

## Oregon Business Energy Tax Credit

# Application for Preliminary Certification for Homebuilder Projects

Oregon homebuilders that meet the Oregon High Performance Home (HPH) Standard or include renewable energy features in the home they build can apply for a state tax credit. A new home that meets the HPH Standard is eligible for a tax credit of \$3,000 for the building shell and mechanical systems plus up to \$9,000 for the renewable energy system(s). The credit may be taken in one year. Unused credits can be carried forward up to eight years. Once a homebuilder has applied for a Business Energy Tax Credit for the home, the builder must inform the home buyer that he/she would not be able to apply for a Residential Energy Tax Credit for the same features.

### Eligible Applicants

An eligible applicant (homebuilder) must meet the following three requirements:

1. Be a licensed Oregon contractor.
2. Be responsible for the construction of a home that meets the minimum HPH Standard or renewable energy system requirements.
3. Must be a registered with NW Energy Star<sup>®</sup> Homes program. (for HPH only)

### Pass-through Option

Homebuilders may participate in the Business Energy Tax Credit Pass-through Option Program. Homebuilders may “pass-through” or transfer their tax credit to a pass-through partner in exchange for a lump-sum cash payment. The Oregon Department of Energy determines the rate that is used to calculate the cash payment. Both the builder and pass-through partner must sign the Application for Final Certification for Pass-through Projects before a Final Certification is issued to the pass-through partner. The same review, rules and standards apply to projects approved under the Pass-through Option as those using the regular Business Energy Tax Credit Program. **Important:** There may be tax implications to using the Pass-through Option. Please consult your tax preparer.

### Timing

The Oregon Department of Energy must receive the Application for Preliminary Certification for Projects BEFORE the builder financially commits to include the renewable energy system in the home building project. For example, a builder must apply before purchasing equipment or signing a contract. If a homebuilder starts a project and then decides to apply for the tax credit, the builder must submit a written request for a waiver with the application. The waiver request and application must be sent within 90 days of the project start date and must demonstrate an extenuating business circumstance that caused the delay in the application. Under extraordinary circumstances, the Director of the Department of Energy may extend the waiver period. Work on the project must begin within three years of the approval date of the Preliminary Certificate or within three years of the approval date of any changes to the project. A tax credit recipient must receive a Final Certificate before the credit can be claimed on an Oregon tax return.

### Verification of Home and/or renewable energy systems

All HPH projects must be verified by a NW Energy Star Home verifier. Solar water heater (SWH) and solar electric (PV) must be verified by an Oregon Department of Energy certified tax credit technician.

## Confidential Information and Disclosure

The State of Oregon's Public Records Law (ORS 192.410 et seq.) (PRL) applies to tax credit applications submitted to the Oregon Department of Energy. The law states every person has a right to inspect any public record of a public body, subject to certain exceptions.

Trade secrets and confidential business records information may be exempt from disclosure. Certain information, including trade secrets (ORS 192.501(2)) and confidential submissions (ORS 192.502(4)), may be exempt from disclosure under exemptions to the PRL. Please consult your legal counsel to determine whether these or other exemptions could apply to your application.

Mark on each page any information that you believe are trade secrets, business records or that is otherwise protected under the PRL and that you request to be kept confidential. Marking information does not guarantee that it will be kept confidential. The Director of the Oregon Department of Energy will make any decisions regarding public disclosure of information contained in this application in accordance with the Oregon Public Records Law.

Under certain circumstances, as set out in ORS 192.445 (1), the personal safety exemption to the PRL, the Oregon Department of Energy is authorized to withhold your address, phone number and electronic mail address. If you want to claim this exemption under the PRL, please contact the Oregon Department of Energy prior to sending in your application for a Business Energy Tax Credit. Please consult your legal counsel to determine whether this exemption applies to you.

The Oregon Department of Energy does not endorse any company that requests application information and does not sell this information as a mailing list.

