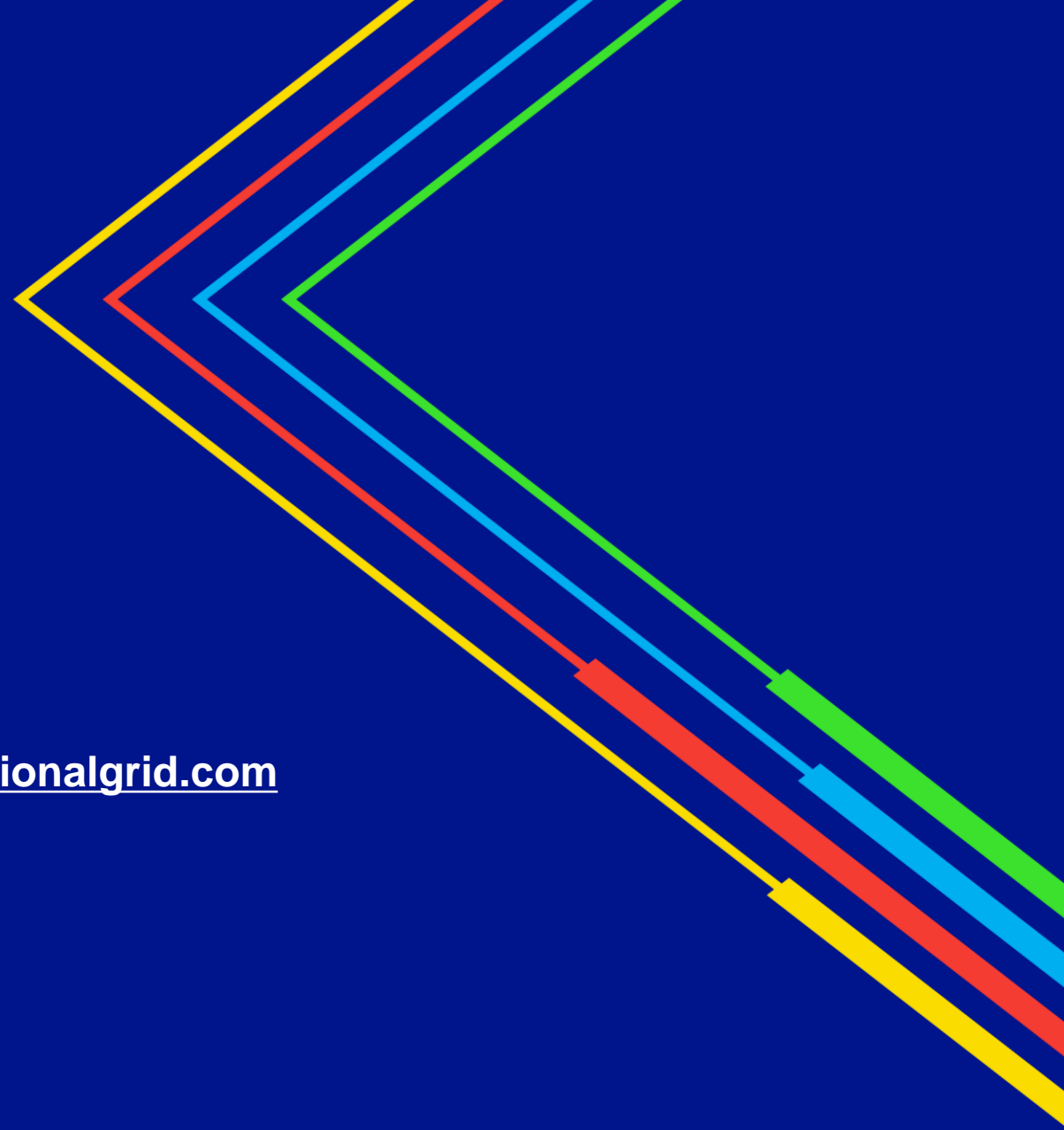


January PEX Meeting

January 24, 2024

Mathew McCarthy mathew.mccarthy@nationalgrid.com

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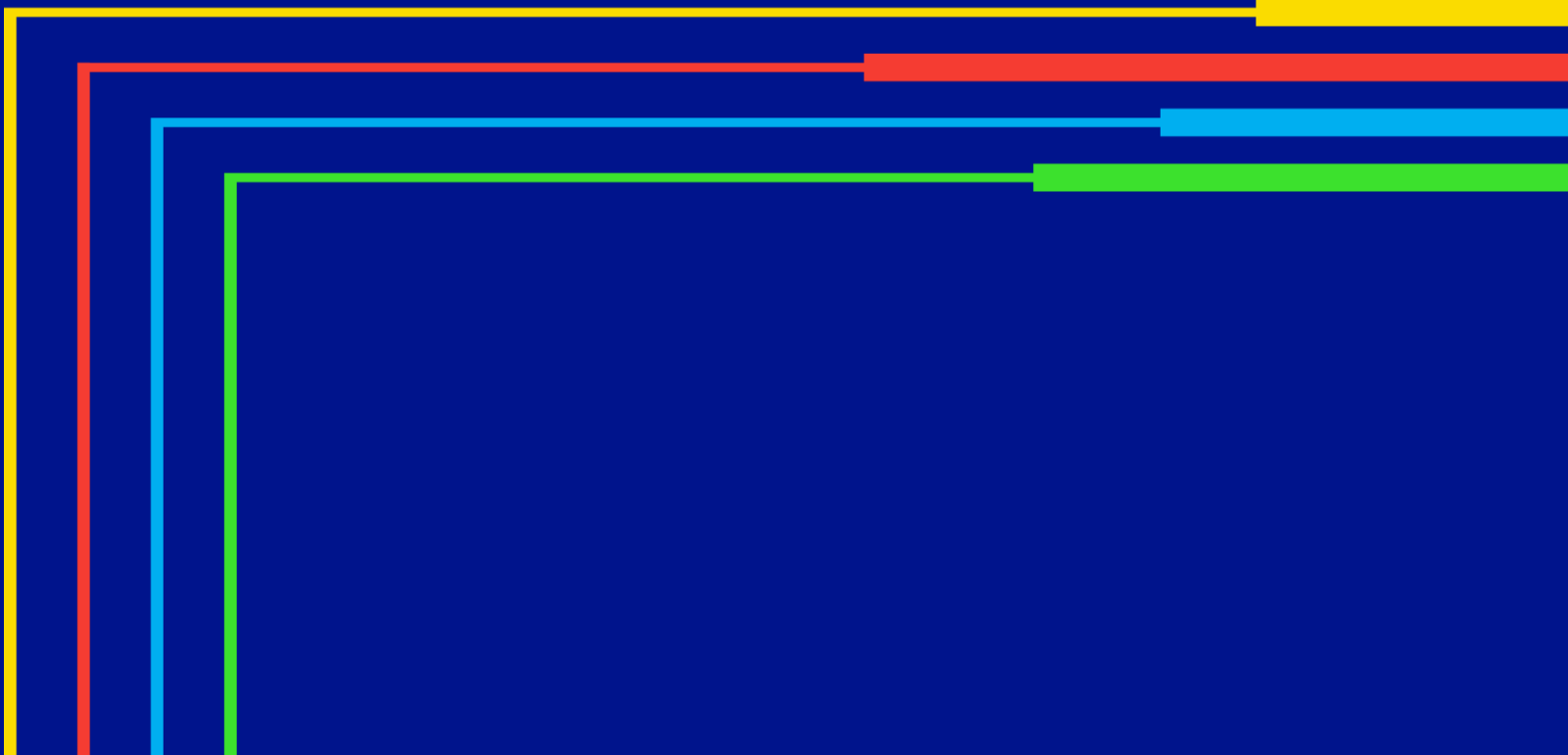
Contents

