
New EPACT Tax Incentives

*ESCO Perspective on
Tax **Efficient** Financing*

Johnston

Investing your energy dollars

- Investment Perspective
 - Buy Capital Assets vs. Make Utility Payments

- Understand the potential
 - Where to start?
 - What's possible
 - What's practical

What's Important

- Government culture
- Energy mandates
- Financial objectives
- Holistic bundling
- Life of the project
- Time... and other real implications



How to access the benefits

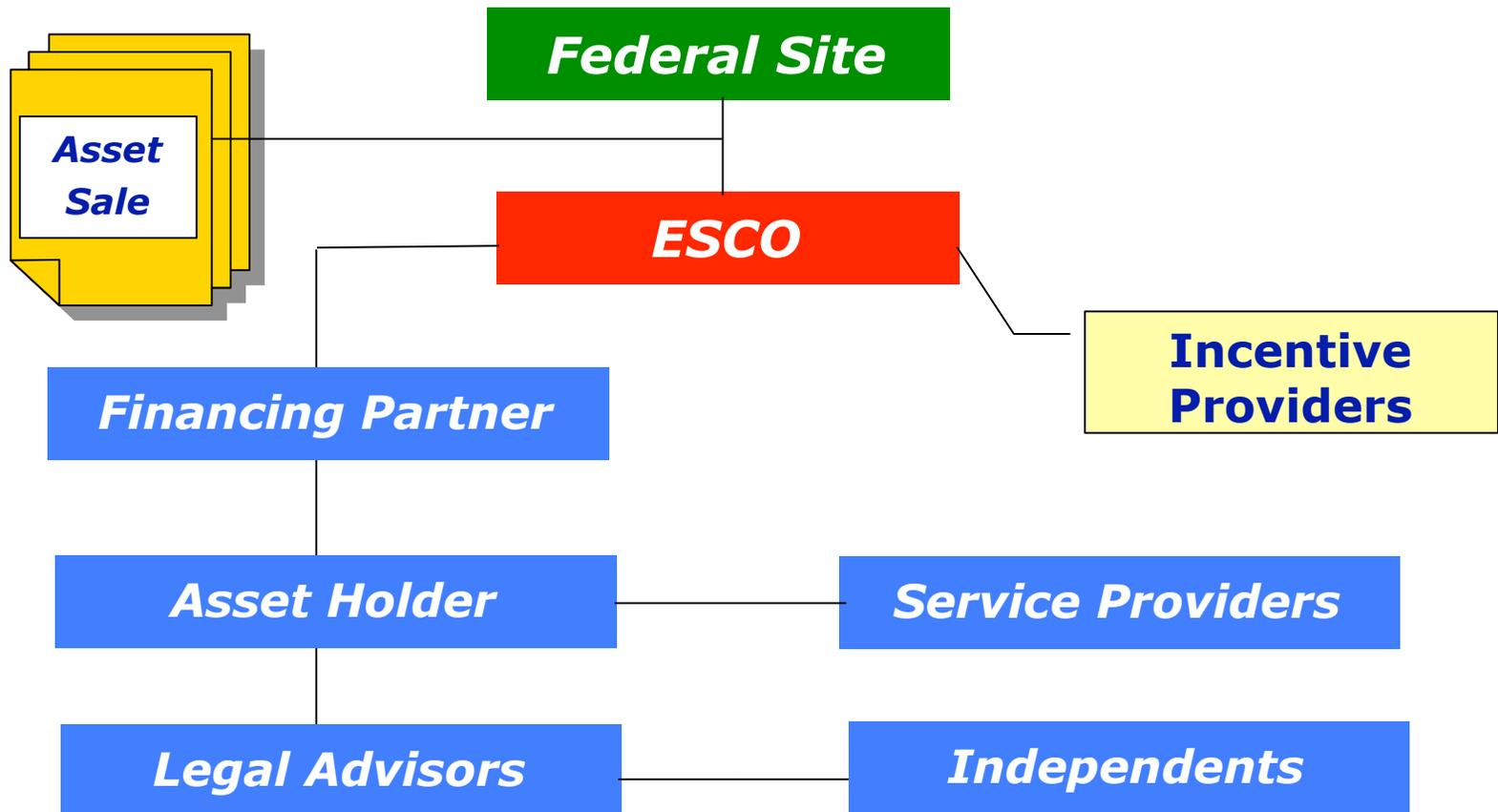
- Partner with an ESCO who offers below market financing incentives
- Leverage the Federal Mandates for Renewable Energy
- Be aware of various types of incentives



Top 10 Financial Considerations

1. Commercial Building Tax Deduction
2. Solar Tax Credit
3. Accelerated Depreciation
4. Production tax credit for wind, biomass, geo-thermal, solar and other renewable energy sources.
5. Utility Incentives
6. State Incentives
7. Renewable Energy Credits
8. White Tags
9. Service / Performance Measurements
10. Time...

***1st Requirement –
Tax Reduction Appetite!!!***



Relationship Structure is important

Risks vs. Rewards

Risk

Asset performance

- ESCO/Asset Owner are liable for Performance Risk

Long Term ESCO Relationship

- Financial
- Contractual
- Service

End Game

- Buy the asset
- Continue the service
- Return it

Reward

ESCO/Asset Owner own the risk

- Ownership risk by others
- Performance risk per contract

Proven Program and Contract

- Known terms and conditions

Governments Choice

Path Forward

- Understand the potential
- Focus on agreeable deal structure
- Early participation by decision makers
- Clarity ALWAYS needed
 - *Sale of Asset*
 - *Financial programming*
 - *Service Agreement*
 - *Responsibilities and assignments*

Questions?