

Section 45 L Tax Credit: A New Plan

RESNET Building Performance Conference

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The 2005 Structure for the Tax Credit is Obsolete

The structure was designed in 1999 as part of the Clinton climate protection plan



...before HERS index was widely used

The target was based on data from DOE on heating and cooling savings



Adding water heating would produce unintended side effects on fuel choice and total savings, especially in climate pollution

Old 45L met its goal so it is time to move on

- The old credit applied only to 2006-7, but was later extended prospectively for 2 years
- Market shares of complying homes grew rapidly
- Retroactive further extensions didn't do much because builders could not prepare

Principles for Market Transformation thru tax credits

Encourage the highest levels of efficiency, which requires long-lived national-scale program

A high bar also keeps the costs to the Treasury low

Provide “automatic” QA/QC so that IRS can administer without learning about energy analysis

RESNET is enhancing its QA/QC efforts

Link with other efficiency programs, including codes, Energy Star, rating/labeling programs, and utility programs

Consensus Criteria for a new 45L program

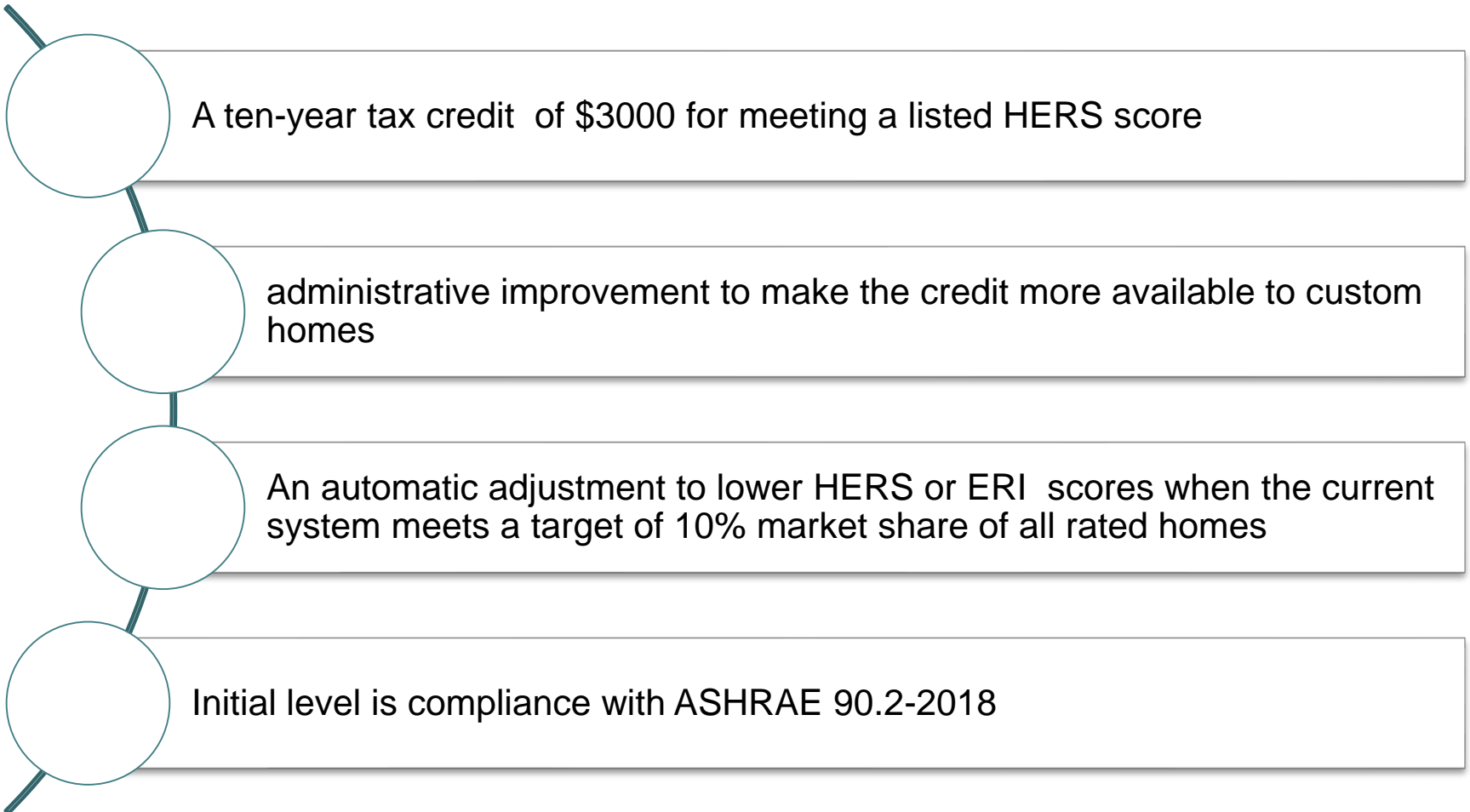
- Solve the problem of an on-again, off-again program
 - **...by enacting a 10-year continuing program**
- It also argues for a rating system that is stable over time

This requires not depending on Congress to raise the bar when appropriate because it will be done without their involvement

Also does not depend on a DOE determination

- Because DOE has often been slow in making code determinations

Elements of the Proposal



Some technical details

DOE determines the percentage of rated homes in a calendar year that qualified for the credit

If the percentage exceeds 10, the bar is set to the level that achieved 5% market share

The new score applies to the calendar year following the DOE determination

DOE iterates again after that year

Some administrative details

Eligibility

Interaction with solar tax credit:

- no double dipping
- envelope backup in ASHRAE 90.2

Questions?

Questions or concerns not addressed here —

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