01	Safety Moment – Fatigue
02	Lighting Incentive Changes for 2024
03	New Verification Process for NLC/LLLC
04	Engineered Tax Services (ETS) – Cost Segregation, Disposition & 179D
05	Program Updates
06	Quick Hits/Reminders
07	Looking Forward - 2024 Meeting Dates

01

Safety Moment – Fatigue

Mathew McCarthy mathew.mccarthy@nationalgrid.com





–vector–

Fatigue can cause:

- Increased accidents
- Increased errors
- Impaired performance and loss of productivity

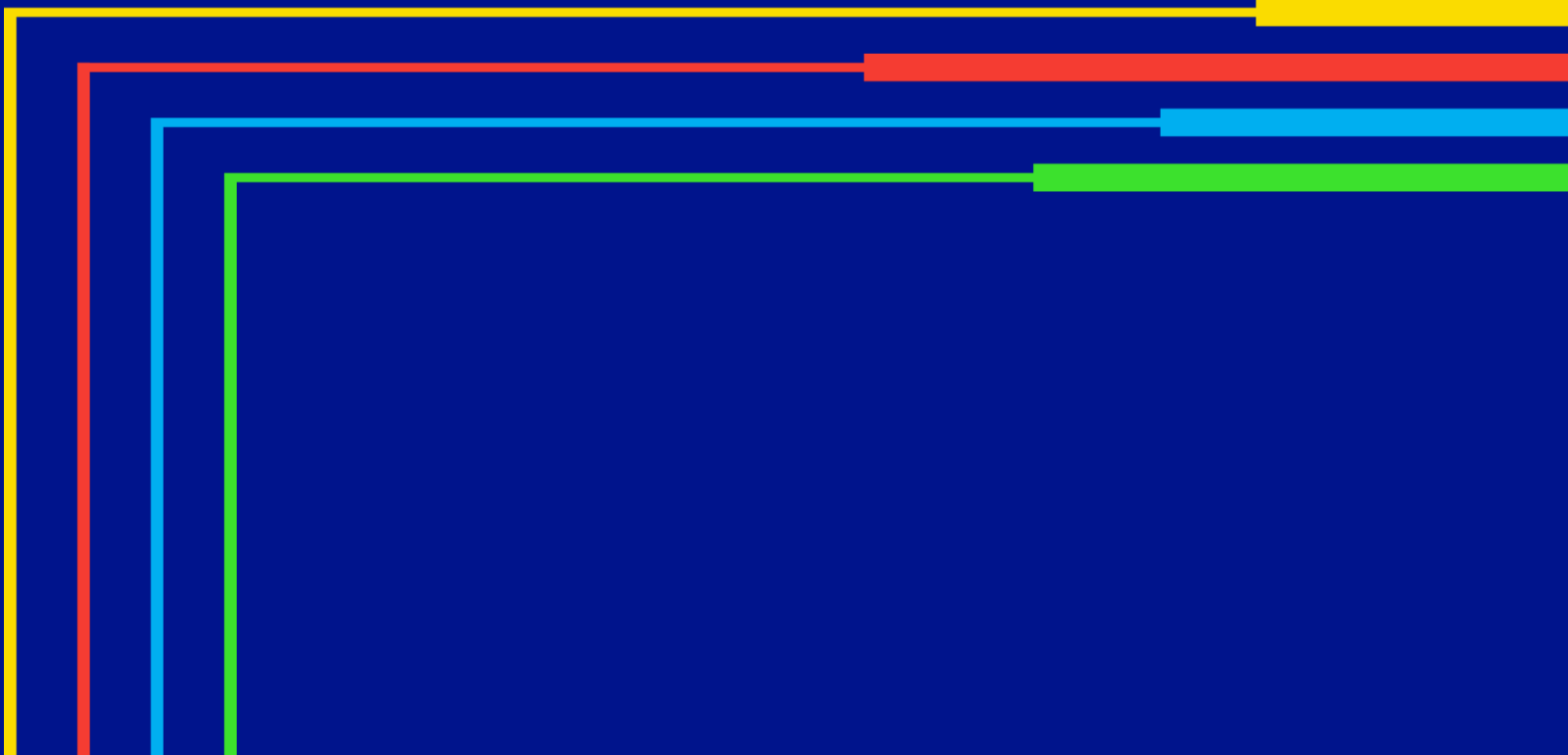
Solutions for fatigue include:

- Get better sleep
- Get 30 minutes of daylight everyday
- Diet
- Drink more water
- Take breaks
- Increase movement
- Manage stress

02

Lighting Incentive Changes for 2024

Josh Kessler joshua.kessler1@nationalgrid.com



2024 Lighting Updates

Jan 24, 2024

C&I Lighting Incentive Updates

- **Increased prescriptive lighting incentives by substantial margin**

Objective: Support late adopters of LEDs

Larger incentive bumps to fixtures with controls

Incentives likely to decline in 2025.

- **Reminder:**

2024 is the final year for uncontrolled lighting (except Small Business Turnkey program).

2025-2027: Controls and fixtures with controls still eligible.

- Finalizing details on certain measures.

Application form:

Linear Lamp & Ballast Replacement

Measure	Code	2024 Incentive	Increase vs 2023
T8 A/B	81AT8	\$5	No change
T5 A/B	81AT5	\$10	No change
U-Bend A/B	81ATB	\$10	No change
Type C T8	81	\$15	+\$7
Type C T5	81D	\$20	+\$2

Indoor Luminaires & Retrofit Kits

Measure	Code	2024 Incentive	Increase vs 2023
Troffer Retrofit	88A	\$50	+\$10
Premium Troffer	88B	\$70	+\$10
Linear Ambient	89	\$70	+\$25
Low Bay	86A	\$120	+\$20
HB	86B	\$170	+\$20
HO HB	86C	\$250	+\$50
Luminaire-Level Lighting Controls	63A	+\$90/lamp	+\$45/lamp

Outdoor Luminaires & Retrofit Kits

Measure	Code	2024 Incentive	Increase vs 2023
Low-Output Outdoor (250-5,000 lumens)	85A	\$150	+\$50
Mid-Output Outdoor (5,000-10,000 lumens)	85B	\$170	+\$20
High-Output Outdoor (10,000-30,000 lumens)	85C	\$250	+\$50
Very High-Output Outdoor (>30,000 lumens)	85D	\$300	+\$50

