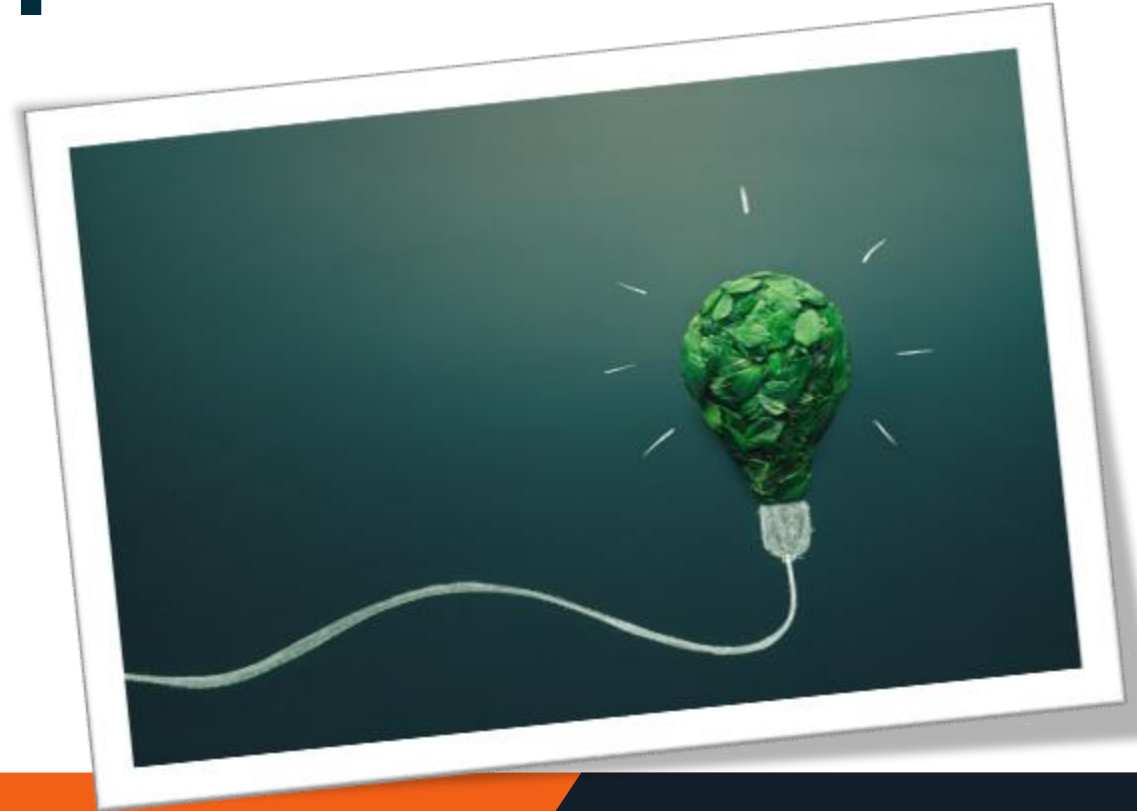
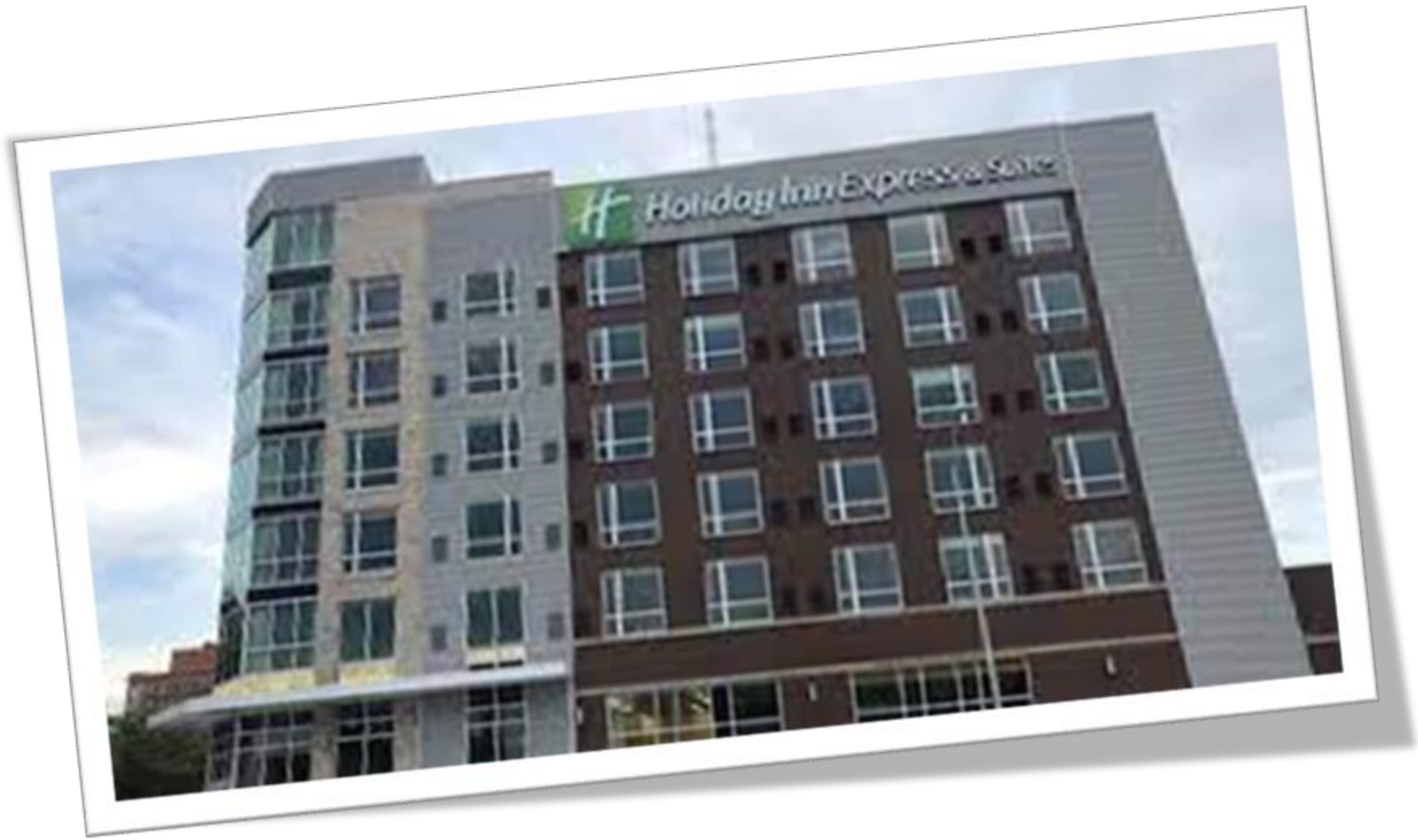


