

# REWARDING Energy Efficiency

## Energy Efficiency and Renewable Tax Credits

Homeowners and businesses looking to save energy, as well as builders constructing energy-efficient homes, now stand to reap tax benefits, in addition to monthly energy savings and utility rewards. In October of 2008 and February of 2009, Congress passed two pieces of economic legislation extending the shelf life of the Energy Policy Act of 2005. The Economic Stabilization Act of 2008 extended the time limits, and the American Recovery and Reinvestment Act of 2009 (ARRA), also known as the recent economic stimulus bill, expanded many of these tax benefits.

The chart below shows a summary of the products impacted by the 2009 Act. Many tax credits for energy-efficient home improvements expired after 2007, and the ARRA renewed these credits, while increasing their amounts from 10 to 30 percent of the product cost. The maximum tax credit allowed was also increased from \$500 to \$1,500 for the two-year period 2009-2010.

Product Type	Qualifications	Tax Credit	Date Placed in Service
<b>Residential Building Envelope</b>			
<b>Exterior Windows and Doors</b>	ENERGY STAR® rated 0.30 U factor or less	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec. 31, 2010
<b>Insulation</b>	Must meet 2009 IECC standards	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec. 31, 2010
<b>Metal and Asphalt Roofs</b>	ENERGY STAR rated	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec. 31, 2010
<b>Skylights</b>	ENERGY STAR rated 0.30 U factor or less	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec. 31, 2010
<b>Storm Windows and Doors</b>	Must meet 2009 International Energy Conservation Code (IECC) standards	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec. 31, 2010
<b>Residential HVAC</b>			
<b>Advanced Main Air Circulating Fans</b>	No more than 2% of furnace total energy use	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec. 31, 2010
<b>Air-Source Heat Pumps</b>	<b>Split:</b> HSPF ≥ 8.5 EER ≥ 12.5 SEER ≥ 15 <b>Packaged:</b> HSPF ≥ 8 EER ≥ 12 SEER ≥ 14	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec. 31, 2010
<b>Biomass Stoves</b>	Thermal efficiency ≥ 0.75	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec 31, 2010
<b>Central Air Conditioner</b>	<b>Split:</b> EER ≥ 13 SEER ≥ 16 <b>Packaged:</b> EER ≥ 12 SEER ≥ 14	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec. 31, 2010
<b>Geothermal Heat Pumps (Residential Systems)</b>	<b>Closed Loop:</b> EER ≥ 14.1 COP ≥ 3.3 <b>Open Loop:</b> EER ≥ 16.2 COP ≥ 3.6 <b>Direct Expansion:</b> EER ≥ 15 COP ≥ 3.5	30% of the cost of the system, no maximum	Jan. 1, 2009–Dec. 31, 2016
<b>Natural Gas, Oil, and Propane Furnaces or Hot Water Boilers</b>	<b>Natural Gas &amp; Propane Furnaces:</b> AFUE ≥ 95 <b>Oil Furnaces &amp; Boilers:</b> AFUE ≥ 90	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec. 31, 2010
<b>Residential Water Heaters</b>			
<b>Electric Heat Pump Water Heaters</b>	Energy Factor ≥ 2.0	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec. 31, 2010
<b>Natural Gas, Oil, and Propane Water Heaters</b>	Energy Factor ≥ 0.82 or Thermal Efficiency ≥ 0.90	30% of the total cost up to the \$1,500 whole house maximum	Jan. 1, 2009–Dec. 31, 2010