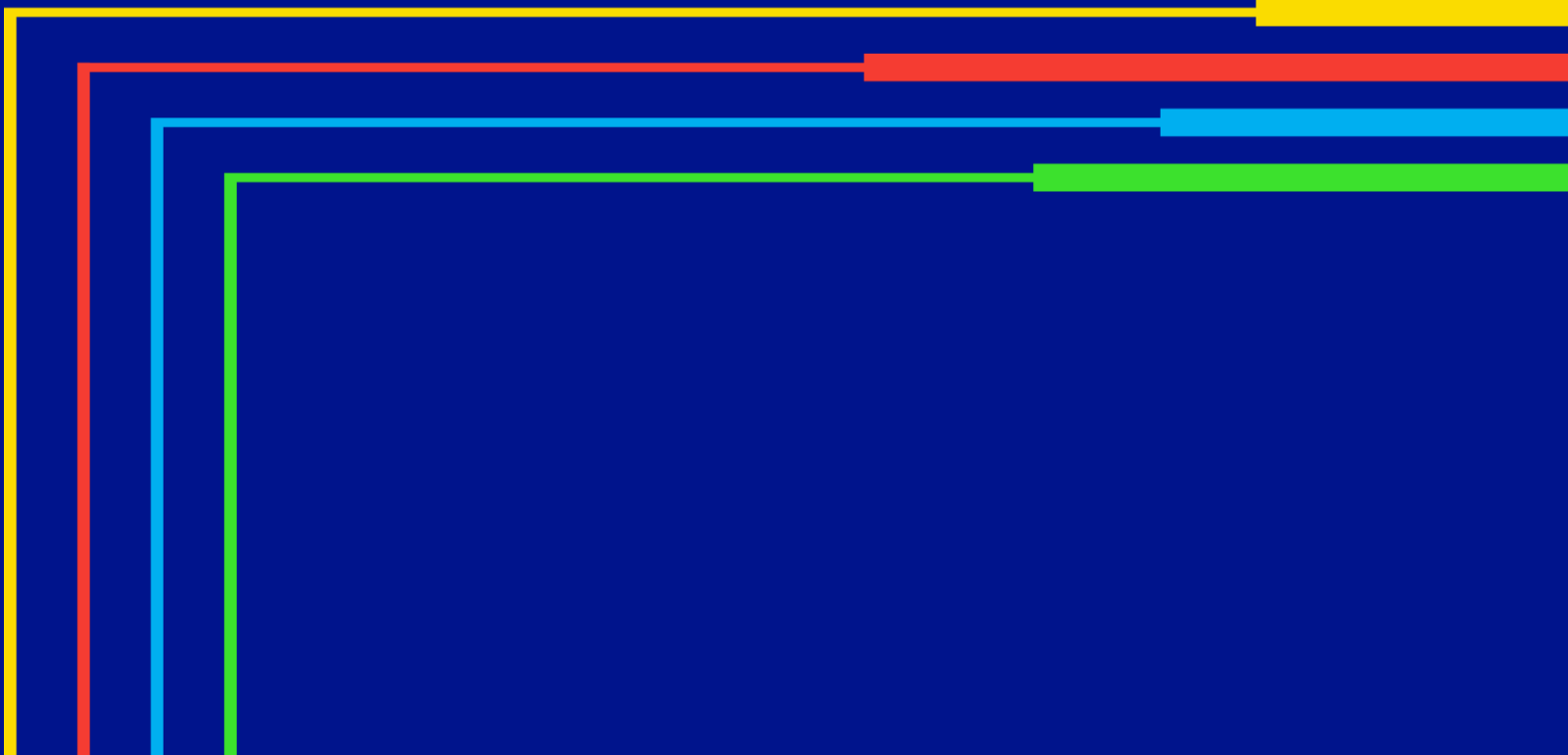
Sensors & Controls

Measure	Code	2024 Incentive	Increase vs 2023
Remote Occ Sensor	61	\$40	+\$10
Day Dim/Occ Sensor	62	\$25	+\$10
Interior Integral Dual Sensor	63	\$45	+\$10
Interior NLC Cap	63A	\$90	+\$45
Wall Mounted Occ	64	\$30	+\$10
Outdoor integral Dual	65	\$40	+\$10
Outdoor integral Dual NLC	65A	\$90	+\$35
High Bay Occ	68	\$40	+\$15

03

New Verification Process for NLC/LLLC

Jerry Song jerry.song@nationalgrid.com



Performance Testing Form

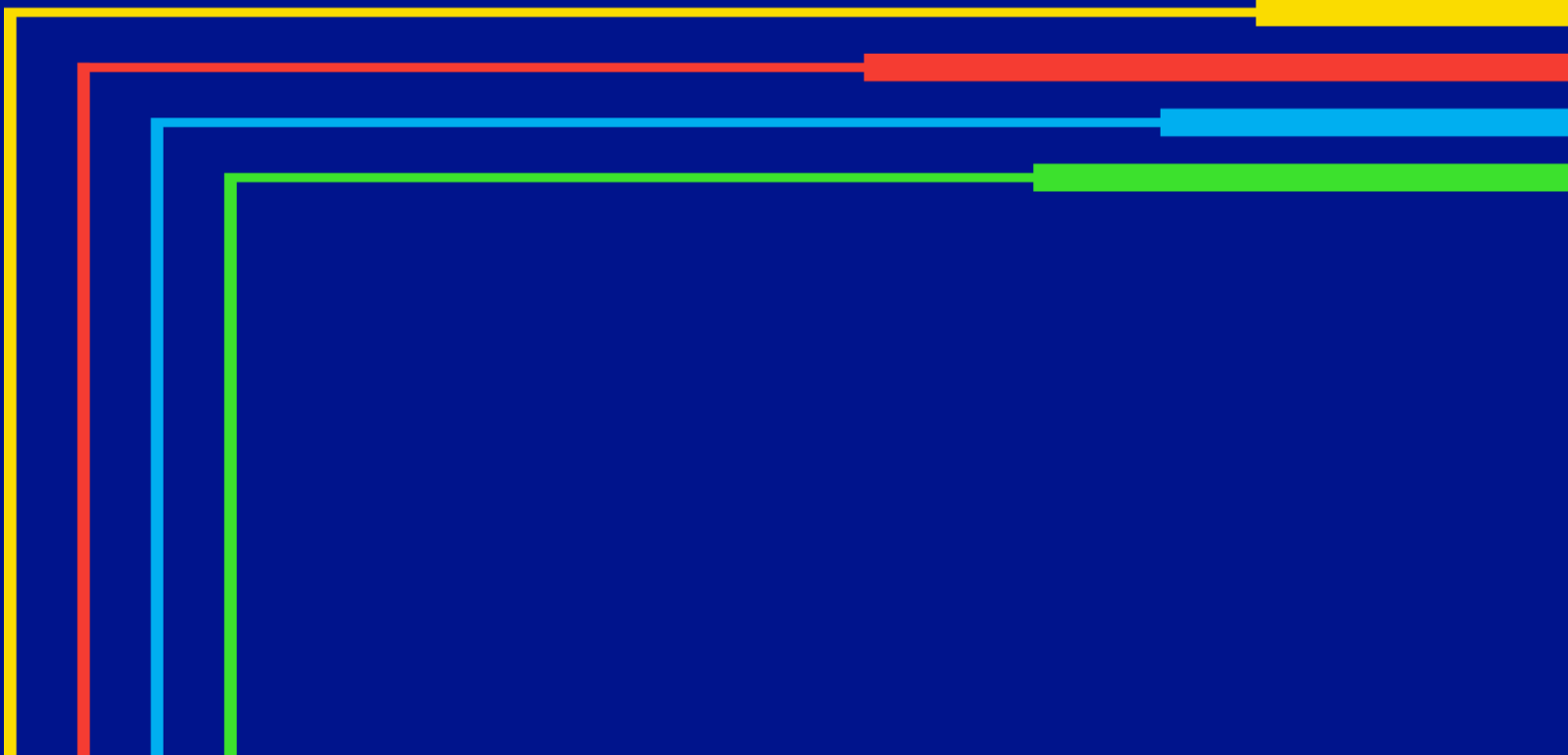
Zone Type (ex: Classroom, Lobby, etc)		Classrooms	
# of total controlled and networked fixtures in this zone type (Including # of UIC)	30 Classrooms with a total of 300 lights		
Implemented Control Strategies			
High End Trim	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	% of Max Output:	70%
Scheduling	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Dimming Schedule - Please describe schedule and % output (or off) at each level:	
		Mon-Friday	Sat-Sun
		8am-4pm-80% output	Off All Day
		4pm-10pm-50% output	
		10pm-8am-OFF	
Occupancy Sensing	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Occupancy Time-Out:	10 Minutes
		% Output:	20%
Daylight Harvesting	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Notes: Some classrooms have no windows.	
Description of Testing Performed	Project walked with customer to determine everything was properly functioning. Will return in 3 months to resolve any noticeable issues.		
Customer Sign Off- By Signing this for the customer confirms all controls are functioning as expected. Signing this form also confirms customer has received sufficient training on the system to operate independently.			
Print Name: _____ Sign _____ Date: _____			

