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Solar Incentive Summary 2008-2009

Austin Energy - Solar PV Rebate Program

Incentive Type: Utility Rebate Program

Eligible Photovoltaics

Renewable/Other Technologies

:

Applicable Sectors: Commercial, Residential, Nonprofit, Must be Austin Energy Customer

Incentive Amount: Residential and Commercial: \$4.50/watt AC

Thru: 3/12/09 Equipment manufactured (60% minimum) in Austin: up to \$5.60/watt AC

Maximum Incentive: Residential: the lesser of \$13,500 or 80% of invoiced cost per fiscal year, per site

Thru: 3/12/09 Commercial and Non-profit: the lesser of \$100,000 or 80% of invoiced cost per fiscal year, per site

Incentive Amount: Residential and Commercial: \$3.75/watt AC

Effective: Equipment manufactured (60% minimum) in Austin: up to \$5.60/watt AC

3/13/09 Non-Profit: \$4.50/watt AC

Maximum Incentive: Residential: the lesser of lifetime rebate limit of \$50,000 or 80% of invoiced cost per fiscal year, per site

Effective: Commercial and Non-profit: the lesser of \$100,000 or 80% of 3/13/09 invoiced cost per fiscal year, per site

Eligible Minimum size: 1 kW

System Size: Maximum size: Not specified, but incentives are capped

Equipment Requirement: Must use pre-approved modules and inverters (those listed by the California Energy Commission). PV systems must carry a 5-year warranty from the installer in addition to a 10 year manufacturer warrantee on inverters in residential applications without battery back-up.

Installation Requirement Must be grid-connected. Must use a solar installer from the Austin Energy Registered Installer List. Solar installers must be certified by the North American Board of Certified Energy Practitioners (NABCEP) within two years of becoming a Registered Installer.

Program Budget: \$2,950,000 (FY 2008)

Ownership of Renewable Energy

Credits: Austin Energy

Expiration Date: Program year runs from October - September

Project Review/Certification: Pre-installation inspection will determine rebate eligibility; final rebate determined upon post-installation inspection

Website: <http://www.austinenergy.com/Energy%20Efficiency/Programs/Rebates/Solar%20Rebates/index.htm>

Summary:

Austin Energy's Solar Rebate Program, launched on June 1, 2004, offers a \$4.50 per watt incentive to eligible residential and commercial customers (including nonprofit organizations) who install photovoltaics on their homes or facilities. For solar installations that use PV equipment manufactured in Austin, the rebate is \$5.60 per watt. For residential customers, the rebate program will pay 80% of customer invoiced cost or \$13,500, whichever is less. For commercial customers, the rebate program will pay 80% of customer invoiced cost or \$100,000, whichever is less. Rebates will only be paid for approved systems installed by approved solar contractors according to the established technical requirements. Depending on the commercial rebate amount, approval from the Austin City Council may be required.

The City Council initially approved \$933,000 in funding for the fiscal year ending September 30, 2004. For 2005, \$2,000,000 was budgeted for solar PV rebates and \$500,000 for PV installations on municipal buildings. For 2006, the solar PV rebate budget was raised to \$3,000,000, with \$450,000 being allocated for PV installations on municipal buildings. The program is reassessed on an annual basis each fiscal year in October, but does not have a specified final expiration date.

Austin Energy will provide net metering for customers with solar systems. Any net excess generation at the end of each month will be credited to the following month's bill. However, the credit will be less than retail value -- calculated by multiplying the net kilowatt-hours (kWh) of electricity fed into the grid times the current fuel charge.

An additional requirement is that the renewable energy credits (RECs) and other environmental attributes from participating in this program must be transferred to

Austin Energy.

In 2003, the Austin City Council set a 20% by 2020 renewable portfolio standard (RPS) for Austin Energy with a solar goal of 100 megawatts capacity in the community by 2020. Austin Energy will install demonstration solar projects at schools, libraries and community centers, and is partnering with other city departments to develop the first 'affordable' net-zero energy subdivision in the country, a 100-home subdivision in the city's southeast district.

