Transformational Federal Climate Law

Inflation Reduction Act

- Unprecedented climate, clean energy opportunities for Maine, supporting our climate, energy and economic plans with opportunities for businesses, consumers, and communities with significant support for tax incentives, funding, innovation opportunities, financing, and more.
- \$370B for climate and energy spending with the aim of reducing US greenhouse gas emissions by 40% by 2030
- Significant job growth opportunities in Maine and across the country based on IRA investment opportunities.
- Major federal focus on equity - support for disadvantaged communities and people