04

Engineered Tax Services (ETS)

Cost Segregation, Disposition & 179D

Cindy Blumenfeld cblumenfeld@engineeredtaxservices.com





Implement Specialty Tax to Take Your Firm to the Next Level



Presenter | Cindy Blumenfeld
Client Development Director



Innovative | Ethical | Transparent

About our Speaker

Cindy has generated 100s of millions of dollars in tax savings for her clients.

- She is a Seasoned Public Speaker.
- She enjoys Sharing the latest and greatest with the AIA, CPA and Real Estate community.
- She is able to uncover significant tax savings that are too often missed through various specialty studies, such as Cost Segregation, R&D and 179D Energy Certifications.

Maximizing Opportunities for Real Estate

Via energy tax incentives, cost segregation,
disposition, abandonment, tangible property
repairs & maintenance regs



goal of cost segregation studies

“Would you rather get your money back today or in 39 years?”

- Goal = to identify all construction-related costs that can be more quickly depreciated over 5, 7, 10 and 15 years and reclassified from 39, 31.5 and 27.5 years
- Traditional depreciation for Real Property is 39 years for commercial property and 27.5 years for residential rental property
- Reducing tax lives results in accelerated depreciation deductions, a reduced tax liability, and increased cash flow

“You must pay taxes. But there's no law that says you have leave a tip.”

60 seconds smarter



items to be reclassified

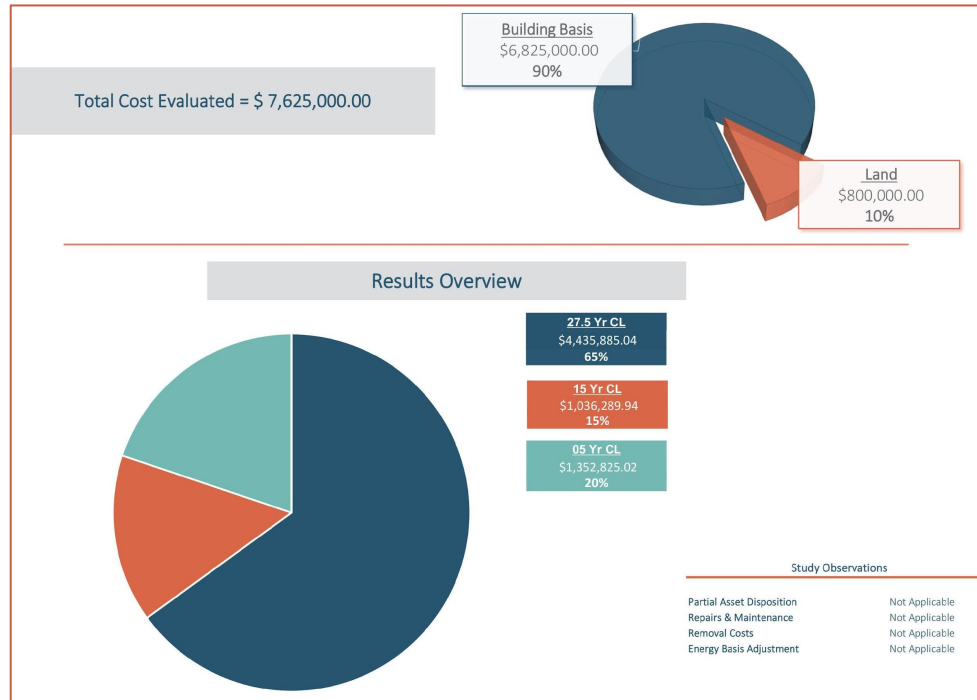
- Site Improvements (landscaping/parking)
- Light Fixtures
- Branch wiring
- Special Plumbing
- Flooring
- Millwork
- Millwork Window Coverings
- Partition Walls
- Cabinetry
- Furnishings
- Shelving
- Wall Coverings



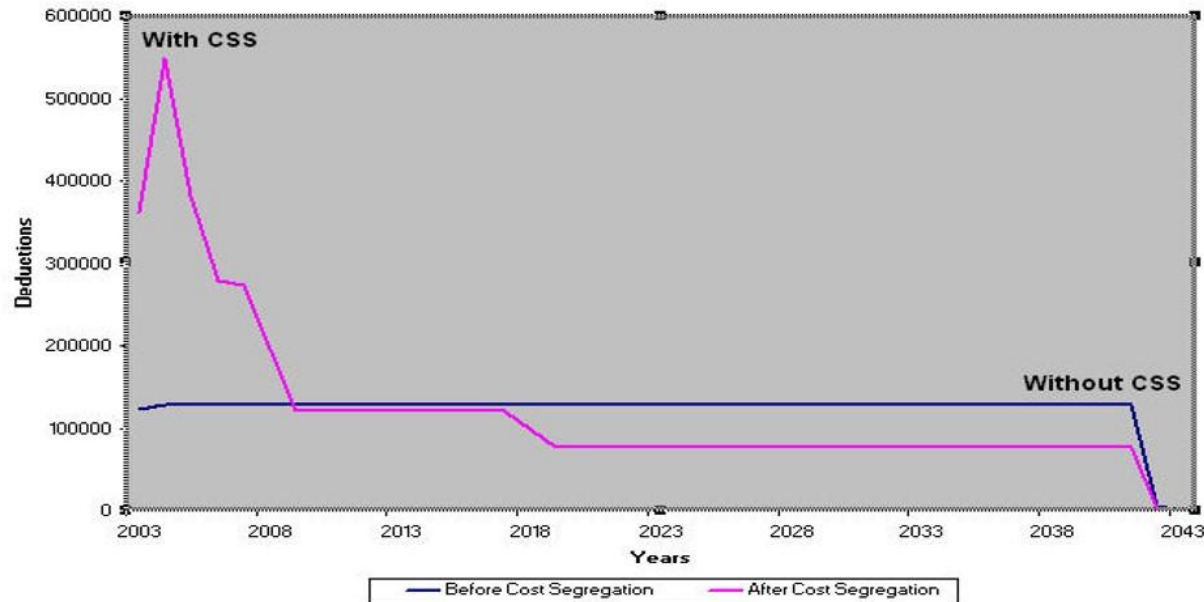
Cost Segregation – Senior Housing Example

