Oregon Business Energy Tax Credit

Application for Preliminary Certification for Conservation Projects*

* ***For general conservation projects only. Use project-specific forms for the following projects: lighting, rental dwelling weatherization, recycling, renewable resources, hybrid vehicles, alternative fuels, transportation, fuel cells, truck idling, horizontal axis washers, solar photovoltaic and solar water.***

Business owners and others who invest in energy conservation projects in Oregon may be eligible for a state tax credit. The tax credit for Conservation Projects is 35 percent of eligible project costs. The tax credit is filed over five years: 10 percent in the first and second years and 5 percent each year thereafter. For projects with eligible costs of $20,000 or less, the tax credit may be taken in one year. Unused credits can be carried forward up to eight years.

Eligible Applicants

An eligible applicant (a project owner) must meet the following three requirements:

1. Be a trade, business or rental property owner with a business site in Oregon; **OR**
   Be an Oregon non-profit organization, tribe, or public entity that partners with an Oregon business or resident;
2. Own or be the contract buyer of the project; and
3. Use the equipment or lease it to another person or business in Oregon.

Pass-through Option

Non-profit organizations, schools and other public entities that do not have an Oregon tax liability may participate in the Business Energy Tax Credit Program by using the Pass-through Option. Project owners may “pass-through” or transfer their 35 percent tax credit project eligibility 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 project owner 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. **Please note:** The Pass-through Option is also available to a project owner who chooses to transfer his or her tax credit. 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 Conservation Projects **BEFORE** the project owner financially commits to start the energy project**.** For example, **an owner must apply before purchasing equipment or signing a contract**. If a project owner starts a project and then decides to apply for the tax credit, the owner 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.

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. Projects must have a simple payback of more than one year. Projects with simple paybacks greater than 15 years will have eligible costs prorated accordingly. A tax credit recipient must receive a Final

Certificate before the credit can be claimed on an Oregon tax return.

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 project begins:

1. A project owner must complete the Application for Preliminary Certification for Conservation Projects. He or she must send the signed form, supporting documentation, and payment for review charges to the Oregon Department of Energy **BEFORE** the project begins. Incomplete applications will not be accepted. **Note:** Be sure and check the Web site to ensure you are using the latest application version. (Dates are in the lower right-hand corner.)

2. A project owner 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. Please note: A project owner 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 project owner should submit a signed, written, detailed description of the changes to the project and energy savings estimates. An increase in cost only does not qualify as a project change. If the Oregon Department of Energy approves a project change, a project owner may be required to pay an additional review charge.

After the project is complete:

1. A project owner should apply to the Oregon Department of Energy for final certification when the project is completed. If project costs are $50,000 or more, an owner must send a letter from a certified public accountant (not employed by the project owner) stating that he or she has reviewed the project costs. If project costs are less than $50,000, the project owner should send copies of the dated invoices, canceled checks or receipts that are marked “paid.”

2. The Oregon Department of Energy will review the final application and may issue a Final Certificate. Under no circumstances can the Oregon Department of Energy approve more than 110 percent of the amount of eligible project costs shown on the Preliminary Certificate unless the project was amended in writing and received approval before completion. **The sum of all financial incentives and the tax credit may not exceed the total eligible project costs.**

3. The tax credit recipient may file the tax credit over five years (10 percent for years one and two; 5 percent for years three, four and five). If the eligible project costs are $20,000 or less, a project owner may file for the tax credit in one year. The tax credit recipient may begin claiming the tax credit the year the project is finished or the year the Oregon Department of Energy issues the Final Certificate.

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

For questions concerning the project, 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).

Oregon Business Energy Tax Credit

Application for Preliminary Certification

Conservation Project

Pass-through Option
Yes **No** ☐ ☐ I want to use the Pass-through Option* *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.

For office use only
Application #:
Date received:

The Oregon Department of Energy must receive your completed application <u>before</u> you financially commit to start the energy project .

1. Project owner information	
Project owner's name **(The legal owner of the project)**	
Tax I.D. # or SSN*:	
Business name:	
Mailing address:	
City/state/zip:	
Phone:	E-mail:
Principal business activity:	
Contact person for project owner (Who should receive correspondence about this project?)	
Title:	
Phone:	E-mail:

*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 Oregon Department of Revenue to establish the identity of an individual in order to administer state tax law.

