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Four Simple Steps to Improving Energy Efficiency in the Home

Now is the time for homeowners to take advantage of federal and state tax credits and rebates for upgrading the energy efficiency of their homes and reducing their carbon footprint.

Following are four simple steps to help homeowners understand how easy it is to take advantage of savings on propane appliances while upgrading their home's energy efficiency.

Step 1: Determine the home's energy efficiency need and find out if the desired upgrade qualifies for a federal tax credit.

Replacing a standard electric furnace with a high efficiency propane furnace will increase the energy efficiency of the system by 15 percent and could create even greater savings on heating bills. Natural gas or propane furnaces with an AFUE rating of 95 or higher will also qualify for the federal Stimulus Package tax credits – visit www.dsireusa.org for more details.

Replacing an electric water heater with an Energy Star-qualified propane tankless water heater can cut greenhouse gas emissions by more than 75 percent.¹

Step 2: Review additional criteria for qualification.

To ensure that the efficiency upgrade qualifies for federal tax credits, homeowners should keep these criteria in mind:

- The improvement must be made to the taxpayer's principal residence.
- The appliance must be "placed into service" between January 1, 2009, and December 31, 2010.
- \$1,500 is the most that can be claimed for all products in service in 2009 and 2010 for most home improvements.
- The homeowner must have a signed manufacturer certification statement to qualify.² Some manufacturers make the statements available on their websites.



The Propane Education & Research Council was authorized by the U.S. Congress with the passage of Public Law 104-284, the Propane Education and Research Act (PERA), signed into law on October 11, 1996. The mission of the Propane Education & Research Council is to promote the safe, efficient use of odorized propane gas as a preferred energy source.

Step 3: Purchase and install the new water heater or heating system.

The cost of installation, as well as the purchase price, of a new qualified propane water heater or HVAC system can be applied to the federal tax credit; the maximum federal tax credit is \$1,500. To find a propane retailer who can provide information on the installation of propane appliances, homeowners can visit www.usepropane.com/find.

Step 4: Apply for the federal tax credit and find information on additional savings.

Homeowners should save receipts and the manufacturer certification statement for record keeping although they do not have to submit a copy with their tax return.¹ Improvements made in 2009 will be claimed on 2009 taxes, on IRS Tax Form 5695 (2009 version), which will be available in late 2009 or early 2010.

Homeowners buying propane appliances can also take advantage of any incentives available in their states, through state rebate and tax credit programs and state propane association programs for upgrades to propane. To learn what rebates and tax credits are available in each state for propane appliances — and to get more information on energy-efficient propane appliances — homeowners can visit www.usepropane.com.

¹ The Propane Education & Research Council, www.usepropane.com.

² Federal Tax Credits for Energy Efficiency, http://www.energystar.gov/index.cfm?c=products.pr_tax_credits#c3



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SAMPLE SAVINGS

Appliance: Energy Star–Qualified Propane Tankless Water Heater

State: Kentucky

The average installed cost of a new propane tankless water heater for a 2,500-square-foot home can run approximately \$2,500. This qualifies homeowners for a 30 percent federal tax credit in the amount of \$750.

\$2,500 (cost of water heater including installation)

x .30 (maximum tax credit)

= \$750 (federal tax credit)

In Kentucky, this savings can be combined with a state energy efficiency personal tax credit for an additional 30 percent of the installed cost up to \$250, *and* a \$300 rebate for a propane water heater—if the homeowner switches from an electric water heater—from the Kentucky Propane Education and Research Council. This makes possible a combined savings of more than \$1,150 on a \$2,500 purchase and installation price.

\$750 (federal tax credit)

+ \$250 (state tax credit)

+ \$300 (Kentucky Propane Education and Research Council rebate)

= \$1,300 in savings

TOTAL COST OF A NEW PROPANE WATER HEATER: \$1,200



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Appliance: Energy Star–Qualified Propane Furnace

State: Pennsylvania

The average installed price of a high efficiency , 95 AFUE propane furnace is approximately \$5,000 for a 2,500-square-foot home. This qualifies homeowners for the maximum federal tax credit of \$1,500.

$$\begin{aligned} & \mathbf{\$5,000 \text{ (cost of furnace including installation)}} \\ \times & \mathbf{.30 \text{ (maximum tax credit)}} \\ = & \mathbf{\$1,500 \text{ (federal tax credit)}} \end{aligned}$$

In Pennsylvania, residents are eligible for a Keystone HELP Energy Efficiency Loan and Rebate Program if they purchase an Energy Star appliance such as a furnace, boiler or heat pump. Note that 95 AFUE furnaces which qualify for the federal tax credit will also meet Energy Star requirements. The rebate is equal to 10 percent of the cost of purchase and installation, with a maximum rebate of \$250. This increases the appliance savings to \$1,750.

$$\begin{aligned} & \mathbf{\$1,500 \text{ (federal tax credit)}} \\ + & \mathbf{\$250 \text{ (state rebate)}} \\ = & \mathbf{\$1,750 \text{ in savings}} \\ \mathbf{TOTAL COST OF A NEW PROPANE HEATING SYSTEM: \$3,250} \end{aligned}$$



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