Study	Class Life	Asset Allocation	Reclass %
Purchase			
	05 Year CL	\$1,352,825.03	19.82%
	15 Year CL	\$1,036,289.94	15.18%
	27.5 Year CL	\$4,435,885.04	64.99%
Total Depreciable Basis:		\$6,825,000.00	100%

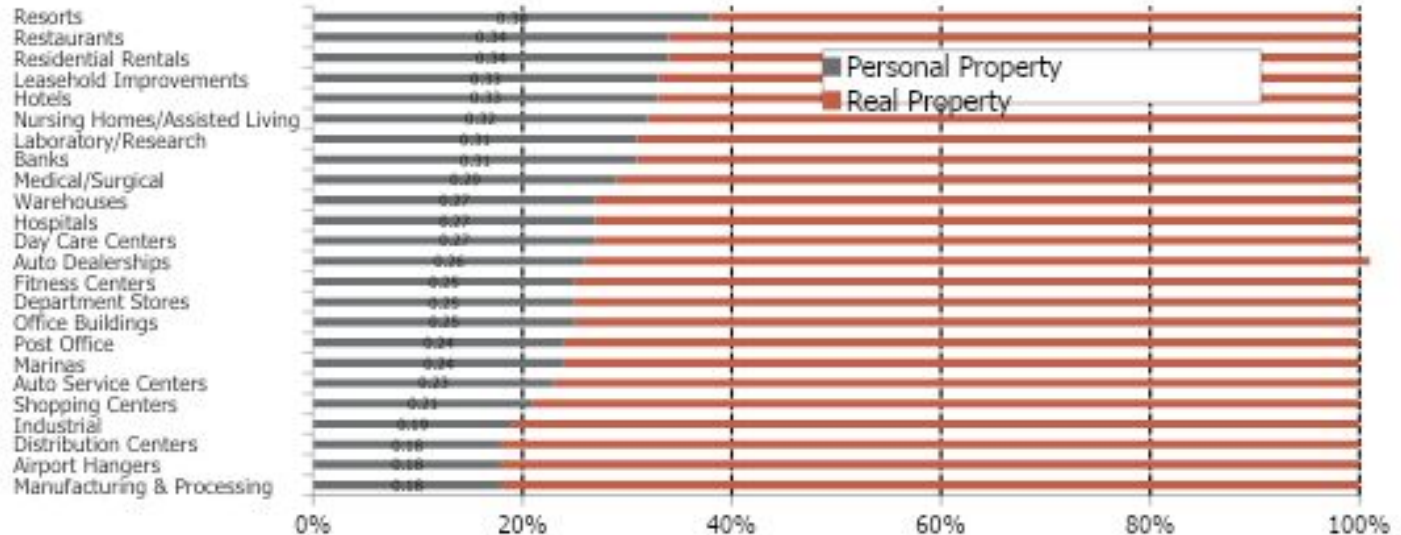
Cost Segregation – Senior Housing Example



depreciation deductions with/without cost segregation – you decide



which properties benefit most?



cost segregation recent results



Project: Apartment Complex – 12 Complexes

Cost: \$18,100,000

5 Year Tax Savings: **\$1,585,222**



Project: High-End Office Building

Cost: \$5,234,125

5 Year Tax Savings: **\$625,678**



Project: Hotel

Cost: \$7,123,456

5 Year Tax Savings: **\$812,145**

insurance

- Detailed Engineering Insurance Replacement Appraisal
 - Takes the guess work out of property evaluations for insurance rating purposes.
 - Provides a detailed analysis of the actual cost to rebuild or repair insured property.
- Reduces Insurance Premiums
- Improves Coverage Conditions and Terms

Abandonment & Partial Dispositions

- Often, the existing system of an improvement/renovation (lights, HVAC, roof, etc.) remains on the 39-year depreciation schedule for immediate deduction
- Owners can increase the value of cost segregation and 179D by incorporating Abandonment and Partial Dispositions into their study for increased cash benefit and reduced ROI
- This is the method of disposing of the value of an asset that has been removed for an immediate tax deduction



Abandonment Case Study

Details:

- 100,000 sq. ft. facility – office and warehouse
- Relighting cost: \$150,000
- Utility and other rebates: \$65,000
- EPAAct tax deduction: \$60,000
- Abandonment deductions: \$90,000

Results:

- Post-tax benefits based on a 35 percent tax rate = \$52,500 (\$150,000 at 35 percent)
- Actual total cost = \$31,500 (\$150,000 less rebate and tax benefits)



179D Summary

Who Qualifies?

2006 – 2022

- Commercial building owners
- Designers of buildings owned by governmental entities

2023

- Commercial building owners
- REITs
- Designers of buildings owned by:
 - Government entities (including tribal)
 - Non-profits
 - Religious organizations



179D Summary – Tax Deduction Criteria

2020 - 2022

- ASHRAE 90.1 -2007 or the standard from two years prior to the start of construction
- Lifetime cap was in place

2023 and Beyond

- Most recent of ASHRAE 90.1-2007 or the most recent ASHRAE Standard approved by the Secretary of the Treasury four years prior to the building being placed in service
- Three-year cap which allows a taxpayer to claim the deduction every three years if/when improvements have been made to increase efficiency. (Four years for governmental, tribal and non-profits)
- Currently new construction must “model” at least 25 percent more efficient over the ASHRAE 90.1 (2016) baseline to qualify for an incentive on the sliding scale

179D Summary – Tax Deduction

2006 - 2022

- Interim rules at .60 cents/sq ft federal tax deduction for:
 - Interior lighting
 - HVAC and hot water systems
 - Envelope (roof and windows)
- OR whole building \$1.80/sq ft
- Applicable to new construction and retrofits of commercial buildings and high-rise (4+stories) multifamily projects
- The deduction can be claimed retroactively up to three years

2023 and Beyond

- Base deduction:
 - Sliding scale starting at .50 cents/sq ft for energy savings of 25 percent
 - Allows an additional .02 cents/sq ft for each % above 25 percent
 - Up to \$1/sq ft for energy savings of 50 percent or greater
- Bonus deduction (prevailing wage/apprenticeship):
 - Sliding scale starting at \$2.50/sq ft for energy savings of 25 percent
 - Allows an additional .10 cents/sq ft for each % above 25 percent
 - Up to \$5/sq ft for energy savings of 50 percent or greater

179D Summary – Tax Deduction

Efficiency Gain Over Baseline	Deduction Amount “Base Rate”	Labor Standards “Bonus Rate”
25 % (minimum)	50 cents per sf ²	\$2.50 per ft ²
30%	60 cents per sf ²	\$3.00 per ft ²
35%	70 cents per sf ²	\$3.50 per ft ²
40%	80 cents per sf ²	\$4.00 per ft ²
50% (maximum)	\$1.00 per sf ²	\$5.00 per ft ²

Retrofit Plan:

When installing Lighting or HVAC only, we must collect the design plans, then provide 12 months of utility bills before, and 12 months after installation. The deduction would be taken the following tax year.