Product Type	Qualifications	Tax Credit	Date Placed in Service
<b>New Home Construction</b>			
<b>Manufactured Homes</b>	New manufactured homes that achieve 30% energy savings for heating and cooling over the 2004 IECC and supplements, or that qualify as an ENERGY STAR rated manufactured home. At least 1/3 of savings must come from building envelope improvements.	A \$1,000 tax credit for builder	Applies to new manufactured homes located in the United States whose construction is substantially completed after August 8, 2005 and that are acquired from the eligible contractor for use as a residence from January 1, 2006 through December 31, 2009.
<b>Single Family Homes</b>	New energy efficient homes that achieve 50% energy savings for heating and cooling over the 2004 International Energy Conservation Code (IECC) and supplements. At least 1/5 of the energy savings must come from building envelope improvements.	A \$2,000 tax credit for builder (this credit also applies to contractors of manufactured homes conforming to Federal Manufactured Home Construction and Safety Standards).	Applies to new homes located in the United States whose construction is substantially completed after August 8, 2005 and that are acquired from the eligible contractor for use as a residence from January 1, 2006 through December 31, 2009.
<b>Tax Deductions for Commercial Buildings</b>			
<b>Combined Heat and Power (CHP)</b>	Systems smaller than 50 MW with a minimum efficiency of 60%. At least 20% of its energy produced must be electricity with another 20% thermal energy.	10% investment tax credit on the first 15 MW	Oct. 3, 2008–Dec. 31, 2016
<b>Heating and Cooling Systems</b>	For new or existing commercial buildings that save at least 50% of the heating and cooling energy of a building that meets ASHRAE Standard 90.1-2001. Partial deductions of up to \$.60 per square foot can be taken for measures affecting any one of three building systems: the building envelope, lighting, or heating and cooling systems.	A tax deduction of up to \$1.80 per square foot is available to owners or tenants.	Jan. 1, 2006–Dec. 31, 2013
<b>Renewable Energy</b>			
<b>Residential Geothermal Heat Pumps</b>	<b>Closed Loop:</b> EER ≥ 14.1 COP ≥ 3.3 <b>Open Loop:</b> EER ≥ 16.2 COP ≥ 3.6 <b>Direct Expansion:</b> EER ≥ 15 COP ≥ 3.5	30% of the cost of the system, no maximum. Consult tax advisor for tax credits on systems installed for commercial properties.	Jan. 1, 2009–Dec. 31, 2016
<b>Photovoltaic</b>	Must provide electricity for the residence and meet applicable fire and electrical codes	30% of the cost, no maximum	By Dec. 31, 2016
<b>Residential Fuel Cells</b>	At least 30% efficiency with a capacity of at least 0.5 kW	30% of the cost, up to \$500 per .5kW of power capacity	By Dec. 31, 2016
<b>Residential Small Wind</b>	100 kilowatts or less	30% of the cost, no maximum	By Dec. 31, 2016
<b>Solar Water Heaters</b>	System must be SRCC certified; at least half of energy used to heat the home's water must be from the sun	30% of the cost, no maximum	By Dec. 31, 2016

The information presented is a summary of the energy efficiency building provisions set forth in the American Recovery and Reinvestment Act of 2009 and the 2008 extension of the Energy Policy Act of 2005. Details can and may change at any point, per governmental prerogative. **We encourage you to speak with your tax advisor regarding these tax credits and any related qualifications and/or requirements.** Equipment must meet certain energy-efficiency criteria to qualify for the credit. Receipts showing proof of purchase and a copy of the manufacturer's certification will be required when filing your tax return. For additional information on tax credits, refer to [energytaxincentives.org](http://energytaxincentives.org). The White House has also created a website at [recovery.gov](http://recovery.gov) that tracks developments, guidance for receiving funds and destination of appropriated money.

## Energy-Efficiency Cash Rewards

In addition to a tax credit, Iowa and Minnesota customers may also qualify for a cash reward from Interstate Power and Light Company (IPL), an Alliant Energy company. Specific qualifications, as well as quantity limits, apply. Before making your purchase, visit [alliantenergy.com/rewards](http://alliantenergy.com/rewards) or call 1-866-ALLIANT (1-866-255-4268) to determine whether the equipment is eligible for a cash reward. Wisconsin customers may also qualify for rewards through Focus on Energy. More information is available at [focusenergy.com](http://focusenergy.com).