Sustainability + Tax Credit\$

Marc Shkolnick
Manager, Energy Services
March 30, 2023





Objectives

- Increase investment in clean energy technologies & security
- Reduce health care costs
- Increase tax revenue through tighter IRS enforcement
- Impose some additional taxes
- Deficit reduction

Energy-related Objectives

- Promote zero carbon generation and energy efficiency
- Promote electrification
- Provide financial support primarily targeted to low- and moderate-income households

Energy-related Objectives

- Promote investment in domestic manufacturing
- Encourage purchase of critical supplies domestically or from free trade partners
- Stimulate workforce development and wage growth

2023 Inflation Reduction Act

Featured incentives, credits & rebates

Residential
Energy Efficiency
Tax Credit (25C)

Residential Clean
Energy Tax Credit
(25D)

Electric Vehicle
Tax Credit

High-Efficiency
Electric Home
Rebate

Energy Efficiency
Commercial
Buildings
Deduction (179D)

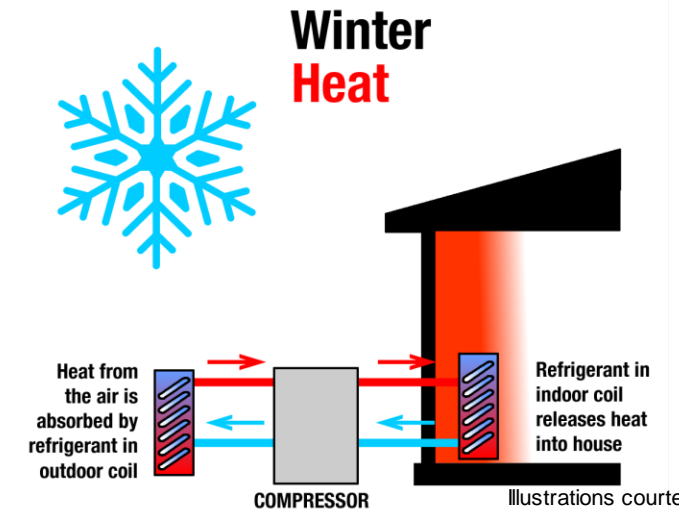
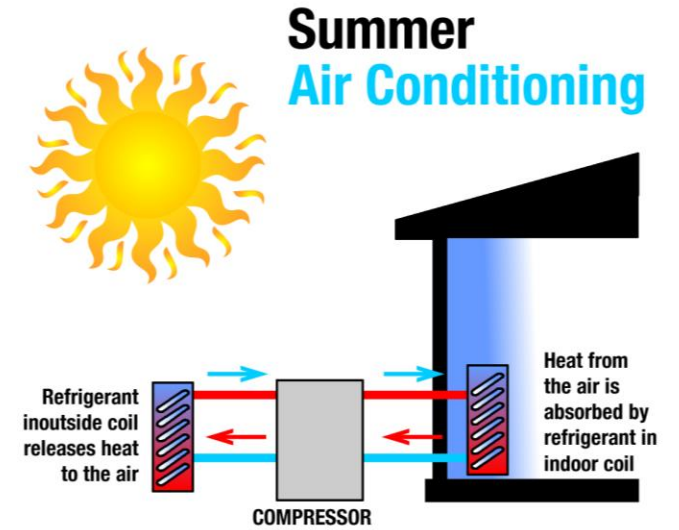
Poll Questions

- 1. Do you know what an air source heat pump is?**
- 2. How is your home primarily heated?**

Residential Energy Efficiency Tax Credit

Air Source Heat Pumps

- 30% of project cost up to \$2,000
- **SEP incentive of \$800**
- $SEER2 \geq 16/EER2 \geq 12/HSPF \geq 9$