### **Before the renewable energy system project begins:**

1. A homebuilder must complete the Application for Preliminary Certification for Homebuilder Projects. He or she must send the signed form, supporting documentation, and payment for review costs to the Oregon Department of Energy before the project begins. Incomplete applications will not be accepted. You must complete all fields on the application form. **Note:** Check the Web site to ensure the latest version is being used. (Dates are in the lower right-hand corner.)
2. A homebuilder may start the project when he or she receives a Preliminary Certificate. The Oregon Department of Energy usually takes four to six weeks to review an application provided all necessary information is submitted. Incomplete or inadequate information may result in a delay in approval or in denial of the application. Please note: A home builder may begin the project before receiving a Preliminary Certificate, however, there is no guarantee the project will be approved.
3. If vital characteristics of the project change after receiving the Preliminary Certificate, the homebuilder should submit a signed, written, detailed description of the changes to the project. An increase in cost only does not qualify as a project change. If the Department of Energy approves a project change, a project owner may be required to pay an additional review cost.

## After the project is complete:

1. A homebuilder should apply to the Oregon Department of Energy for final certification when the project is completed. The Oregon Department of Energy uses the NW Energy Star verification database to confirm that completion of High Performance Homes and tax credit certified technicians to verify solar water heating and solar electric systems. Be sure that these verifications are complete before submitting for final certification.
2. The Oregon Department of Energy will review the final application and issue a Final Certificate if the project meets program rules and has been properly verified.
3. Business Energy Tax Credits for homebuilder projects must be initially claimed in year the project was completed. This can be either the year in which the construction was completed or the home was sold.
4. Builders who believe their projects provide unique showcase of technologies, standards of practice or other features not common to their local market are encouraged to contact the Oregon Department of Energy staff to be featured in case studies or performance evaluations.
5. Once a builder has applied for a Business Energy Tax Credit for the home, a homeowner would not be able to apply for the Oregon Residential Energy Tax Credit for the same features. Builders must inform the buyer of the dwelling of their application for the Business Energy Tax Credit as per ORS 315.354 (9).

**Questions?** For questions on claiming the tax credit, contact the Oregon Department of Revenue ([www.oregon.gov/DOR](http://www.oregon.gov/DOR)) or call 1-800-356-4222.

Call the Oregon Department of Energy at 1-800-221-8035 (toll-free in Oregon) or (503) 378-4040 (Salem). Or visit our Web site ([www.oregon.gov/energy](http://www.oregon.gov/energy)).

## Business Energy Tax Credit Application for Preliminary Certification

### **Homebuilder Project**

*This application is for systems installed on new homes only. If the project contains additional conservation measures, they should be applied for separately using the Application for Preliminary Certification of Conservation Projects.*

Are you eligible?	For office use only
<p><b>Yes    No</b></p> <p><input type="checkbox"/> <input type="checkbox"/> Have you submitted this application before financially committing to start this energy project? (e.g. signing a contract, ordering equipment, etc.)</p> <p><input type="checkbox"/> <input type="checkbox"/> If no, have you attached a request for a waiver?</p> <p><input type="checkbox"/> <input type="checkbox"/> Do you want to use the Pass-through Option?*</p>	<p>Application #:</p> <p>Date received:</p>
<p><small>*The Pass-through Option will allow you to transfer your tax credit project eligibility to another business or individual (a pass-through partner) in exchange for a lump-sum payment. The payment amount is calculated using the pass-through rate. To use the Pass-through Option, check the Yes box above, complete this application form and send the form to the Oregon Department of Energy. There may be tax implications to using the Pass-through Option. Please consult your tax preparer.</small></p>	

1. Builder Information	
Business name:	Tax I.D. # or SSN*:
Mailing address:	
City/state/zip:	
Contact name:	Title:
E-mail:	Phone:
Company CPA or CFO: (If interested in Pass-through Option)	Title:
E-mail:	Phone:

2. Project Description		
Project/Development Name:		
Estimated start date:	Estimated completion date:	
Home address:		
City:	County:	Zip:

\*OAR 330-090-0130 authorizes the Oregon Department of Energy to use your federal tax identification or social security number as an identification number in maintaining internal records and may be shared with the Department of Revenue to establish the identity of an individual in order to administer state tax law.

