



## Generating Additional Revenue Through 179D Rebate and Carbon Credits

**Overview** – An opportunity exists to monetize carbon credits earned from energy efficiency savings, transition to solar power and other renewables. Through a streamlined digitized process those reduced CO2 emissions can be monetized into carbon credits or offsets and sold to investors worldwide generating a significant and ongoing revenue stream for your organization. Real change in Green House Gas (GHG) reduction will only occur from corporate behavior changes. You may be ahead of many others in GHG reduction, initiated by your commitment to energy performance contracting, redevelopment, or repositioning years ago to reduce utility costs and GHG.

### What are Carbon Credits?

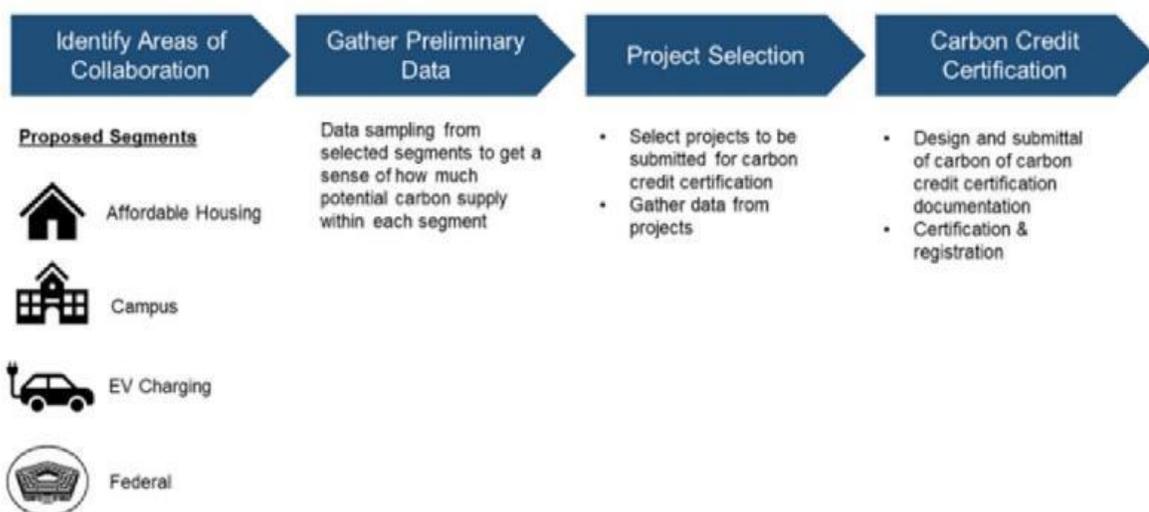
A carbon credit represents one ton of carbon dioxide removed from the atmosphere. They can be purchased by an individual or, more commonly, a company to make up for carbon dioxide emissions that come from industrial production, delivery vehicles or travel. Buyers, purchasers of carbon credits often are driven to offset their GHG production by locality, state, or country's GHG reduction goals. Ignoring the mandates to reduce GHG can cause significant monetary penalties to a violating party.

### How Does It Work?

Sequestra has sourced un-monetized carbon credits from various sustainability projects from various market segments including low-income housing, energy efficiency projects, biogas projects, EV charging projects, corporate renewable energy projects, and industrial carbon sequestration projects. Sequestra has partnered with various technology companies, such as IBM, to build this platform. Flow process for securing carbon credits below:

## Monetizing Carbon Credits

Proposed Steps for Collaboration



### Why is Sequestra's Carbon Credit Program Good for Your PHA?

The heavy lifting to undertake an energy redevelopment project has been completed by your organization. Your properties benefited by reducing utility expenses and in addition, can now monetize its GHG reduction, resulting from its past and future utility savings and solar project. Your organization's role going forward is to report savings as reported in its measure, verification, or energy performance reports. Sequestra carries the water to monetize the carbon credits, finding national or international buyers and sends the proceeds to you. In addition to the initial proceeds, the carbon credits can also result in an annuity if the project continues to generate carbon reductions.

What Is the Cost to Get My Payment? **There is no-upfront-cost** as Efficiency Energy's fee is paid upon successful delivery of your payment, which varies by project but is agreed in advance by you.

### What are the Opportunities for Me?

We looked at the performance consumption savings for 9 Housing Authorities (HA). The annual opportunity revenue for each HA is highlighted in green.

Project	Amount	Elect Savings (kWh)	CO2 Tons/Year (kWh)	Gas Savings (therms)	CO2 Tons/Year (Therms)	CO2 Tons/Year	+@\$100/ton
1	\$14,000,000	1,699,397	1,205	563,805	2,988	4,193	\$419,304
2	\$10,014,373	3,948,205	2,799	345,909	1,833	4,633	\$463,260
3	\$7,376,625	2,005,213	1,422	65,975	350	1,771	\$177,136
4	\$7,337,953	427,960	303	257,054	1,362	1,666	\$166,581
5	\$11,959,870	1,662,711	1,179	76,244	404	1,583	\$158,296
6	\$8,990,773	3,279,902	2,325	1,168	6	2,332	\$233,164
7	\$7,494,029	1,726,251	1,224	178,979	949	2,173	\$217,250
8	\$3,105,506	292,167	207	4,963	26	233	\$23,345
9	\$2,957,063	160,674	114	0	0	114	\$11,392
		15,202,480	10,779	1,494,097	7,919	18,697	\$1,869,727

### **179D Tax Rebate Program**

The second opportunity is through 179D of the US Tax Code. Through a special rule, public agencies can be compensated \$2.50 - \$5.00/sf for energy conservation work (lighting, HVAC, hot water and building envelope) completed and put into service in 2019, 2020 and 2021 going forward. HAs have taken advantage of this including the Chicago Housing Authority, New York, and Boston.

### How Does 179D Work?

The statute is blind as to the source of funds; therefore, HAs who have used Capital funds, ARRA monies, State or DOE grants or have gone through an energy performance contract can count those monies toward the 179D benefit.

The IRS guidance states that governments may allocate their 179D deduction to ESCOs, architects or engineers who designed energy efficient elements of their buildings and like other governmental assets, the governments can receive in exchange for a negotiated payment from the ESCO, architect or engineer a portion of the tax benefit of the 179D deduction confirmed in a transfer agreement accounting for the processing costs including certification, legal, accounting, data gathering fees, etc. that Efficiency Energy LLC. processes for you. The deduction can be taken by designers on building projects completed for not-for-profit entities, instrumentalities, and Tribal Governments. 179D commercial buildings energy-efficiency tax deduction also enables building owners to claim a tax deduction for installing qualifying systems.

What is the Process?

Efficiency Energy LLC. manages and processes each of these six key steps to success: 1. Feasibility study to determine your eligible amount & verify with your participating suppliers; 2. third party energy modeling with DOE-approved software; 3. Qualified verifier site visit; 4. 179D Allocation Agreement; 5. 179D Certification by PE or Architect. 6. Closing statement & documentation with legal, accounting, governmental entity & suppliers.

What Is the Cost to Get My PHA Payment? There is no-upfront-cost as Efficiency Energy's fee is paid upon successful delivery of your payment, which varies by project but is agreed in advance by you.

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