Contact:

Conservation Information Center - Solar
Rebates
Austin Energy
Solar Rebate Program
721 Barton Springs Road
Austin, TX 78704
Phone: (512) 482-5346
Fax: (512) 482-5409
E-Mail: solarrebate@austinenergy.com
Web site: <http://www.austinenergy.com>

Residential Renewable Energy Tax Credit

Incentive Type: Personal Tax Credit

Eligible Renewable/Other Technologies: Solar Water Heat, Photovoltaics, Wind, Fuel Cells, Geothermal Heat Pumps, Other Solar Electric Technologies

Applicable Sectors: Residential

Amount: 30%

Maximum Incentive: Solar electric: \$2,000 for systems placed in service on or before 12/31/08; no maximum limit beginning in 2009.
Solar water heating: \$2,000.
Fuel cells: \$500 per 0.5 kW.
Small wind: \$500 per 0.5 kW, up to \$4,000.
Geothermal heat pumps: \$2,000.

Carryover

Provisions: Excess credit may be carried forward to succeeding tax year.

Eligible

System Size: 0.5 kW minimum for fuel cells.

Equipment/Installation Requirements: Solar water heating property must be certified by SRCC or by comparable entity endorsed by the state in which the system is installed. At least half the energy used to heat the dwelling's : water must be from solar.
Geothermal heat pumps must meet the requirements of the Energy Star program.
Fuel cells must have an electricity-only generation efficiency greater than 30%.

Authority 1: [26 USC § 25D](#)

Date Enacted: 8/8/2005 (amended 2006, 2008)

Effective Date: 1/1/2006

Expiration Date: 12/31/2016

Authority 2: H.R. 1424: Div. B, Sec. 106 (The Energy Improvement and Extension Act of 2008)

Date Enacted: 10/3/2008

Effective Date: 1/1/2008; elimination of the solar-electric credit cap effective 1/1/2009

Expiration Date: 12/31/2016

Authority 3: IRS Form 5695 & Instructions: Residential Energy Credits

Summary:

Established by the Energy Policy Act of 2005, the federal tax credit for residential energy property initially applied to solar electric systems, solar water heating systems and fuel cells. The Energy Improvement and Extension Act of 2008 (H.R. 1424, Division B) extended the tax credit to small wind energy systems and geothermal heat pumps, effective January 1, 2008. Other key revisions included an eight-year extension of the credit to December 31, 2016, the ability to take the credit against the alternative minimum tax, and the removal of the \$2,000 credit limit for solar electric systems beginning in 2009.

Click [here](#) for a four-page Q&A on the revised federal solar tax incentives, prepared by Solar Energy Industries Association.

A taxpayer may claim a credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the U.S. used as a residence by the taxpayer. Expenditures with respect to the equipment are treated as made when the installation is completed. If the installation is on a new home, the "placed in service" date is the date of occupancy by the homeowner. Expenditures include labor costs for onsite preparation, assembly, or original system installation and for piping or wiring to interconnect a system to the home. If the federal tax credit exceeds tax liability, the excess amount may be carried forward to the succeeding taxable year.

The credit is calculated based on the individual's expenditures excluding subsidized energy financing, which is defined as "financing provided under a Federal, State, or local program a principal purpose of which is to provide subsidized financing for projects designed to conserve or produce energy." Consumers who receive other incentives are advised to consult with a tax professional regarding how to calculate this federal tax credit.

The maximum allowable credit, equipment requirements, and other details vary by technology as outlined below.

Solar electric property

- Maximum credit of \$2,000 for systems placed in service from January 1, 2006, through December 31, 2008.
- No maximum credit limit for systems placed in service from January 1, 2009, through December 31, 2016.
- In case of joint occupancy, the maximum qualifying cost that can be taken into account by all occupants for figuring the credit is \$6,667. This does not apply to married individuals filing a joint return. The credit that may be claimed by each individual is proportional to the costs he or she paid.
- The home served by the system does not have to be the taxpayer's *principal* residence.

Solar water heating property

- Maximum credit of \$2,000.
- Systems must be placed in service from January 1, 2006, through December 31, 2016.
- Equipment must be certified for performance by the Solar Rating Certification Corporation (SRCC) or a comparable entity endorsed by the government of the state in which the property is installed.
- At least half the energy used to heat the dwelling's water must be from solar in order for the solar water-heating property expenditures to be eligible.
- The tax credit does not apply to solar water heating property for swimming pools or hot tubs.
- In case of joint occupancy, the maximum qualifying costs that can be taken into account by all occupants for figuring the credit is \$6,667. This does not apply to married individuals filing a joint return. The credit that may be claimed by each individual is proportional to the costs he or she paid.
- The home served by the system does not have to be the taxpayer's *principal* residence.

