

Case Study:

Majestic Realty Co. Qualifies for Federal Energy Tax Deductions by Installing Energy Efficient Lighting



MAJESTIC REALTY CO.



Sample Calculations

Total System Wattage	650,966
No. of luminaries	1,638
Average Watts per Square Foot	0.69
Does the calculated system exceed the baseline ASHRAE building?	Yes
% Exceeding ASHRAE baseline building	18%
Building Size	950,000 sq.ft.

Majestic Realty made an illuminating move when it took advantage of the Energy Policy Act (EPAAct). The 2005 Federal Energy rule provides deductions for implementation of sound energy conservation measures. To receive the deduction, the building owner must take specific steps to both qualify and certify their building.

ConSol is a West Coast engineering consulting firm with over two decades of experience working with builders. ConSol provided the federal tax credit certification for the Majestic Realty Building 22 at the Grand Crossing in City of Industry, California. The analysis provided by ConSol showed the structure did not qualify for the whole building tax deduction, but it did qualify for the partial building deduction for lighting. Lighting systems installed in most new and retrofit industrial, retail and office spaces are very efficient. This was the case with Majestic Realty's Grand Crossing project.

The tax deduction provisions in EPAAct 2005 apply to specific energy-efficient commercial building property that is located in the US and placed in service between January 1, 2006 and December 31, 2013.

- A one time whole building tax deduction is available up to \$1.80 per square foot.
- A one time partial building tax deduction is available for an upgrade of any one system (lighting, HVAC, or building envelope) up to \$0.60 per square foot.

"ConSol educated us about EPAAct 2005. For our company to not take advantage of this considerable deduction, would have been imprudent," said Fran Inman, Senior Vice President of Majestic

Realty. "ConSol provided exactly what our accounting team needed to process the tax deduction as part of our annual tax documents. ConSol did so in a courteous, quick and efficient manner without disruption."

Federal Tax Deductions requires an engineering firm to run energy simulations. A Department of Energy certified computer modeling program must be used and the actual certification and inspections must be done by a professional engineer or contractor to quantify the expected savings.

Majestic's use of energy efficient lighting also cut kilowatts, saves energy dollars, and helps save the environment. According to US Environmental Protection Agency's calculations, the electricity saved by the lighting upgrade prevents the annual emission of nearly 800 metric tons of carbon equivalent. That's equal to taking 146 cars off the road.

Majestic is a developer of premier master-planned business parks including industrial, office, retail, sports, entertainment and hospitality. Headquartered in the Los Angeles region, they have more than 73 million square feet of development across the nation.

ConSol has been a leading developer of energy solutions for builders since 1981. Services include energy code compliance, mechanical engineering, plumbing design, federal tax credit / utility rebate support, Home Energy Rating System (HERS) inspections, and energy consulting on sustainable communities, carbon footprinting, and emerging technologies.



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DISCLAIMERS: The information contained in this example is an estimate based on the "Performance Rating Method" utilized by ASHRAE 90.1-2004 Appendix G. Please contact ConSol for a detailed review of your building's energy systems. Consult your tax professional for further guidance on tax laws. The calculations shown above are for illustration and educational purposes only.