

You are receiving ENERGY STAR Northwest Home's *Technical E-Update* to keep you informed of technical changes, resources, and events that will support your success as an ENERGY STAR Verifier or Performance Testing Contractor. If you have questions about the content in this E-Update, please contact your State Certification Organization (SCO) Representative:

Idaho: Doug Plourde, IED – 208-287-4903, doug.plourde@idwr.idaho.gov

Montana: Dale Horton, NCAT – 406-721-9908 daleh@ncat.org

Oregon: Brady Peeks or Christie Sphoon, ODOE – 503-373-7561, r.brady.peek@state.or.us

Washington: Andy Gordon, WSU – 360-956-2000, gordona@wsu.edu

For more information, please visit www.NorthwestENERGYSTAR.com.

Technical E-Update Issue # 10 Topics:

- 1) Federal Tax Credit for Energy Efficient New Homes Update
- 2) “Otherwise Authorized” Certifier Request for Federal Tax Credit

1) Federal Tax Credit for Energy Efficient New Homes Update

“OTHERWISE AUTHORIZED” STATUS APPROVED!

The Residential Energy Services Network (RESNET) has approved the proposal submitted by the Northwest Energy Efficiency Alliance that the State Certification Organizations (SCOs) in Idaho, Montana, Oregon and Washington are designated as “otherwise authorized” to certify ENERGY STAR Homes Northwest verifiers for federal tax credit qualification.

As stated in the previous Tech Update, the approved proposal outlines the following pre-qualifications:

In order to sign the declaration specified in Section 3.07 of IRS notice 2006-27, verifiers must have professional liability insurance coverage in the amount of at least \$500,000, and must have completed the following curriculum:

- ENERGY STAR Homes Northwest Verifier Training – 2 day training and test – currently approved by RESNET for the Northwest BOP providers.
- ENERGY STAR Homes Northwest Performance Testing Training – 2 day training and test – currently approved by the Bonneville Regional Technical Forum to certify testers of both duct and envelope leakage in the Northwest.

- 1 day training on software certified for tax credit qualification (meets the requirements of RESNET publication 05-001), with the provider approving 3 initial tax credit runs.

In addition, each of the SCOs are now accredited HERS providers, and are able to certify verifiers to full Home Energy Rater status.

In order to receive Home Energy Rater status, with the ability to certify homes to tax credit level in addition to being able to provide such services as ratings for existing homes, energy efficient mortgages, or to provide assistance to builders in calculating energy savings for individual homes, verifiers must complete the curriculum noted above **and pass RESNET's national rater test**. For more information on the rater test, contact your SCO.

Those already designated Home Energy Raters need only comply with the insurance requirement in order to be eligible to certify homes to the federal tax credit.

Worst case analysis methodology approved!

The RESNET board has approved a method for worst case analysis for the purpose of developing acceptable efficiency packages to comply with residential energy efficiency programs.

The method can be used to develop packages for meeting tax credit qualification, in essence providing a prescriptive method for tax credit compliance! ESHNW staff will be developing tax credit compliance packages for the entire Northwest. We anticipate releasing the details of a floor-over-crawlspace package by mid-to-late October.

RESNET's worst-case analysis procedure can be viewed at http://www.natresnet.org/about/policy/worst-case_analysis.pdf.

Process for eligibility for tax credit

In order to be eligible as an "otherwise authorized" verifier for the purpose of certifying tax credits, you need to do a few more things beyond the required coursework:

1. Send two copies of the attached form "otherwise authorized request" to your SCO. The verifier declaration attests that you have met all certification requirements, and that you have access to an approved tax credit software tool. In addition, the form must be signed by someone authorized to bind your company; this attests that you are covered by a minimum of \$500,000 in professional liability insurance.
2. Obtain a license to one of the approved tax credit software tools. All of the SCOs have access to REM/Rate – other approved software tools are allowable at the discretion of the SCO. IDWR and WSU currently hold master licenses of REM/Rate – contact them if you wish to obtain a sublicense.

3. Your SCO will confirm you have taken the required coursework and tests, and submit the appropriate documentation to RESNET.
4. **At a minimum of one month before your initial inspection of your first three candidate homes, you must submit your software runs to your SCO for quality review.**
5. On-site QA visits will be performed on at least the first, and up to 3 tax credit candidate homes (the number will depend on your track record as an ESHNW verifier, and the success of the initial QA visit.) Any qualification that includes an assessment of insulation quality will necessitate an insulation inspection in addition to the final inspection, for both verifier and SCO; at your SCO's discretion, comprehensive photos of the assemblies in question may be an acceptable substitute for an in-person insulation inspection. **It is critical that you closely coordinate with the SCOs to time these visits appropriately.**
6. The tax credit certification document for each of the first three homes will be provided to the verifier upon the QA final inspection. After the first 3 homes, these documents will be delivered from the SCO to the verifier.
7. The IRS tax form is available from the IRS website at <http://www.irs.gov/pub/irs-pdf/f8908.pdf>.

Fee schedule for tax credit compliant homes

The SCOs have determined a fee schedule for Energy Star Homes Northwest homes eligible for the federal tax credit. Note that these increased fees include ESHNW certification.

For ESHNW homes that require individual analysis \$175

For ESHNW homes that qualify prescriptively \$125

Added fees for analyzed homes reflect increased SCO burden for quality assurance, administering tax credit documentation, building file review process, component library management, and fees to software provider.

Added fees for prescriptively qualified homes include increased SCO burden for quality assurance, administering tax credit documentation, and fees to software provider.

Note that the SCOs do not plan to provide tax credit certification services for homes that fail to meet ESHNW specifications. Any such services would have to be negotiated with the individual SCO, and are likely to be significantly higher than for homes with ESHNW certification.

REM/Rate Sublicenses available from WSU Extension Energy Program

WSU Extension Energy Program, the SCO for Washington, has purchased a license for the REM/Rate energy analysis software. For qualified verifiers, REM/Rate provides analysis for tax credit compliance.

For Home Energy Raters, REM/Rate provides the tools necessary to conduct other marketable services, including Home Energy Rating analysis, energy efficient mortgage evaluations, and energy efficiency improvement analysis (for existing homes.)

WSU will sublicense REM/Rate to any qualified verifier or home energy rater for a fee of \$100 annually. Outside of Washington State, there may be additional per use fees. For more information, contact Andrew Gordon of WSU at 360-956-2046.

2) “Otherwise Authorized Certifier Request for Federal Tax Credit

Please go to the download attachment to view the form.