Fuel cell property

- Maximum credit of \$500 per half kilowatt (kW).
- Systems must be placed in service from January 1, 2006, through December 31, 2016.
- The fuel cell must have a nameplate capacity of at least 0.5 kW of electricity using an electrochemical process and an electricity-only generation efficiency greater than 30%.
- In case of joint occupancy, the maximum qualifying costs that can be taken into account by all occupants for figuring the credit is \$1,667 per half kilowatt. This does not apply to married individuals filing a joint return. The credit that may be claimed by each individual is proportional to the costs he or she paid.
- The home served by the system *must be* the taxpayer's *principal* residence.

Small wind energy property

- Maximum credit of \$500 per half kilowatt, not to exceed \$4,000.
- Systems must be placed in service from January 1, 2008, through December 31, 2016.
- In case of joint occupancy, the maximum qualifying costs that can be taken into account by all occupants for figuring the credit is \$1,667 per half kilowatt, not to exceed \$13,333. This does not apply to married individuals filing a joint return. The credit that may be claimed by each individual is proportional to the costs he or she paid.
- The home served by the system does not have to be the taxpayer's

principal residence.

Geothermal heat pumps

- Maximum credit of \$2,000.
- Systems must be placed in service from January 1, 2008, through December 31, 2016.
- The geothermal heat pump must meet the requirements of the Energy Star program which are in effect at the time the installation is completed.
- In case of joint occupancy, the maximum qualifying costs that can be taken into account by all occupants for figuring the credit is \$6,667. This does not apply to married individuals filing a joint return. The credit that may be claimed by each individual is proportional to the costs he or she paid.
- The home served by the system does not have to be the taxpayer's *principal* residence.

History

The [Energy Policy Act of 2005](#) (Section 1335) established a 30% tax credit up to \$2,000 for the purchase and installation of residential solar electric and solar water heating property and a 30% tax credit up to \$500 per 0.5 kilowatt for fuel cells. Initially scheduled to expire at the end of 2007, the tax credits were extended through December 31, 2008 by Section 206 of the [Tax Relief and Health Care Act of 2006](#).

In October 2008, through the [Energy Improvement and Extension Act of 2008](#) (Division B, Section 106), the tax credits were extended once again -- until December 31, 2016 -- and a new tax credit for small wind energy systems and geothermal heat pump systems was created.

Contact:

Public Information - IRS
Internal Revenue Service
1111 Constitution Avenue,
N.W.
Washington, DC 20224
Phone: (800) 829-1040
Web site: <http://www.irs.gov>

Renewable Energy Systems Property Tax Exemption

Incentive Type: Property Tax Exemption

Eligible Renewable/ Other Technologies: Passive Solar Space Heat, Solar Water Heat, Solar Space Heat, Solar Thermal Electric, Solar Thermal Process Heat, Photovoltaics, Wind, Biomass, Storage Technologies, Solar Pool Heating, Anaerobic Digestion

Applicable Sectors: Commercial, Industrial, Residential

Amount: 100%

Max. Limit: None

Authority 1: Texas Statutes § 11.27

Date Enacted: 1981

Authority 2: Exemption handbook

Website: http://www.seco.cpa.state.tx.us/re_incentives.htm

Summary:

The Texas property tax code allows an exemption of the amount of the appraised property value that arises from the installation or construction of a solar or wind-powered energy device that is primarily for the production and distribution of thermal, mechanical, or electrical energy for on-site use, or devices used to store that energy. "Solar" is broadly defined to include a range of biomass technologies.

"Solar energy device" means an apparatus designed or adapted to convert the radiant energy from the sun, including energy imparted to plants through photosynthesis employing the bioconversion processes of anaerobic digestion, gasification, pyrolysis, or fermentation, but not including direct combustion, into thermal, mechanical, or electrical energy; to store the converted energy, either in the form to which originally converted or another form; or to distribute radiant solar energy or the energy to which the radiant solar energy is converted.

"Wind-powered energy device" means an apparatus designed or adapted to convert the energy available in the wind into thermal, mechanical, or electrical energy; to store the converted energy, either in the form to which originally converted or another form; or to distribute the converted energy.

Use Texas Property Tax [Form 50-123](#), "Exemption Application for Solar or Wind-Powered Energy Devices" to claim this exemption.

Contact:

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State Energy Conservation Office
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Austin, TX 78774
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E-Mail: pam.groce@cpa.state.tx.us

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