

# Financial Incentives for Energy Efficiency and Renewable Energy



## FINANCIAL RESOURCES & INCENTIVES FOR ENERGY EFFICIENCY & RENEWABLE ENERGY

Homeowners can take advantage of a number of financial incentives available through local, utility, and Federal programs that help buy down the cost of energy efficiency and renewable energy investments.

### IN BOULDER

- ☀ Low-Income assistance: The City of Boulder, in conjunction with Long's Peak Energy Conservation (LPEC) is offering [FREE energy efficiency upgrades](#) to income-qualified residents of the city.
- ☀ LPEC is also offering [free home weatherization services](#) for income-qualified residents of Boulder, Gilpin and Larimer Counties. For more information or an application, call LPEC at 303-441-1716 or visit their website at: <http://www.co.boulder.co.us/cs/ho/weatherization/>.
- ☀ The City of Boulder offers [low interest loans](#) for health and safety repairs and energy conservation upgrades up to \$25,000 for homeowners that demonstrate financial need. Repayment of the loan is deferred for 15 years or until you sell your home.

### XCEL ENERGY CUSTOMERS:

Xcel Energy provides incentives to its customers for installing residential solar photovoltaic systems and certain energy efficiency measures.

- ☀ As part of its commitment to renewable energy under Amendment 37 legislation, Xcel Energy (and Aquila) provides rebates to residential and business customers installing solar photovoltaic systems. The rebate has been set at \$4.50 per watt installed. For PV systems that are interconnected, Xcel also provides true net metering. See sidebar and click [here](#) for more information, or go to [www.xcelenergy.com](http://www.xcelenergy.com)
- ☀ Xcel Energy customers with central air conditioning can save on summer cooling costs and get a \$25 credit on their utility bills by signing up for the [Savers Switch](#) program. A small remote-controlled switch is installed that allows Xcel to cycle the central air conditioner on and off at 15- to 20-minute intervals on hot summer days.
- ☀ Xcel Energy offers [rebates](#) of up to \$200 for the purchase of high efficiency evaporative coolers (a.k.a. swamp coolers) with an Industry Standard Rating (ISR) of 2,500 CFM (cubic feet per minute) or higher. In Colorado's climate, evaporative coolers are much more efficient and less costly than central AC. They also add moisture to the air, while air conditioning dries the air.
- ☀ Xcel Demand Side Management program for residential customers, expected summer 2006. Xcel energy is considering several additional residential demand reduction programs, which may include rebates or other incentives for lighting, appliances, HVAC and building envelope measures.

#### Thinking of installing a PV system? Here's what you need to know.

PV systems installed in Xcel Energy's service territory are eligible for utility rebates and a Federal tax credit (must be installed in 2006 or 2007).

A 2,000 watt (2 kW) PV system could reasonably provide about half of the electricity needs of an energy efficient 2,000 square foot home.

Here's the cost breakdown:

2,000 watt PV system installed	\$16,000
\$4.50/watt rebate:	(\$9,000)
30% (up to \$2,000) tax credit	(\$2,000)
<b>Customer cost</b>	<b>\$5,000</b>
<b>Annual energy bill savings</b>	<b>~\$500</b>

Details: <http://www.xcelenergy.com/>

## FEDERAL TAX INCENTIVES

The 2005 Energy Bill includes provisions for line-item tax credits on energy efficiency and renewable energy investments made in 2006 and 2007.

### Renewable Energy Provisions

Residential Solar (Photovoltaic and solar thermal): 30%, maximum \$2,000

Commercial Solar (Photovoltaic and solar thermal): 30%, no maximum

Fuel Cell: 30%, maximum \$500 per kW of capacity

### Conservation & Energy Efficiency Provisions

Individual tax credits up to \$500 (cumulative total) are available for the following efficiency upgrades.

- Exterior windows: 10%, maximum \$200
- Insulation, exterior doors or metal roofs: 10%, maximum \$500
- Central air conditioner (SEER 15, EER 12.5 and HSPF 8.5): \$300
- Electric heat pump (SEER 15, EER 13, HSPF 9): \$300
- Geothermal heat pump (closed loop system with EER 14.1 and COP 3.3): \$300
- Geothermal heat pump (open loop system with EER 16.2 and COP 3.6): \$300
- Natural gas, oil or propane water heater (energy factor .80): \$300
- Furnace or boiler with AFUE of 95% or higher: \$150 and/or \$50 with efficient air circulating fan.
- Duct sealing, weather stripping or foam sealants may qualify for credit, depending on IRS rules.

All tax credits are applied to the total investment after any other government or utility program grants, subsidies and rebates are subtracted.

### New Home Construction

For tax years 2006 and 2007, a builder or manufacturer of a home may receive a \$2,000 tax credit for new homes that are 50% more efficient than a home built to the IECC 2003 and with heating and air conditioning equipment meeting the minimum federal standard. The building envelope must account for 1/5th of the 50%. These tax credits are also applicable to substantial reconstruction and remodeling projects. Details will be forthcoming from the IRS.

**Learn More:** The Tax Incentive Assistance Project has all the details: [www.energytaxincentives.org](http://www.energytaxincentives.org)

## ENERGY EFFICIENT MORTGAGES (EEM)

The EEM recognizes that energy efficient homes cost homeowners less to operate on a monthly basis than standard homes because they use less energy. Homeowners or buyers can count the extra income from energy savings in their debt-to-income ratio, and can include the additional value of the home in their loan-to-value ratio, allowing them to qualify for a larger loan and often a better interest rate. Although the total loan is larger, monthly costs (including energy bill savings) are usually much lower. EEMs can be used for both purchase and refinance transactions to make energy efficiency upgrades (including solar systems) or to purchase a home that is already energy efficient.