*Construction started prior, but not completed until 2023 can achieve the 5X multiplier without any prevailing wage & apprenticeship requirements.



Client Information Brief



179D Energy Information Request

ETS Client Company Name:	
ETS Client Name and Address:	
Property Name:	
Purchase Price:	Purchase Date:
Property Address:	
Square Footage of Building:	
Type of Building:	
Number of Buildings:	Improvement Costs:
Date of Building/Improvements Placed into Service:	
Construction Start Date:	Construction Completion Date:
Which Components are We Analyzing:	
Project is: (Place and X next to the one that applies)	
Purchase_____	
Renovation/Retrofit/Improvements_____	
If renovation, do we want to include an abandonment study? Yes____ No____	
If yes, list the system to be removed or date placed into service:	

Additional Comments

Note s:



Please return form to:

Cindy Blumenfeld

954.439.1671 | CBlumenfeld@engineeredtaxservices.com



179d certification summary – 3 system study



Location	Square Feet	TAX DEDUTION
Office Building, Virginia	33,525sf	\$60,345.00
Total		\$60,345.00

179d certification summary – 3 system study



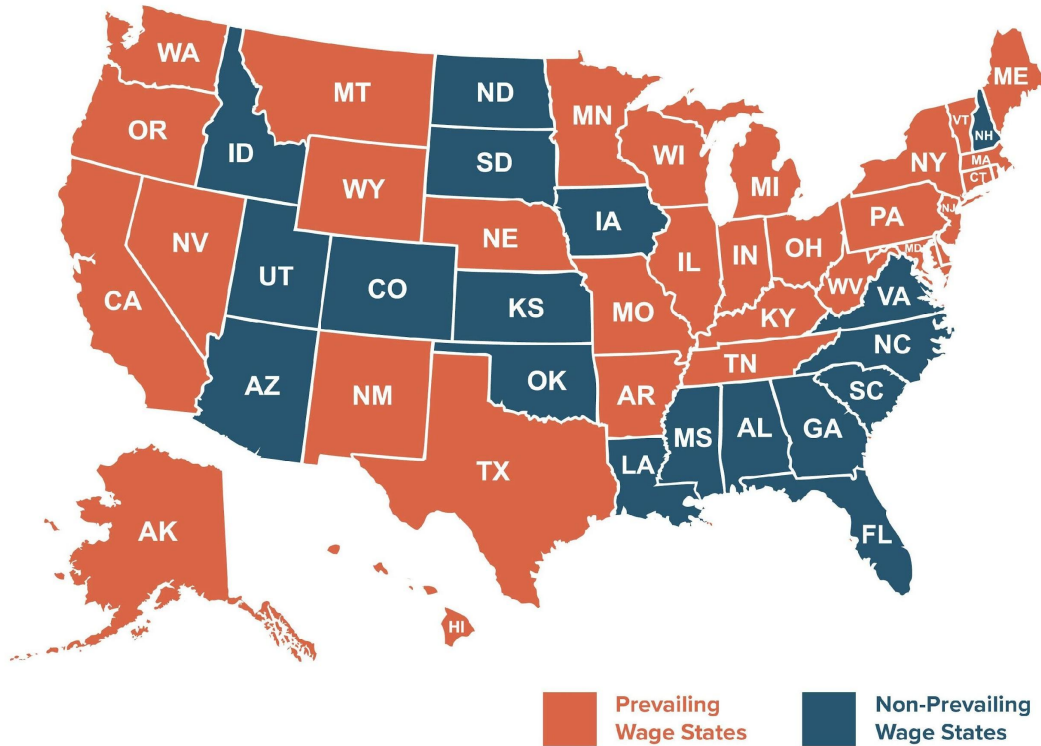
Location	Square Feet	TAX DEDUTION
Elementary School, Maryland	97,500sf	\$170,100.00
Total		\$170,100.00

179d certification summary – 3 system study



Location	Square Feet	TAX DEDUTION
Medical Facility, Texas	110,000sf	\$198,000.00
Total		\$198,000.00

Prevailing Wage Map



45L Tax Credit - Summary

- \$2,000 tax credit per unit
- Appropriations Bill Retroactive Extension
 - Units leased or rented in 2018 - 2022
- Energy-efficient residential homes and multifamily units (Three stories or less)
- Developers, builders, investors
- Requires third-party testing and certification

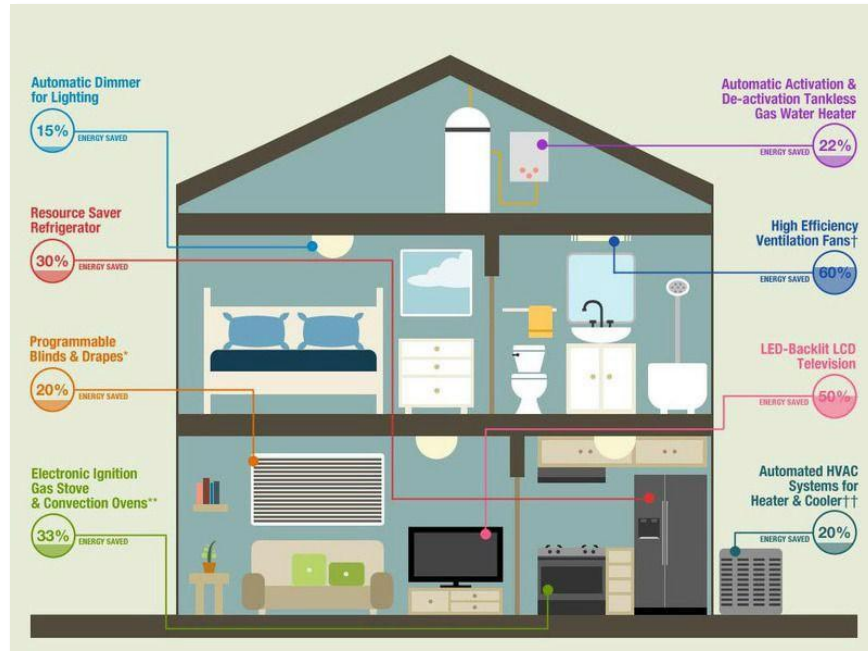


45L Tax Credit - Changes

- Any multifamily and residential
- Buildings can potentially claim BOTH 179D and 45L credits
- Residential units (no height limit)
- Mixed-use must be > 50 percent residential
- Must meet both national and regional EPA requirements
- Per unit credit



45L Tax Credit - Summary



- New construction
- Major renovations
- Unit-by-unit qualification
- Based on unit original sale or lease date
- Passes through to investors
- Required blower-door test
- Pre-qualification recommended

45L Case Studies

Senior Housing in Canyon, TX	Three-Story Study Housing	204 Units	Certified for \$408,000 Tax Credits
Senior Housing in Edinburg, TX	Two-Story Study Housing	252 Units	Certified for \$504,000 Tax Credits
Senior Living Community in Negaunee, MI	One-story Assisted Living Facility	38 Units	Certified for \$76,000 Tax Credits

45L Tax Credit – Qualifications and Credit

Home Type	Qualification Requirement	Prevailing Wage Requirement	Credit Amount
Single Family*	EnergyStar	No	\$2,500
Single Family*	ZERH	No	\$5,000
Manufactured Home	EnergyStar	No	\$2,500
Manufactured Home	ZERH	No	\$5,000
Multifamily	EnergyStar	No	\$500
Multifamily	ZERH	No	\$1,000
Multifamily	EnergyStar	Yes	\$2,500
Multifamily	ZERH	Yes	\$5,000
*Single Family includes site-built and modular single family homes, duplexes and townhomes.			

