

Tax Credit Training

February 20, 2006

Agenda

1. Basic Rules and Regulations
2. Questions & Answers
3. Registry

Publications

1. RESNET Publication # 06-001 June 1, 2006
Procedure for Certifying Residential Energy Efficiency Tax Credits for New Homes
2. Frequently Asked Questions for Home Energy Raters About the Energy Efficiency Tax Credit for New Homes
3. IRS Bulletin: 2006-11 – Notice 2006-27
Certification of Energy Efficient Home Credit
4. Energy Star *Revised Sampling Protocol Guidelines*
July 1, 2006

Basic Rules

1. Home located in the U.S.
2. Construction substantially completed after August 8, 2005
3. Meets statutory energy saving requirements
4. Acquired from the eligible contractor after December 31, 2005 and before January 1, 2009, for use as a residence.
(note original date has been extended by one year)

Source: IRS Notice 2006-27

Statutory Energy Saving Requirements

1. The home must be certified to provide a level of heating and cooling energy consumption that is at least 50% below that of a comparable home constructed in accordance with the standards for the 2004 Supplement to the 2003 International Energy Conservation Code.
2. It must also have building envelope component improvements providing a level of heating and cooling energy consumption that is at least 10% below that of a comparable home.

Climate Zones

Note that Climate Zones are not the same as the California Climate Zones

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Project Title..... FCB Plan 1                               Date..01/15/07 10:02:16
Project Address..... 2300 Mace Ave          *****
Modesto CA          *v7.30*
Documentation Author... Douglas Beaman      *****
Douglas Beaman Associates LLC
612 13th St.
Modesto, CA 95354
209-524-1000
Climate Zone..... CTZ12S05 in Climate Zone 3
Compliance Method..... MICROPAS7 v7.30 for Tax Credits by Enercomp, Inc.
=====
| MICROPAS7 v7.30 File-FCBPLAN1 Wth-CTZ12S05 Program-FORM CF-1R |
| User#-MP2534 User-Douglas Beaman Associates Run-FCB Plan 1   |
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MICROPAS7 ENERGY USE SUMMARY			
Normalized Modified Loads (kBtu/sf-yr)	Standard Design	Proposed Design	Percent Improvement
Space Heating.....	17.76	8.06	54.6%
Space Cooling.....	9.99	4.28	57.2%
North Total	27.75	12.34	55.5%
Space Heating.....	17.76	8.11	54.3%
Space Cooling.....	9.99	4.34	56.6%
East Total	27.75	12.45	55.1%
Space Heating.....	17.76	8.21	53.8%
Space Cooling.....	9.99	4.26	57.4%
South Total	27.75	12.47	55.1%
Space Heating.....	17.76	8.14	54.2%
Space Cooling.....	9.99	4.19	58.1%
West Total	27.75	12.33	55.6%
*** Building meets Tax Credit Modified Criteria ***			
*** 48.2% of improvement met by Envelope Measures ***			
*** HERS Verification Required for Tax Credit ***			
*** TaxCredit Energy rules for IECC Climate Zone 3 ***			

Amount of Credit

1. Site built homes quality for \$2,000 credit.
There is no sliding scale, homes quality or not.
2. Credit applies to both single family and multi-family homes.
The credit is the same for both.

Multi-family is defined as 3-story or less.

Certification

A contractor must obtain the certification required for each dwelling unit from an eligible certifier.

The contractor is not required to file the certification with the return, however Income Tax Regulations require that taxpayers maintain such books and records as are sufficient to establish the entitlement to and the amount of any credit claimed by the taxpayer.

Keep your records also. Keep a copy of the computer run.

Tax Advice – Don't Do It

Major – Major Note: Do not give tax advice. Even though you may be ask many questions about the tax credit: DO NOT GIVE ANYTHING THAT LOOKS, SMELLS, or FEELS LIKE TAX ADVICE.

As a Rater you can provide the builder with the certification that the home meets the statutory energy saving requirements, but the builders needs to work with his/her tax advisor for tax guidance.

Tax Advice – Don't Do It

Use language something like, “I will provide you with the required documentation that this home meets the Federal Tax Credit requirements. But I can not give any tax advice. Please consult your tax advisor for additional guidance regarding the tax credit.”

Certification

The Tax Credit Registry will provide a Certificate that you, the Rater, will sign and provide to the builder.

The Certification will include all of the following. This list is for your information only, the final registry will provide the specific form.

Certification .01 & .02

- .01 Name, address & phone # of eligible certifier
- .02 Address of the dwelling unit

Source: IRS Notice 2006-27

Certification .03

- .03 A statement by the eligible certifier (Rater) that -
- A. Dwelling has projected heating & cooling energy consumption at least 50% below reference dwelling.
 - B. Building envelope components improvements account for at least 10% of the heating and cooling energy consumption.
 - C. Heating & cooling energy savings have been calculated in the manner prescribed.

