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**ARIZONA DEPARTMENT OF COMMERCE**

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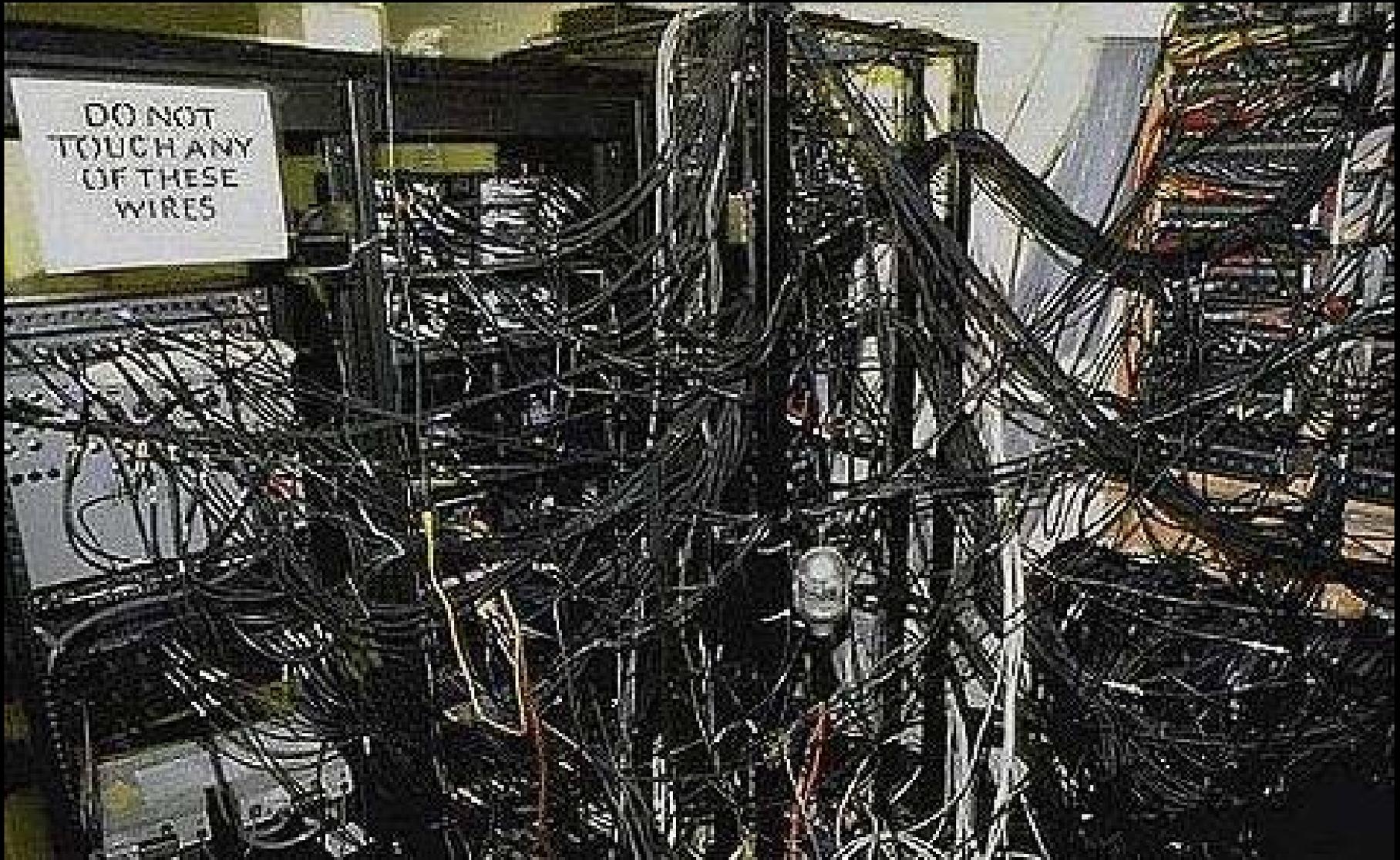
# Federal Energy Policy Act of 2005

- **Only Energy Act since 1992**
- **\$5.1 billion in appropriations in 2006**
- **\$35.9 billion in appropriations, 2006 - 2010**



**Appropriations will need to be passed by congress**

**Complex bill with lots of topics. Details of bill not complete.  
Funds have not (may not) be appropriated.**



# Federal Energy Policy Act of 2005

- If it were proportioned by population:
  - \$820 million worth of appropriations would go to Arizona
  - \$268 million worth of incentives would go to Arizona



# Impact Communities

- Brief summary of those sections that may have an impact on your communities.
  - There may sections that are not covered, I'm presenting those that I feel may have an impact.
  - For most of these sections, the details are still being worked out.

# Low Income Home Energy Assistance Programs

- Utility bill assistance for low-income.
- Appropriations for fuel assistance would be increased from \$1.9 Billion to \$5.1 Billion.
- Present formula directs the majority of the funds to the cold weather states. New funding level would trigger a new funding formula that would greatly increase funding to warm weather states.
- In 2003 Arizona had 436,000 households eligible for assistance, Arizona's LIHEAP funding was able to serve 18,600 of these (4.2%).