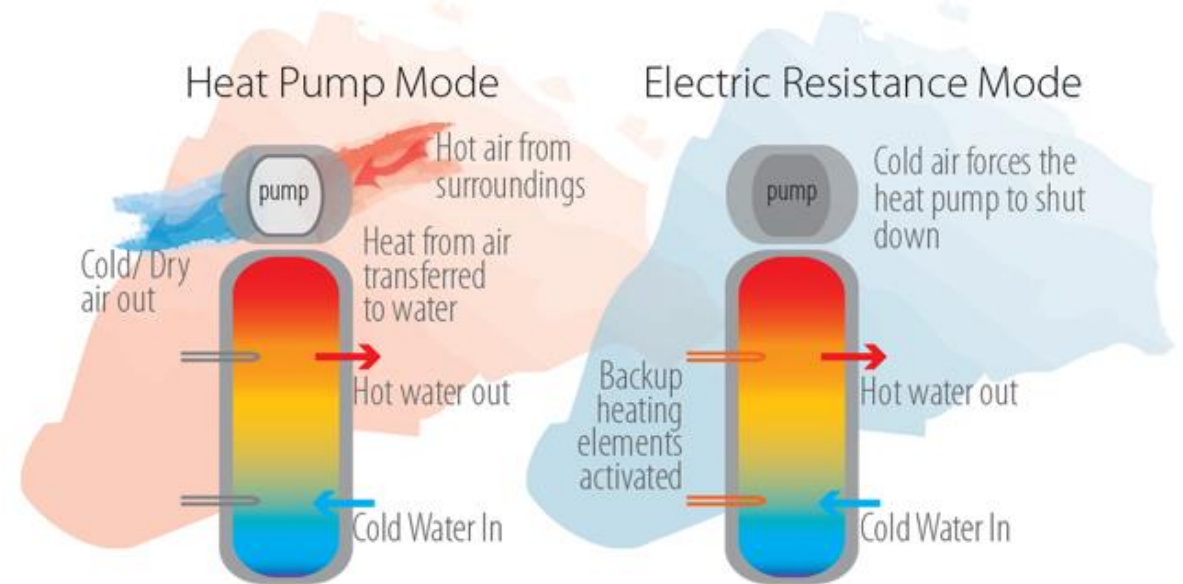


Illustrations courtesy of
Betlam Heating and Air

Residential Energy Efficiency Tax Credit

Heat Pump Water Heater

- 30% of project cost up to \$2,000
- **SEP incentive of \$500**



Residential Energy Efficiency Tax Credit

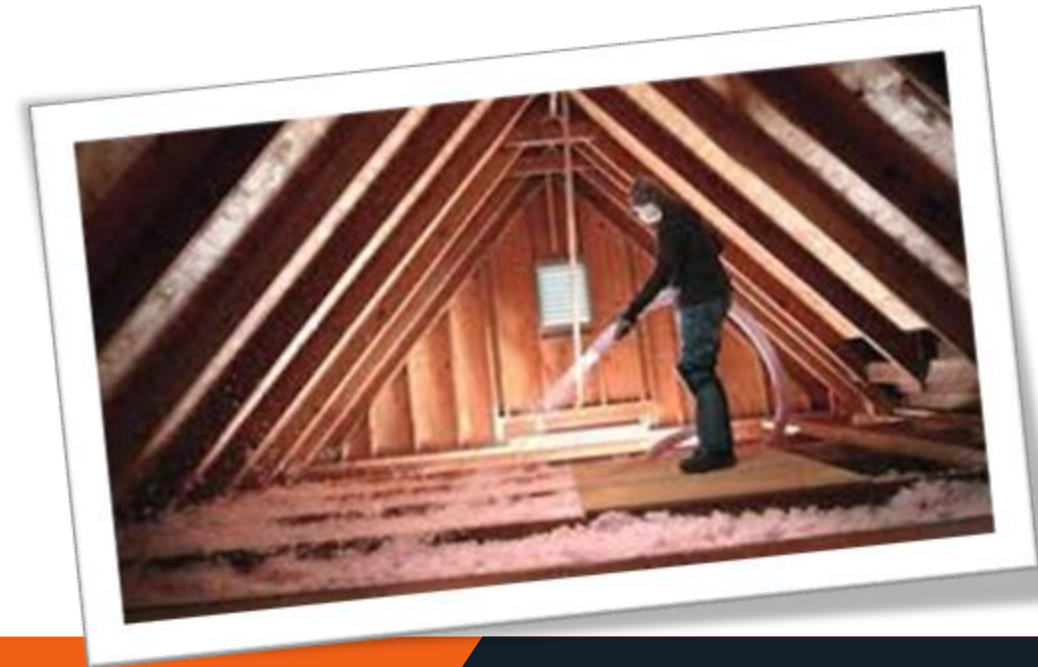
Air Conditioning & Electric Water Heating

- 30% of project cost up to \$600
- **SEP incentive of \$600 for qualifying air conditioners**
- SEER2 \geq 16

Residential Energy Efficiency Tax Credit

Sealing & Insulation

- 30% of project cost up to \$1,200
- **SEP incentive up to \$1,000**



Residential Energy Efficiency Tax Credit

Windows & Doors

- 30% of project cost up to \$600 for windows
- 30% of project cost up to \$500 for doors

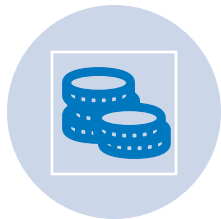
Other Considerations



Annual tax credit limit of \$3,200 when credits taken for an air source heat pump or heat pump water heater



Annual tax credit limit of \$1,200 for all other combinations



Tax credits only up to amount of tax liability & non-refundable



Tax credits available through 2032

Residential Clean Energy Tax Credit (25D)

Solar, Geothermal, Wind & Batteries

- 30% of project cost up (uncapped)
- SEP incentive for solar of \$375/kW (southerly) to \$475 per kW (westerly)
- SEP incentive \$550 to \$1,500 for geothermal based on efficiency rating
- Tax credits available through 2034, declining 4% per year beginning in 2032

Poll Questions

- 1. Do you currently own or lease a plug-in hybrid or all-electric vehicle?**
- 2. Likelihood your next vehicle purchase or lease will be plug-in or all-electric vehicle?**

Illustrations courtesy of
Betlam Heating and Air

Electric Vehicle Tax Credit

- Up to \$7,500 through 2032
- *\$3,750 requires at least 40% of battery critical minerals to be sourced domestically or from free-trade country
- *\$3,750 requires at least 50% of battery components to be sourced domestically or from free trade country



*Enforcement guidelines awaiting development

Electric Vehicle Tax Credit

- Domestic assembly required
- Adjusted gross income requirement
- Vehicle price maximums (sedans/crossovers vs. trucks/vans)
- Up to \$4,000 for used vehicles \leq \$25,000 and subject to income limits

High-Efficiency Electric Home Rebate (pending)

- State energy office administered point-of-sale rebate program
- Contractors likely will claim rebates and pass along credit