Circular 230

- The Tax Preparer has an obligation to make sure the 179D preparation is done correctly.

What is the CPA's Exposure?

- IRC Code Section 6694 penalties can be substantial and if a position taken on a tax return was not based upon the substantial authority standard and therefore considered unreasonable. These penalties are in an amount:
 - equal to the greater of \$1,000 or
 - 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

To ensure compliance with Treasury Regulations (31 CFR Part 10, §10.35), we inform you that any tax advice contained in this correspondence was not intended or written by us to be used, and cannot be used by you or anyone else, for the purpose of avoiding penalties imposed by the Internal Revenue Code.

case study – major retailer



179D and Cost Segregation

Over \$35,000 Energy Tax Deduction

Over \$640,000 Additional Five-Year Tax Benefit



179D and Cost Segregation

Over \$1,391,089 Energy Tax Deduction for 6 Properties

Over \$25,277,445 Five-Year Cash Benefit for 4 Buildings

05

Program Updates

Mathew McCarthy Mathew.mccarthy@nationalgrid.com

national**grid**



YTD Paid Electric and Gas Savings as of January 22, 2024

2023 MA Electric EE Savings (LtMWh)						
Sector	Filed Goal	Forecast	Paid	Pipeline	P(%G)	Fc(%FG)
C&I	1,407,093	899,197	760,483	42,392	54.0%	64%
Resi	590,930	576,153	228,328	0	38.6%	97%
LI	110,084	129,107	163,885	0	148.9%	117%
2023 Total	2,108,107	1,604,457	1,152,696	42,392	54.7%	76%

MAGas 2023 EE Portfolio Claimed Savings and Forecast (Net Lifetime Therms)						
	Goal	Paid	P (%G)	Pipeline	Forecast	F(%G)
Commercial & Industrial	64,182,790	21,650,285	34%	10,780,016	33,478,194	52%
<i>Income Eligible</i>	31,969,952	29,429,699	92%	-	29,962,239	94%
<i>Residential</i>	101,410,766	76,395,095	75%	-	101,725,139	100%
2023 Portfolio Total	197,563,508	127,475,080	65%	10,780,016	165,165,572	84%

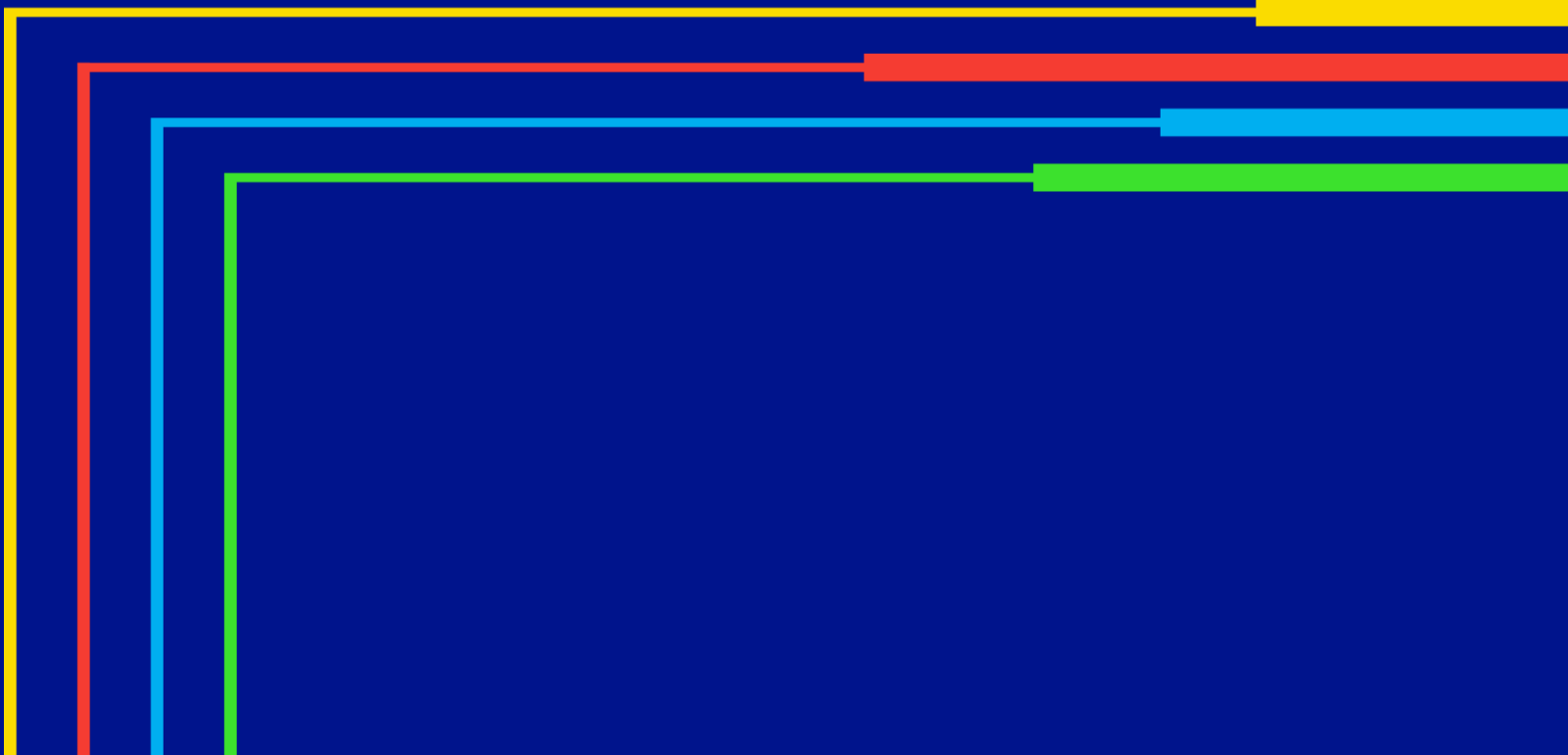
CY 2023 PEX Progress (As of 1/1/24)			
Key Performance Indicators	Goal	Paid	P(%G)
Electric Savings (NLT MWH)	157,360	91,374	58%
Gas Savings (NLT Therms)	2,202,009	848,445	39%
Electric Electrification (NLT MMBTu)	12,345	8,076	65%
Gas Electrification (NLT MMBTu)	35,445	86,322	244%

- **Came up short on gas/electric goals for 2023**
 - Looking for feedback!
- **Strong electrification performance**
- **2024 is last year of this 3YP – Finish Strong!**
- **Individual PEX reports are also available. 1:1s will be scheduled early this year to review 2023 progress and assign 2024 goals.**

06

Quick Hits and Reminders

Mathew McCarthy Mathew.McCarthy@nationalgrid.com



national**grid**

Quick Hits – Reminders

Mass Save Virtual Business Partner Open House

- Event is scheduled for February 5, 2024 from 9AM-3PM. Please save the date. Registration links are forthcoming. Check spam folders for save the date/registration info.