### 3. Shell and HVAC Systems

High Performance Homes must meet minimum requirements and verified by an authorized NW Energy Star Home program verifier. New homes with only renewable energy systems are not required to meet performance efficiency requirements in sections 7c, 7d, 7e, or 7f.

#### a. Project Type

- High Performance Home (must meet Oregon HPH standard)
- Home Builder installed Renewable Energy Systems (go directly to Section 4)

#### b. Basic Home Information

NW Energy Star Home ID Number: \_\_\_\_\_  
 BOP Identification: \_\_\_\_\_  
 Total Conditioned Floor Space: \_\_\_\_\_ ft<sup>2</sup>

#### c. Primary Heating System (check one)

- Natural Gas
- Heat Pump – Air Source
- Heat Pump – Ground Source
- Wood Stove
- Electric Resistance
- Other : \_\_\_\_\_

#### d. Primary Cooling System (check one)

- Air Conditioner
- Heat Pump
- Night Flush
- Passive Ventilation or None

#### e. Additional Efficiency Measures (one required, check all that apply)

- Earth Advantage Certification
- Tankless water heater with EF≥0.81<sup>1</sup>
- Energy / Heat Recovery System
- Other: \_\_\_\_\_

### 4. Renewable Energy Systems

To qualify for a \$3,000 High Performance Home tax credit the home must meet both the above Shell and HVAC requirements and include a renewable energy generation system that provides at least 1kWh/yr of onsite generation or savings. Attach required documentation for each system configuration.

<b>a. Passive Solar Space Heating - PS</b> <input type="checkbox"/> Plans (floor plan, south elevation, west elevation) <input type="checkbox"/> Passive Solar Space Heating Worksheet	kWh/yr (determined by ODOE staff)
<b>b. Active Solar Space Heating - AS</b> <input type="checkbox"/> Active Solar Space Heating Worksheet	kWh/yr (determined by ODOE staff)
<b>c. Solar Water Heater - SWH</b> <input type="checkbox"/> Solar Water Heater Worksheet	kWh/yr (line 9 of SWH Worksheet)
<b>d. Photovoltaic - PV</b> <input type="checkbox"/> Photovoltaic Worksheet	kWh/yr (line 9 of PV Worksheet)
<b>e. Ground Source Heat Pump - GSHP</b> <input type="checkbox"/> GSHP Worksheet	kWh/yr (line 9 of GHSP Worksheet)
<b>f. Wind Power - Wind</b> <input type="checkbox"/> Window Power Worksheet	kWh/yr (line 9 of Wind Worksheet)
<b>g. Other Renewable Energy System - Other</b> <input type="checkbox"/> Attached complete system diagram, engineering calculations, energy modeling description and results, technical data sheets, etc.	kWh/yr (determined by ODOE staff)
<b>TOTAL ESTIMATED ENERGY GENERATION</b>	kWh/yr

<sup>1</sup> Tankless water heater does not qualify as required measure if solar water heating system is used.

<b>5. Incremental Costs</b>	
Additional cost above or beyond code or market standard practice – best estimate.	
<b>a. Shell Measures (HPH only)</b> Incremental cost above code for required HPH shell improvements (e.g. additional insulation, framing changes, windows, etc.)	Estimated cost: \$
<b>b. Heating Ventilation and Air Condition (HVAC) Measures (HPH only)</b> Incremental cost above code for required HPH HVAC improvements (e.g. furnace upgrades, air conditioner improvements, modified duct design, energy or heat recovery ventilation systems, etc.)	Estimated cost: \$
<b>c. Renewable Energy System</b> Cost of system(s) specified in section 4 before other incentives. Passive solar costs should only include the incremental costs of the additional or incremental features (e.g. glazing choice, thermal storage.)	Estimated cost: \$
<b>TOTAL ESTIMATED COST</b>	
	\$

