

OVERVIEW

While 179D legislation provides up to \$0.60 per square foot for each of the three building energy systems (interior lighting, HVAC and building envelope), the law also works holistically. A 50% energy reduction compared to a ASHRAE benchmark can be achieved by any technology, or group of technologies, from the three building systems in order to achieve a full \$1.80 per square foot tax deduction. The 179D benefit is a one-time tax deduction.

For Tax Years 2006-2015, the program-designated reference benchmark is ASHRAE 90.1-2001. For Tax Year 2017, the program-designated reference benchmark is ASHRAE 90.1-2007.

TECHNOLOGIES THAT DRIVE RESULTS

LIGHTING	HVAC	
<ul style="list-style-type: none"> ■ LEDs ■ Lighting Controls ■ Other efficient technologies 	<ul style="list-style-type: none"> ■ Central HVAC Systems ■ Energy Efficient Chillers ■ Variable Air Volume (VAV) Systems 	<ul style="list-style-type: none"> ■ Water/Ground Source Heat Pumps ■ Energy Recovery Systems ■ Variable Refrigerant Flow (VRF) Systems

CASE STUDIES

HOTEL (ACHIEVED \$1.80/SQ. FT.)	HIGH RISE APARTMENT (ACHIEVED \$1.80/SQ. FT.)
<ul style="list-style-type: none"> ■ Square Feet: 117,000 ■ Tax Deduction: \$ 211,000 ■ Key Technologies: <ul style="list-style-type: none"> » Energy Recovery » VRFs » Lighting » Lighting controls 	<ul style="list-style-type: none"> ■ Square Feet: 439,000 ■ Tax Deduction: \$ 791,000 ■ Key Technologies: <ul style="list-style-type: none"> » Heat Pumps » Lighting » Lighting controls

MACRO DRIVERS

- Substantial energy cost savings and unprecedented incentives.
- Benchmarking (Partial Listing: NYC, Austin, Seattle, Washington D.C., Philadelphia, Minneapolis, State of CA).
- Sustainability initiatives.

BENEFITS

A one-time tax deduction of up to \$1.80 per square foot is available for the cost of energy-efficient property, including design and installation. This is achieved by qualifying for a deduction of up to \$0.60 per square foot in three separate categories; interior lighting, HVAC and building envelope. The deduction is based on total square footage improved, but cannot exceed the cost of the energy efficient improvements.

SQUARE FEET	LIGHTING (\$0.30 - \$0.60/SF)	HVAC (\$0.60/SF)	ENVELOPE (\$0.60/SF)	MAX. DEDUCTION (\$1.80/SF)
50K sf	\$15K - \$30K	\$30K	\$30K	\$90K
100K sf	\$30K - \$60K	\$60K	\$60K	\$180K
250K sf	\$75K - \$150K	\$150K	\$150K	\$450K
500K sf	\$150K - \$300K	\$300K	\$300K	\$900K

THE PROCESS

Maximizing the 179D deduction is all about design. Not all energy efficient improvements qualify, and as such it is important to decide which upgrades will make the most valuable impact.

- Review energy engineering study (at property level) with proposed energy upgrades. It is important to note that the needs of each property can vary based on individual circumstances.
- Review proposed technologies, square footage, available drawings and/or specifications and entity information.
- Review all information, provide estimated deduction and provide any recommendations that could further drive the potential benefit.
- Once the project is implemented, Capstan will provide the 179D study and certification.