OVER

2. Architect, engineer, vendor or contractor for project	
Firm name of architect, engineer, vendor or contractor:	
Address:	Phone:
City/state/zip:	
Contact person:	E-mail:

3. Project site		
Site address:		
City:	County:	Zip:
Total square footage affected by **this project**:		

4. Projected start and completion dates (The date you expect to financially commit to the project – buy equipment, sign the contract, etc. These dates must be in month, day, year format; for example: May 8, 2009)	
Projected start date:	Projected completion date:

5. May the Oregon Department of Energy publicize your project to promote efficiency to other businesses?
☐ Yes ☐ No

6. How did you learn of the Business Energy Tax Credit Program?
☐ Associate ☐ Advertisement ☐ Workshop ☐ Utility ☐ Vendor ☐ Other:

7. Tax credit eligibility requirements—To be eligible, you must meet one of the following requirements. Check the requirement your project will meet.
☐ Save 10% of the energy used in a ☐ new or ☐ existing building
☐ Save 10% of the energy used in a commercial system (e.g., space heating, etc.)
☐ Save 10% of the energy used in an industrial process (e.g., process steam, blast freezer, etc.)
☐ Save 25% of the energy used in lighting system retrofit (If lighting project only, use Lighting application.)

OVER

8. Project description— Describe the project in detail, including present conditions and how the project will change them. Include types, sizes, ages, configuration and efficiency ratings of equipment. Attach a blueprint, line diagram or drawing if necessary to describe your project. If your description is longer than space provided, please use a separate attached sheet.

OVER

9. Equipment specifications and estimated project cost—List the brand name, model and cost of each major piece of equipment. Attach performance specifications. If more space is needed, attach a separate sheet.	
Materials:	**Estimated cost:**
Labor:	**Estimated cost:**
Engineering:	**Estimated cost:**
Other: (Do not include Business Energy Tax Credit review costs)	**Estimated cost:**
Total of Estimated Costs from above:	**A. $**
Deduct federal grants: **Note: 330-090-0110 (19)** (m) The sum of any rebates or cash payments under ORS 469.631 to 469.645, 469.649 to 469.659, 469.673 to 469.683, or 757.612(5)(a), or from a public purpose organization and the Business Energy Tax Credit may not exceed eligible costs.	**B. $**
For new construction, extensive remodeling, or replacing equipment that is beyond its useful service life, **Deduct cost of system that meets Oregon code:** (If codes do not apply, subtract the cost of your least-efficient alternative that is standard practice.)	**C. $**
TOTAL Estimated Project Cost Take A and subtract B and C to get the total Estimated Project Cost (D)	**D. $**

OVER

10. Current annual energy use — This is your annual fuel use **prior** to installing your conservation project. Address all fuel usage impacted by this project. If your fuel type is "Other," specify the type of fuel, the amount and units. Attach meter data, spreadsheet, energy model, or show in the space below how you calculated your answer(s). If more space is needed, attach a separate sheet. To complete this application, fuel types must be converted into the same measurement, MMBtu. A Btu is a British Thermal Unit, a standard unit of measurement used to denote both the amount of heat energy in fuels and the ability of systems to produce heating or cooling. MMBtu represents a thousand thousand Btu. To convert your fuel usage to MMBtu, multiply the annual energy use for each fuel type by the conversion factor and divide by 1,000,000.

Natural gas utility:	Electric utility:

Fuel	A Annual Usage	B X Conversion =	C Annual Usage in MMBtu
Natural gas	therms/yr	**X** 100,000 Btu per therm ÷ 1,000,000 **=**	MMBtu
Electricity	kWh/yr	**X** 3,413 Btu per kWh ÷ 1,000,000 **=**	MMBtu
Oil (diesel #2 only)	gal/yr	**X** 138,800 Btu per gal ÷ 1,000,000 **=**	MMBtu
Other*	/yr		MMBtu
* Call the Oregon Dept. of Energy		**TOTAL**	MMBtu

11. Estimated annual energy use after project is installed — Show the project energy use per year after the project is installed. Show how you calculated your answer. Use the space below or attach separate pages. If your business had a utility energy audit, you may attach copies of relevant pages to support claimed energy savings. If your fuel type is "Other," fill in the type of fuel and the amount in units. If more space is needed, attach a separate sheet.

Natural gas:	therms/year
Electricity:	kWh/year
Oil (diesel #2 only):	gallons/year
Other:	_____/year

OVER

12. Estimated annual energy use saved from the project – Calculate the estimated annual energy saved in MMBtu using the table below.