<b>6. Tax Credit Amount</b>	
<b>a. Passive Solar</b> (line 22 of the Passive Solar worksheet)	\$
<b>b. Active Solar</b> (Active Solar worksheet to come – contact Oregon Dept. of Energy)	\$
<b>c. Solar Water Heater</b> (line 10 of the SWH worksheet)	\$
<b>d. Solar Electric</b> (line 10 of the PV worksheet)	\$
<b>e. Geothermal Heat Pump</b> (line 10 of the GSHP worksheet)	\$
<b>f. Wind Power</b> (line 10 of the Wind worksheet)	\$
<b>f. Other Renewable Energy System</b> (Other RE worksheet to come)	\$
<b>g. High Performance Home– HPH</b> (\$3,000 ) House must meet shell and HVAC technical requirements, and have renewable energy system that produces not less than 1kWh/yr per ft <sup>2</sup> . Final certification requires house is field verified by an NW Energy Star Homes field verifier.	\$
<b>h. Total Tax Credit</b> (sum of lines a through g, not to exceed \$12,000 for HPH or \$9,000 for only renewable energy system)	\$

<b>7. Business Energy Tax Credit review charge</b>	
Applications will <b>not</b> be reviewed until review charge is paid in full.	
<b>a. Review Charge</b>	<b>\$200.00</b>
<b>b. Payment Method</b> (check one)	
<input type="checkbox"/> I have attached a check for the amount above <input type="checkbox"/> I want to pay by Visa/MasterCard. Please contact me at this phone number: _____	

**8. General Questions**

May the Oregon Department of Energy publicize your project:    YES    NO

How did you learn about the Business Energy Tax Credit?

Associate    Advertisement    Workshop    Utility    Vendor    Other: \_\_\_\_\_

## 9. Project owner statement

1. I understand that Oregon Department of Energy approval and certification of my project is for tax credit purposes only. The Oregon Department of Energy does not guarantee or in any way ensure the performance of any equipment, the quality of any system or the reliability of any dealer.
2. I agree that the project will comply with all local, state and federal requirements. I will obtain all necessary permits.
3. I will permit the Oregon Department of Energy or its agents to inspect the project at its discretion to make sure the project qualifies for the tax credit. I understand that if I give false information about the project, or if I refuse to permit the Oregon Department of Energy to inspect the project, I will not get the tax credit.
4. I understand that this tax credit application is a public record and that Oregon Department of Energy may be required by law to disclose information in this tax credit application to the public on request. I have marked any information that I request be kept confidential. I understand that marking information does not guarantee that it will be kept confidential and that the Director of the Oregon Department of Energy will make any decisions regarding public disclosure of information contained in this application in accordance with the Oregon Public Records Law.
5. I understand that the Oregon Department of Energy does not endorse any company that requests information on this application and does not sell information as a mailing list.
6. I hereby release the State of Oregon and its commissions, agencies, officers, employees, contractors, and agents, and agree to defend and indemnify the foregoing from and against any claims, demands, or costs (including attorney and expert witness fees at trial and on appeal) arising from or in any way related to the Oregon Department of Energy's issuance or failure to issue any pre-certification or final certification for a Business Energy Tax Credit, or any party's inability to obtain a Business Energy Tax Credit.
7. I understand that, pursuant to ORS 315.354(9), if I claim a credit under this section with respect to a homebuilder-installed renewable energy system or a high-performance home: a) I cannot claim two separate tax credits for both a homebuilder-installed renewable energy system and a high-performance home with respect to the same dwelling; and (b) I will inform the buyer of the dwelling that I or my pass-through partner is claiming a tax credit under this section with respect to the dwelling; and that the buyer of the dwelling may not claim a credit under this section that is based on any facility for which I or my pass-through partner has already claimed a credit.
8. I understand that the sum of all financial incentives and the tax credit can not exceed the total eligible project cost.
9. I have enclosed a check to the Oregon Department of Energy or will pay by Visa or MasterCard for the review charge.
10. I verify that the project owner does not restrict membership, sales, or services on the basis of race, color, creed, religion, national origin, sexual preference or gender.

11. I have completed this form to the best of my knowledge.

12. I certify that I am the project owner or the authorized agent.

I have read and agree with the terms and conditions of the Project Owner Preliminary Certification Statement.