# Low Income Weatherization Programs

- **Appropriations for Weatherization would be substantially increased. Present formula directs the majority of the funds to the cold weather states. New funding level would trigger the new funding formula that would greatly increase funding to warm weather states.**
  - 05 national funding = \$228,160,000
  - 05 Arizona funding = \$1,138,751
  - Increased to:
    - \$500,000,000 in 06
    - \$600,000,000 in 07
    - \$700,000,000 in 08

# Energy Efficient Public Buildings

- This program would provide funding directly to Energy Offices. Funds used to assist local/state governments build new building that are 30% better than code or retrofit existing building that result in a 30% reduction energy costs.
  - Potential Arizona funding approximately \$600,000 per year.

# Energy Strategy for HUD

- Secretary of HUD shall develop strategy to reduce utility expenses for public and assisted housing through cost-effective energy conservation.
  - Impact to state depends on how Arizona's affordable housing network implements the strategy.
  - Our office is willing to provide training and technical assistance to local groups.

# Energy Savings Performance Contracts

- Energy Savings Performance Contracts reauthorized: The Federal Energy Savings Performance Contracts (ESPC) program has been reauthorized for 10 years until 2016. The Federal program mirrors many of the state programs and is a model for some states.

# Federal Building Performance Standards

- Federal buildings are to be designed to reduce energy consumption by 30% with respect to ASHRAE 90.1 (2004) or the 2004 IECC. In addition, the federal government has a new renewable energy purchase requirement ramping up to 7.5% by 2013 (with “wobble room” to avoid the target depending on cost-effectiveness) and a new GSA program for photovoltaic purchases for public housing.

# Energy Conservation Standards

- Energy Conservation Standards: The bill establishes a number of energy conservation standards for additional products and commercial equipment. In addition, DOE is required to submit a report to Congress within 6 months on the failure to comply with deadlines, with subsequent reports every 6 months.

# Over \$14.3 billion in tax incentives

- \$4.3 billion for nuclear power
- \$2.8 billion for fossil fuel production
- \$2.7 billion to extend R.E. production credit
- \$1.7 billion for Freedom Car
- \$1.6 billion for Clean Coal
- \$1.3 billion for Energy Efficiency
- \$1.3 billion for alt. Motor vehicles

# Credit for Construction of New Energy Efficient Homes

- Builders would receive up to \$2,000 for a new homes that would save a minimum of 50% compared to the 2004 IECC, and \$1,000 for an Energy Star manufactured home.
- The credit would apply for calendar years 2006 and 2007, with a certification process to be set by the DOE Secretary.

# Credit for Certain Non-Business Energy Property

- Under Section 1333 homeowners would receive a 10% credit for the cost of building envelope measures, based upon the 2000 IECC (as supplemented). The 10% ITC also covers advanced main circulating fans, natural gas, propane or oil furnaces or hot water boilers. The maximum credit is \$500, with windows receiving a maximum of \$200.
- This is limited to 2006 and 2007.

# Energy Efficient Commercial Buildings Deduction

- Section 1331 provides for a \$1.80/sq.ft. deduction for buildings designed to utilize 50% less energy than that required in ASHRAE 90.1-2001.
- A partial deduction of 60 cents/sq. ft. is provided for building subsystems.
- The deduction applies in 2006 and 2007, with the DOE Secretary establishing a certification process..

# Appliances

- A manufacturers tax credit for energy efficient appliances (dishwashers, clothes washers and refrigerators) is established for 2006 and 2007.

# Fuel Cells

- A credit for business installation of fuel cells (30%), stationary microturbines (10%) and solar (30%) is established for 2006 and 2007

# Solar

- A 30% credit is established for residential solar PV property and solar water heating property (not for swimming pools or hot tubs) and fuel cell power plants (placed into service in 2006 and 2007).

# Business Fuel Cell

- A credit for business installation of fuel cells (30%), stationary microturbines (10%) and solar (30%) is established for 2006 and 2007.

# Vehicles

- A credit for fuel cell vehicles is established (Section 1341).
- For alternative fuel vehicles (through 2010) the credit offsets the excess of the regular tax over the alternative minimum tax.
- A two-part credit for hybrid vehicles (approximately \$3,400/vehicle)(2005-2014)(medium and heavy hybrid trucks through 2009) and advanced lean-burn technology vehicles (2005-2010) is established.

# Biodiesel

- A small producer biodiesel and ethanol credit of 10 cents/gallon is established through 2008.
- The excise tax provisions and income tax credits for biodiesel is extended through 2008.
- A similar credit is established for renewable diesel (derived from biomass using thermal depolymerization processes).

# Clean-Fuel Refueling Property

- A 30% credit is established for at either a business or residence, with clean fuel defined as 85% ethanol, natural gas, CNG, LNG, LPG, hydrogen and any diesel/biodiesel mixture with 20% biodiesel.

# Links on Energy Bill

- Google – Federal Energy Bill, you will get a good cross section of reviews/analysis.