Source: IRS Notice 2006-27

Certification .04

.04 Field inspection of the dwelling units (or sampled units) performed by the Rater during and after construction confirm that all features of the home affecting heating and cooling energy consumption comply with the design specifications.

(*Design specifications* is the computer simulation not just the working drawings)

Certification .05

.05 List identifying:

1. Dwelling unit's energy efficient building envelope components and their energy performance rating.
2. Installed Heating & Cooling equipment efficiency

Source: IRS Notice 2006-27

Certification .06

.06 Identification of software program use to calculate energy consumption

Source: IRS Notice 2006-27

Certification .07

.07 Signed Declaration

“Under penalties of perjury, I declare that I have examined this certification, including accompanying documents, and to the best of my knowledge and belief, the facts presented in support of this certification are true, correct, and complete.”

(this exact wording is provided by the IRS)

Greater Responsibility Than Energy Star

Plans and energy compliance calculations for the California Energy Star program are “plan checked” by the sponsoring California utility.

For the Federal Tax Credit, there is no additional plan check. The burden of proof will be on the Rater to verify/inspect all of the conservation features to ensure that the home as built meets all of the specifications of the compliance calculations.

Eligible Certifier

An eligible certifier is a person that is not related to the eligible contractor and has been accredited by RESNET to use energy performance measurement methods approved by RESNET.

An employee or representative of a utility or a local building department may be eligible if they have been accredited by RESNET.

Contractor

An eligible contractor is the person that constructed a qualified new energy efficient home.

Source: IRS Notice 2006-27

Orientations

There is nothing in the language of the legislation or the IRS guidelines that specify that each home must be run in its actual orientation or if “cardinal” orientation as used for T-24 may be used.

Micropas has been approved by RESNET with the “cardinal” feature included.

EnergyPro intends to include the “cardinal” feature in the version they will be submitting for approval.

Steve Baden has stated that worst case modeling is reasonable.

Micropas

SPECIAL FEATURES AND MODELING ASSUMPTIONS

*** Items in this section should be documented on the plans, ***
*** installed to manufacturer specifications, and verified ***
*** during plan check and field inspection. ***

This building incorporates Grade I HERS verified Insulation Installation.

This building incorporates HERS verified Envelope Leakage (Infiltration).

This building incorporates a HERS verified Refrigerant Charge test or a HERS verified Thermostatic Expansion Valve (TXV). If a cooling system is not installed, then HERS verification is not necessary.

This building incorporates HERS verified EER.

This building incorporates HERS verified Reduced Duct Leakage.

This is a multiple orientation building. This printout is for the front facing North.

Insurance

\$500,000 of Professional Liability insurance coverage minimum.

Signed document of insurance must be sent to RESNET prior to the certification of any homes for the tax credit.
Language shown on next slide.

Source: RESNET: *Requirements to Certify the Energy Efficient Homes Credit*

Insurance – Required Language

“Under penalties of perjury, I declare that _____ carries a minimum of \$500,000 in professional liability insurance. I also acknowledge that if a reater inaccurately presents facts in support of the certification of the tax credit it could result up and including RESNET removing its accreditation as a tax credit certifier.”

Source: RESNET: *Requirements to Certify the Energy Efficient Homes Credit*

Rater Certification

1. Attend a 'Tax Credit' training
2. Send a copy of signed document of insurance to the Rating Provider's office.

When you have completed both, you are certified.

Remember you must send the document of insurance to both RESNET & Rating Provider (Need to contact your provider for their specific requirements.).

Process – Compliance Calcs

1. Energy Compliance Calculations are done using RESNET Approved software.

Micropas has been approved by RESNET

EnergyPro expected to be approved within the next 4 – 6 weeks.

Non California software doesn't have some of the features that are common in T-24 such as TXV & EER.

Continued

Process – Upload File

2. Analysis or Rater will upload “transfer file” to Registry.

Process – To Do List

3. Print out the “To Do List” from registry for verification.
This will include everything you currently verify for Energy Star EXCEPT water heating.

QII is NOT required. It may be used for credit, but is not required.

Thermal by-pass is not required (unless the home is Energy Star)

Process – Verifications

4. Rater performs verifications as necessary for each of the conservation measures. The number and timing of the field verifications will be determined by the measures.

Process – Wrap It Up

5. The Rater inputs the verification results into the registry.
6. Rater provides Certification to builder.
7. Tax credit is applied for by the builder.

Questions & Answers

Thanks for attending.

Questions?