Signature: \_\_\_\_\_ Title: \_\_\_\_\_

Print Name: \_\_\_\_\_ Date: \_\_\_\_\_



# Homebuilder-Installed Renewable Energy Facility

*Excerpted from:*

## Oregon Department of Energy Business Energy Tax Credits Technical Requirements Effective March 21, 2008

### Homebuilder-Installed Renewable Energy Facility

- (1) The amount of the tax credit for homebuilder-installed renewable energy facilities shall be capped at \$9,000. Eligible renewable energy facilities must meet the following criteria:
- (a) **Photovoltaic** - Eligible installations have a Total Solar Resource Fraction of at least 75 percent. Total Solar Resource Fraction (TSRF) method as described in the Business Energy Tax Credit (BETC) application. Installations must be verified by a Tax Credit Certified Solar PV Technician. This verification must cover performance, longevity, and proper documentation of the facility design, operation and maintenance. Installers must provide a warranty covering all parts and labor for two years. The credit amount is based on \$3 per watt of installed capacity.
  - (b) **Solar Domestic Water Heating** - Solar thermal domestic water heating installations must have a Total Solar Resource Fraction (TSRF) of at least 75 percent and be designed to provide no less than 25 percent but not more than 70 percent of the annual domestic water heating load. Installations must be OG-300 certified. Installations must be verified by a Tax Credit Certified Solar Thermal Technician. This verification must cover performance, longevity, and proper documentation of the facility design, operation and maintenance. Installers must provide a warranty covering all parts and labor of the facility for two years. The credit amount is equal to \$0.60 per kWh saved as determined by the ODOE solar domestic water heating yield table.
  - (c) **Active Solar Space Heating** - Active solar space heating installations must demonstrate a whole building annual energy savings of at least 15 percent to be eligible. Installations that combine space heating and domestic water heating are allowed providing that the solar storage tank is not heated by a backup heat source (e.g. gas or electric water heater). Only 50 percent of the domestic water heating savings shall be counted toward the requirement for 15 percent annual heating and cooling load reduction. Installations must be verified by a Tax Credit Certified Solar Technician. This verification must cover performance, longevity, and proper documentation of the facility design, operation and maintenance. Installers must provide a warranty covering all parts and labor of the facility for two years. The credit amount is equal to \$0.60 per kWh saved based on a calculation procedure approved by ODOE staff.
  - (d) **Passive Solar** - Passive solar design strategies must demonstrate a whole building annual energy savings of at least 20 percent to be eligible. This can be achieved by either meeting the prescriptive requirements for a passive solar home under the residential energy tax credit or demonstrated with whole building energy modeling and certified by a professional engineer. The credit amount is equal to \$600 per home plus \$0.60 per square foot of heated floor space.
  - (e) **Ground Source Heat Pumps** - Ground source heat pumps must have a coefficient of performance (COP) of 3.5 or greater. The savings is based on the incremental savings over the energy savings provided by the ground source heat pump with a COP of 3.0. The credit amount is equal to \$0.60 per kWh saved.
  - (f) **Other Renewable Energy Resource Facilities** - Other renewable energy resource facilities (e.g. wind turbines, fuel cells) will be evaluated on a case-by-case basis and the credit amount will be equal to \$0.60 per kWh saved. Facilities must be connected to home's main service panel and installers must provide a warranty covering all parts and labor of the facility for two years.

### High Performance Home

- (1) A dwelling unit constructed by a licensed builder under the Oregon Residential Specialty Code with its own space conditioning and water heating systems and intended for sale to an end-use homebuyer can qualify as a High Performance Home facility.
- (2) To be eligible for a tax credit, a High Performance Home facility must be certified through the ENERGY STAR® Homes Northwest program, which includes builder technical assistance, independent home inspection and program quality assurance. A third party inspector certified by the Oregon Department of Energy to submit homes for certification is required. See [www.northwestenergystar.com](http://www.northwestenergystar.com) for more information and a list of certified home verifiers in Oregon.

(3) A qualifying facility must incorporate **all** of the following elements that are in addition or exception to ENERGY STAR<sup>®</sup> Homes Northwest requirements:

(a) Building shell shall be constructed to the following prescriptive path.

