

---

---

# WEATHERIZATION INDUSTRIES SAVE ENERGY

565 21<sup>ST</sup> ST SE SALEM, OREGON 97301 • (503) 569-1381 • WEATHERIZATIONALLIES@GMAIL.COM

---

---

## COMMENTS ON HB 2447

The Residential Energy Tax Credit is a great success story in Energy Efficiency. It has consistently helped homeowners make energy saving improvements to their homes while keeping utility rates low, creating jobs, and pushing markets to higher levels of performance and efficiency. Extending the sunset of this program will allow Oregon to continue to push the residential energy efficiency market forward.

### **RETC has Caused an HVAC Revolution**

One example of the effects of the RETC is how it has transformed residential HVAC with the introduction of ductless heat pumps into Oregon. These units often reduce homeowners' heating and cooling costs by 65%. Just five years ago ductless heat pumps were almost unknown in Oregon but, with the help of the RETC program, are now allowing many thousands of homeowners to heat and cool with a product that is relatively low cost and significantly more efficient than almost any other heating system available. Without the RETC, ductless heat pumps would still be a niche product, with RETC they are widespread.

### **Implementing the 50% of Cost Cap is Problematic**

WISE is generally supportive of capping tax credits at 50% of project cost; however, the mechanism proposed in HB 2447 will likely lead to unfortunate unintended consequences. Experience has shown, through multiple incentive programs, that an incentive set at X% of cost up to \$Y tends to distort prices. As an example, for many years the RETC for duct sealing was set at 25% of cost up to \$250. In response, the minimum de facto market rate cost of duct sealing became \$1000. Contractors had simply responded to customers' desires to maximize the tax credit. When the incentive was changed to 100% of cost up to \$460, the average price of duct sealing dropped.

A better mechanism for implementing the 50% cap would be to direct the Department of Energy, by rule, to cap the maximum credit (in dollar terms) at 50% of the *average* installed cost of the measure and forego a per-job percentage cap.

Weatherization Industries Save Energy (WISE) is a trade association of weatherization and HVAC contractors and manufacturers. It is dedicated to promoting energy conservation through the services of its members, keeping conservation measures affordable, and providing policy-makers with the experience-based knowledge of business owners. For more information contact Jeremy Anderson at (503) 569-1381.