Fuel	**A** Annual energy use before project (See 10-A) _—	**B** Estimated energy use after project = Installation (See 11)	**C** Annual energy savings	**X Convert annual energy = savings to MMBtu**	**D** **Annual MMBtu saved**
Natural gas	_____therms —	therms	therms	X 100,000 Btu per therm ÷ 1,000,000 =	MMBtu
Electricity	_____kWh —	kWh	kWh	X 3,413 Btu per kWh ÷ 1,000,000 =	MMBtu
Oil (diesel #2)	_____ gal —	gal	gal	X 138,800 Btu per gal ÷ 1,000,000 =	MMBtu
Other*	_____ units—				MMBtu
* Call Oregon Dept. of Energy				**TOTAL**	MMBtu

13. Calculate percentage of energy savings

Total annual energy savings in MMBtu (See 12-D)	÷	Total current energy use before project in MMBtu (See 10-C)	X 100 =	% of energy savings
	÷		X 100 =	%

OVER

14. Annual cost savings: Calculate the cost savings per year using the table below.					
Fuel type	**A** Energy savings per year (See 12-C)	**X**	**B** Cost per unit (See your utility bill)	**=**	**C** Annual cost savings
Natural gas	therms	X	$	=	$
Electricity	kWh	X	$	=	$
Oil (#2 diesel)	gal	X	$	=	$
Other		X	$	=	$
				TOTAL cost savings per year	$

15. Payback period—Calculate the project simple payback period (how long the project will take to pay for itself through its energy savings). To qualify, the payback must be between 1 year and the expected life of the equipment installed. Projects with simple payback over 15 years will have eligible costs prorated accordingly.	
15a. Total estimated cost (see 9-D)	$
15b. Total cost savings per year (see 14-C)	$ /year
Simple payback (15a divided by 15b)	years

16. Business Energy Tax Credit review charge

Applications will **not** be reviewed until review charge is paid in full.

Estimated Project Cost (See 9D) _____x .0060 = $_____

Your required review charge is the amount calculated above, unless your calculated amount is less than $30 or more than $35,000. If your calculated review charge is less than $30, you are required to pay $30. If your calculated review charge is more than $35,000, you should pay $35,000. Please make your check payable to the Oregon Department of Energy and include with this application. You may also pay by Visa or MasterCard.

☐ I want to pay by Visa/MasterCard. Please contact me at this phone number: _____.

If all or a portion of your application is denied, or if a change in your project results in lower costs, a portion up to 75 percent of this payment may be refunded within two years of pre-certification. If you add to your approved project, you must send a written description of the additions and the costs to be eligible for a tax credit. If the Oregon Department of Energy approves the additional estimated costs, an additional payment may be required. For more information, see Oregon Administrative Rule 330-090-0150(2).

OVER

17. Project Owner Preliminary Certification 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 receive 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 (a) 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 claims made by applicant or any parent or subsidiary of applicant and which are related in any way to the Oregon Department of Energy's issuance or failure to issue any pre-certification or final certification to applicant for a Business Energy Tax Credit, or the inability to obtain a Business Energy Tax Credit; and (b) agree to reimburse the State of Oregon for any damages, costs and expenses, including, but not limited to attorney fees and reasonable expenses for agency staff and in-house legal counsel incurred as a result of, or arising from or in any way related to the applicant obtaining certification for a Business Energy Tax Credit by fraud or misrepresentation or failing to construct or operate the facility in compliance with the plans, specifications and procedures in any certification to applicant for a Business Energy Tax Credit. Agreement to the terms of this paragraph by applicants that are agencies of the State of Oregon is subject to the limitations of Article XI, section 7 of the Oregon Constitution and the Oregon Tort Claims Act (ORS 30.260 through 30.300).
7. I understand that the sum of all financial incentives and the tax credit can not exceed the total eligible project cost.
8. I have enclosed a check to the Oregon Department of Energy or will pay by Visa or MasterCard for the review charge.
9. 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.
10. I have completed this form to the best of my knowledge and have not altered any part of the statement.
11. I certify that I am the project owner or the authorized agent.

By signing this Statement, I acknowledge that I have read and agree with the terms and conditions of the Project Owner Preliminary Certification Statement and have not altered any part of the Statement.

Signature: _____ Title: _____

Print Name: _____ Date: _____

Send completed application with full review charge to: **Oregon Department of Energy, 625 Marion St. NE, Salem, OR 97301-3737.** If you have questions, call: **1-800-221-8035 (toll-free in Oregon)** Applications that are incomplete will be returned.