

ENERGY EFFICIENT INVESTMENTS

Special points of interest: INVEST IN ENERGY CONSERVATION MEASURES

- Equate ECMs to Sales
- ECMs as a capitol investment
- Instantaneous ROI
- Tax Benefits

The best investment these days is an investment in energy efficiency.

Improving the efficiency of the buildings and facilities we operate in is the best way to create a hedge against future increases in energy cost.

By reducing energy consumption we not only create a hedge against rising energy costs but create an attractive investment that is inherently more stable than the stock or bond market. Take a moment to look at the examples on the next page in the "Did You Realize?" section of this document.

Most Energy Conservation Measures pay for them selves within 3 -7 years. And in most cases utilities will provide incentives and rebated to reduce the payback time even more.



There are also special tax incentive for energy conservation measures installed in 2008.



What are Energy Conservation Measures?

Energy Conservation Measures or ECMs are targeted improvements to building systems;

Lighting and Lighting Controls

Heating and Cooling Systems

Energy Management Systems

Building Envelope

Drives and Motors

Refrigeration Equipment

If you are interested in learning more please contact us at :

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Commercial / Small
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Focus on the customer!



Did You Realize?

From a Sales point of view if your net income as a percent of sales is 4%, saving \$5000 in energy cost is equivalent to an increase of \$125,000 in sales.

From an investment point of view making an investing of \$50,000 that will save the company \$20,000 annually over the next five years (life of the measure), recouped within 2.5 years.

The total nominal savings amount is estimated \$100,000 (\$20,000 x 5 years) over the life of the ECM. The Internal Rate of Return (IRR) of this investment is 29% if fuel cost remains flat. This is significantly higher than the standard 18-20% corporate IRR for Capital Investments.

IRR calculated with fuel cost inflation of 4% yields an IRR of this investment of almost 32%.

Or to look at yet another way the required investment to generate the \$50,000 return at a standard corporate IRR of 18% is \$62,500. The investment in energy efficiency yields an "instantaneous rate of return" of \$12,500 or 25%

TAX BENEFITS OF INSTALLING ENERGY CONSERVATION MEASURES

WASHINGTON — The Internal Revenue Service today issued an advance copy of a notice on how commercial building owners or leaseholders can qualify for the tax deduction for making their building energy efficient. The notice establishes a process to certify the required energy savings in order to claim the deduction.

The commercial building deduction, which was enacted in the Energy Policy Act of 2005, allows taxpayers to deduct the cost of energy-efficient property installed in commercial buildings.

The amount deductible may be as much as \$1.80 per square foot of building floor area for buildings that achieve a 50-percent energy savings target. The notice provides that buildings below the 50-percent threshold may, nevertheless, qualify for a deduction of up to 60 cents per square foot of building floor area if they meet a 16 $\frac{2}{3}$ -percent energy savings target.

Note: These provisions, originally set to expire 12/31/2007, have been extended through 12/31/2008 as set forth in the Tax Relief & Health Care Act of 2006.