- Ceilings:  $U \leq 0.030$  (e.g. R-49 attic)
- Walls: above grade  $U \leq 0.050$  (e.g. R-21 cavity insulation plus R-3 continuous foam insulation, insulated concrete form, Structural Insulated Panel),
- Walls: below grade  $U \leq 0.060$  (e.g. R-21 cavity insulation)
- Floors: above grade  $U \leq 0.025$  (e.g. R-38 batt/blanket insulation between floor joists 16" o.c. over vented crawl),
- Floors: on grade, [slab edge] perimeter R-15 min. 2 feet vertical or combined vertical/horizontal – heated slab also requires R-10 foam board under slab. (This matches ENERGY STAR<sup>®</sup> Homes Northwest requirements.)
- Windows and glass doors:  $U \leq 0.32$  (weighted average). Exception: solar glazing that is part of a Renewable Energy Facility used to qualify the home as a High Performance Home may have a higher U-factor.
- Glazing area: glazing to floor area ratio  $\leq 16\%$ . (including windows, skylights, and glass doors considered as glazing in the code).
- Shell tightness: 5.0 ACH<sub>50</sub> Pa confirmed by blower door test

(b) HVAC system and air ducts shall be incorporated into conditioned space, or eliminate forced-air ductwork.

(c) Space conditioning equipment shall meet one of the following requirements:

- Two-stage gas or propane furnace, minimum AFUE 0.92,
- Gas or propane boiler, minimum AFUE 0.88
- Central AC SEER  $\geq 14$  (if installed)
- Ducted heat pump  $\geq$  HSPF 8.5, air source, and ground source COP  $\geq 3.0$
- Ductless mini-split heat pump with inverter drive, no incorporated electric backup heat, sized and installed as per ENERGY STAR<sup>®</sup> Homes Northwest specifications

(d) A Renewable Energy Facility, as described in these Technical Requirements, shall provide on-site energy savings or generation of not less than 1kWh/yr per square foot of conditioned floor space.

(e) Water heating systems shall meet ENERGY STAR<sup>®</sup> Homes Northwest specifications (e.g., gas: 0.61 EF for tanks  $\leq 60$  gallons, 0.60 for tanks  $> 60$  gallons; electric: 0.93 EF for tanks  $\leq 70$  gallons, 0.92 for tanks  $> 70$  gallons), including secondary water heating equipment that backs up solar domestic water heating facilities.

(4) A High Performance Home facility shall include at least **one** of the following measures:

- (a) Obtain certification through a Green Building program recognized by the Oregon Department of Energy.
- (b) Meet ENERGY STAR<sup>®</sup> Homes Northwest Builder Option Package (BOP) #2 ventilation specifications through the use of a heat or energy recovery ventilator, except that the sensible recovery efficiency shall be  $> 50\%$  at 32°F and the EUI shall be  $< 1.5$  Watts/cfm.
- (c) Use a gas or propane water heater with a minimum EF of 0.80 for primary water heating. The water heater may not also be used for space heating or as the backup to a solar water heating facility to be considered a qualifying measure under this section.

(5) Applicant may propose a package of alternate shell or HVAC measures that are equivalent to these requirements. Shell measures may be increased to offset HVAC efficiency, however HVAC measures may not be used to reduce minimum shell requirements.

(a) Shell measures shall be a combination of assemblies that together have a total  $U \times A$  no higher than a base case home described in section (3a), above. Trade-offs will be evaluated according to the thermal trade-off procedure in Oregon Residential Specialty Code Chapter 11, Energy Efficiency, Table N1104.1(1).

(b) Mechanical systems will be evaluated for comparable annual energy use.

- (6) If the home achieves certification through ENERGY STAR® Homes Northwest as meeting the above specifications in addition to having a renewable energy system, the home may qualify as a High Performance Home with an available tax credit to the builder of up to \$12,000 (\$3,000 for the shell and up to \$9,000 for the renewable energy system(s)). A High Performance Home tax credit can not be issued without inclusion of a qualifying renewable energy system. A homebuilder can not receive two separate tax credits for both a Homebuilder Installed Renewable Energy System and a High Performance Home for the same home.