

Opportunities for Local Program Implementers Under the Energy Policy Act of 2003

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Energy Bill Efficiency Sections

- Tax credits
- Standards
- Other efficiency provisions



Efficiency Tax Credits

(* = in both House and Senate bills)

- New homes (30%* & 50% savings)
- Combined heat & power systems*
- Building fuel cell systems*
- Existing homes* (to code* or 30% savings)
- Hybrid & fuel cell* vehicles
- New commercial buildings (50% savings)
- Clothes washers and refrigerators
- Advanced residential a/c, HP & water heaters



New Homes

- Senate bill provides \$1000 (\$2000) credit for homes saving 30% (50%) relative to 2000 IECC model code.
- 30% credit thru 2005, 50% credit thru 2007
- House bill provides \$2000 for 30% savings
- Based on heating and cooling energy use (does not include water heating)
- More stringent baseline than Energy Star



New Commercial Buildings

- Senate provides tax deduction of \$2.25/sf for commercial buildings that exceed 90.1-2001 by 50% (worth roughly \$75k for a 100k sf building)
- Need to meet target for whole building
- Credit for plans completed by 12/07 and construction completed by 12/09
- House passed this in 2001, but dropped it in 2003.



Appliances

- Manufacturer tax credits for efficient washers and refrigerators in Senate bill (House passed in 2001, dropped in 2003)
- Clothes washers
 - \$50 for MEF 1.42 thru 12/04
 - \$100 for MEF 1.5 thru 12/07
- Refrigerators
 - \$50 for 10% savings thru 12/04
 - \$100 for 15% savings thru 12/07
 - \$150 for 20% savings (\$100 in 2007 & 2008)



Residential A/C, Furnaces, Water Heaters

- This provision only in Senate bill; credits thru 12/07
- \$250 for a/c and heat pumps -- 15 SEER, 12.5 EER, 9 HSPF (21 EER for GSHP)
- \$250 for furnaces -- 95% AFUE
- \$75 for water heaters -- HPWH, gas units with $EF \geq 0.80$.



Other Equipment

- 10% tax credit for CHP systems
- 10-30% tax credit for stationary fuel cells, up to \$1000/kW
- Credit up to \$300 (Senate) - \$2000 (House) for envelope measures in existing homes
- 3 year depreciation for real-time meters and water submetering systems (Senate)
- Credits for fuel cell, hybrid, electric and alt-fuel vehicles



Equipment Efficiency Standards

- Bill will likely set efficiency standards for:
 - Torchiere lighting fixtures (<190 W)
 - Dry-type distribution transformers (TP-1)
 - Exit signs (Energy Star)
 - Traffic lights (Energy Star)
 - Commercial unit heaters (pwr vent, IID)
 - CFLs (subset of Energy Star)



Equipment Efficiency Stds (2)

- Bill may set efficiency standards for:
 - Commercial clothes washers
 - Commercial refrigerators
 - Large commercial packaged a/c
(>20 tons)



Equipment Efficiency Stds (3)

- Bill will direct DOE to set efficiency standards for:
 - Commercial refrigerators
 - Vending machines
 - Ceiling fans
 - External power supplies and battery chargers (option for standby power for other electronics)



Other Efficiency Provisions

- Appliance labeling (review/revise Energy Guide)
- Energy Star (authorizes, sets procedures)
- Consumer education on HVAC maintenance
- Appliance rebates (but funding unlikely)
- Efficient public buildings (grants for efficient buildings -- if funds available)
- FEMP (targets, procurement, perf. contracting)
- Industrial voluntary efficiency commitments (2.5%/year) [in House, not Senate bill]



Implications for Programs

- Tax credits will be a major source of incentives -- ~\$3 billion will be spent over 5 years
- Tax credits unlikely to be promoted much by feds -- local programs and vendors will need to promote



Implications for Programs (2)

- New standards will mean that incentives for some products will need to end or eligibility thresholds increased
 - Torchieres, dry-type transformers, LED exit signs and traffic lights



Implications for Programs (3)

- DOE rulemakings will provide opportunities to set strong additional standards
- Voluntary programs can increase market share of efficient products, making strong standards less controversial
 - Tier 2 commercial refrigerators, Energy Star ceiling fans, efficient external power supplies & battery chargers



Conclusions

- Energy Policy Act contains significant efficiency provisions
- Provides important opportunities for local programs -- tax credits, new standards
- But much more can be done -- up to voluntary programs and state policies to fill the gap until Congress again ready to consider energy legislation