Measures	≤ 80% *AMI	81% to 150% *AMI	Maximum
Air Source Heat Pump	100% Up to	50% Up to	\$8,000
**Heat Pump Water Heater			\$1,750
Electrical Panel Upgrade			\$4,000
Rewiring			\$2,000
Weatherization			\$1,600
Program Maximum			\$14,000

*2021 US Census: 80% Area Median Income=\$57,600, 150% AMI=\$108,000

**Must replace existing non-electric water heater

Energy Efficiency Commercial Building Deduction (179D)

- Modeled energy bill savings reduction of at least 25% to 50%
- \$2.50 to \$5.00/sqft for projects meeting prevailing wage and apprenticeship standards
- \$0.50 to \$1.00/sqft for projects not meeting prevailing wage and apprenticeship standards

Energy Efficiency Commercial Building Deduction (179D)

- Includes tax-exempt entities that can allocate tax deductions to designers, engineers and contractors
- Maximum deduction renews every three years for commercial buildings and four years for all others

- Rewiring America: www.rewiringamerica.org
- Energy Star: www.energystar.gov/about/federal_tax_credits
- Congressional Research Service: [IN12051 \(congress.gov\)](https://www.congress.gov/inquiries/inquiries/IN12051)
- McKinsey & Company: <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/the-inflation-reduction-act-heres-whats-in-it>
- Sustainable Energy Program: www.les.com/sep

LES Sustainable Energy Program

How it works

1. Funds are available on a first-come, first-served basis beginning Jan. 1 of each year.
2. Take a look at our list of participating contractors.
3. Contact one or more of the SEP participating contractors for a bid and available incentives.
4. Ask your tax advisor if the project qualifies for a federal tax credit.

RESIDENTIAL

Qualifying equipment & incentives

Whole-house and facility sealing and insulation

Customers in existing homes and commercial buildings with no wall or minimal attic insulation (R-19 or less) can qualify for up to \$1,000 to seal penetrations and upgrade insulation levels to current energy code standards. Incentives are available at \$0.80/square foot for wall insulation and \$0.50/square foot for attic insulation. A pre and post blower door test also is required. Talk to one of the Sustainable Energy Program [participating contractors](#) for further details.

- **Tax credits available:** Insulation // 30% up to \$1,200. Visit [EnergyStar.gov](#) for further information. LES recommends consulting with a tax professional on qualifying equipment and tax deduction details.

High-efficiency heat pumps and air conditioners

Customers could receive \$600 per system for qualifying central air conditioners and \$800 per system for qualifying air source heat pumps. Geothermal heat pumps can qualify for up to \$1,500 per system. Incentives for central air conditioners and air source heat pumps are determined by both EER2 (Energy Efficiency Ratio 2) and SEER2 (Seasonal Energy Efficiency Ratio 2). Geothermal incentives are determined by the EER. All are compared to existing energy code minimums.

- **Tax credits available:** Heat pumps // 30% up to \$2,000. Air conditioners // 30% up to \$600. Visit [EnergyStar.gov](#) for further information. LES recommends consulting with a tax professional on qualifying equipment and tax deduction details.

Heat pump water heaters

Contractor Name Project Types

[Search](#) [Reset](#)

Company Name	Contact Information	Project Types
A4K Enterprises Inc 1445 182nd Rd Seward, NE 68434	Jay Babb 402-314-3071 krieserinsulation@outlook.com	Residential HVAC, Commercial HVAC, Residential Insulation
AW Heating & Air Conditioning Inc 8321 Cody Drive Suite F Lincoln, NE 68512 https://www.awheatingandac.com/	Andrew Will 402-438-7992 info@awheatingandac.com	Residential HVAC, Commercial HVAC
Absolute Comfort Heating and Air Conditioning 9641 Glass Ridge Ct Lincoln, NE 68526 https://www.heatingandairnebraska.com/	Darren Kauk 402-430-3959 absolutecomfort150@gmail.com	Residential HVAC, Commercial HVAC
Action Plumbing, Heating, AC & Electrical 4101 S 8th Lincoln, NE 68502 https://actionlincoln.com/	Tom Haefner (402) 423-6960 tomh@actionlincoln.com	Commercial Industrial Lighting, Residential HVAC, Commercial HVAC, Residential Heat Pump Water Heater
All Pro Heating and Air Conditioning 3500 N 44th st Lincoln, NE 68504 https://www.allprolincoln.com/	Constantine Syniy (402) 405-2959 allprohvacnebraska@gmail.com	Residential HVAC, Commercial HVAC
Benak's Heating & Cooling Inc	Bob Benak	