Upcoming Trainings

- Mass Save events and training can be found [here](#).
- Custom/Prescriptive lighting tool training – 1/31/24

Competition Reminder

- The Project Expediter (PEX) competition period to help raise National Grid customer installations and sales completed is now closed. National Grid is still working to close out all 2023 projects. Once 2023 close out is complete, I will provide an update on competition results.

Project Expediter Landing Page

- www.nationalgridus.com/MA-Project-Expediter-Program

PEX Finder Tool Update

- <https://www.nationalgridus.com/project-expediter#perfectPartner>

Quick Hits – Reminders

National Grid Projects

- Monitor and update your ECD (Expected Completion Dates) closely and work with your National Grid Deal teams: Sales/Tech Reps/EEA's respectively.

C&I Heat Pump QPL Update

- In 2024, heat pump eligibility will be changing. From now until 12/31/23, please refer to the column on the next revised QPL (link downloads to excel) "2024 Rebate Eligible?" for indication of "Yes", "No", and "Not Yet Known" to determine which ones will not be eligible starting 1/1/24.

Background Checks

- New PEX employees require Level 2 background checks if they have direct contact with National Grid customers on their property and/or access National Grid database. Contact Accurate Background checks for more details.

Mass CEC Clean Energy Internship Program

- The Massachusetts Clean Energy Internship Program facilitates the placement of college students and recent graduates into paid internships with verified clean energy companies across MA by providing stipends. Employers who would like to participate can start by creating an account and profile on the Mass CEC Workforce portal.

Quick Hits – Reminders

Green Communities Updates

- Key dates/deadlines for Green Communities (GC) are available [here](#).
- GC 2024 competitive grant application is currently being revised and should be posted on CommBuys in the next few weeks. Likely changes include:
 - Applications will be accepted in two blocks – spring and fall of 2024
 - Spring 2024 competitive grant applications are due on 4/12/24 (This date is tentative and subject to change)
 - Projects that reduce the use of fossil fuels will be viewed favorably
 - Funding will be limited for lighting projects
- To be eligible for the spring block, GCs must have:
 - Expended all prior GC designation and competitive grant funds and submitted their final grant reports by 2/2/24
 - Submitted their FY 2023 GC Annual Report by 12/1/23
- Sign up for the GC newsletter [here](#). Make sure to allow green.communities@state.ma.us as an email sender.

07

Looking Forward – 2024 Meeting Dates

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national**grid**



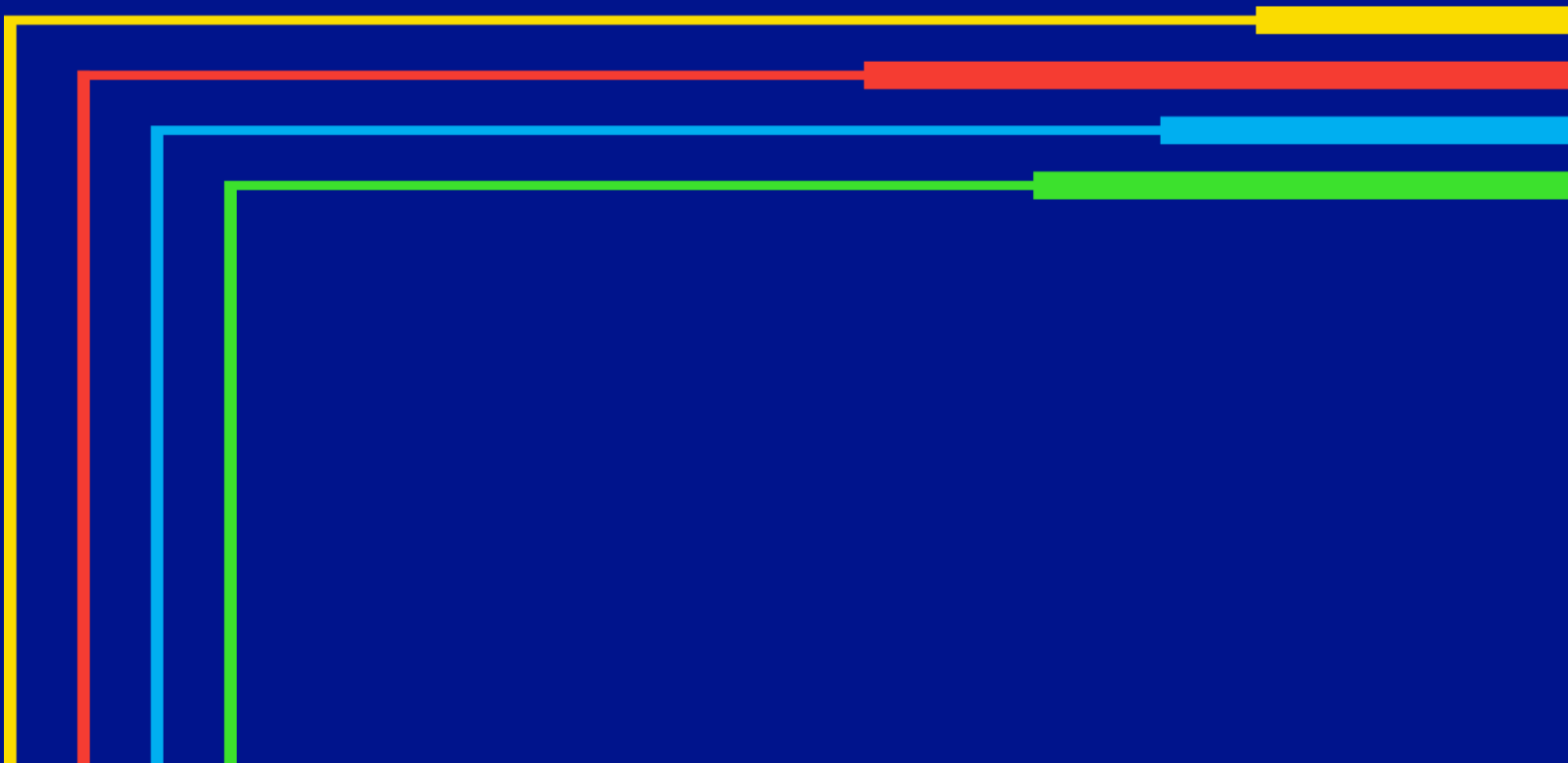
2024 Meeting Dates

Meeting Schedule

- February 21, 2024
- March 20, 2024
- April 17, 2024
- May 22, 2024
- June 26, 2024
- July 24, 2024
- August 21, 2024
- September 18, 2024
- October 23, 2024
- November 20, 2024

Thank You!

Be Safe



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