

## Notice 2006-52

### *Deduction for Energy Efficient Commercial Buildings*

#### SECTION 3. METHOD OF COMPUTATION

##### **.01 In General.**

The Performance Rating Method (PRM) must be used to compute the percentage reduction in the total annual energy and power costs with respect to combined usage of a building's heating, cooling, ventilation, hot water, and interior lighting systems as compared to a Reference Building that meets the minimum requirements of Standard 90.1-2001.

##### **.02 Performance Rating Method (PRM).**

For purposes of this notice, the PRM includes the following computations:

(1) Reference Building Energy and Power Costs equal the sum of the energy and power costs for the following components of the Reference Building:

- (a) Interior Lighting,
- (b) Heating,
- (c) Cooling,
- (d) Ventilation, and
- (e) Hot Water.

(2) Proposed Building Energy and Power Costs equal the sum of the energy and power costs for the same components of the Proposed Building.

(3) Percentage Reduction in Energy and Power Costs is determined by—

- (a) Subtracting Proposed Building Energy and Power Costs from Reference Building Energy and Power Costs; and
- (b) Expressing the difference as a percentage of Reference Building Energy and Power Costs.

##### **.03 Reference Building.**

For purposes of this notice, the Reference Building is a building that is located in the same climate zone as the taxpayer's building and is otherwise comparable to the taxpayer's building except that its interior lighting systems, heating, cooling, ventilation, and hot water systems, and building envelope meet the minimum requirements of Standard 90.1-2001.

The energy performance of the Reference Building shall be determined by following the methods for **baseline building performance** in the PRM in Appendix G of Standard 90.1-2004.

In calculating baseline building performance, the Reference Building shall use the following additional requirements from the 2005 **California Title 24** Nonresidential Alternative Calculation Method (ACM) Approval Manual:

- (1) Number of occupants, occupant sensible and latent heat loads, receptacle loads, and hot water loads from ACM Tables N2-2 for whole building values and Table N2-3 for building area values appropriate for mixed use buildings;
- (2) Occupancy, HVAC, fans, infiltration, hot water, lighting, and equipment schedules from ACM Tables N2-4 through N2-9;
- (3) Infiltration modeled following ACM Section 2.4.1.6;
- (4) Luminaire power for interior lighting systems from the 2005 California Title 24 Nonresidential ACM Appendix NB or from manufacturers data.

#### **.04 Proposed Building.**

(1) Energy Efficient Commercial Building Property. In computing energy and power cost savings for purposes of section 2.02 (relating to energy efficient commercial building property), the Proposed Building is a building that contains the interior lighting systems, heating, cooling, ventilation, and hot water systems, and building envelope that have been incorporated, *or that the taxpayer plans to incorporate*, into the taxpayer's building but that is **otherwise identical** to the Reference Building.

(2) Energy Efficient Lighting Property. In computing energy and power cost savings for purposes of section 2.03 (relating to energy efficient lighting property), the Proposed Building is a building that contains the interior lighting systems that have been incorporated (*or that the taxpayer plans to incorporate*) into the taxpayer's building but that is otherwise identical to the Reference Building.

(3) Energy Efficient Heating, Cooling, Ventilation, and Hot Water Property. In computing energy and power cost savings for purposes of section 2.04 (relating to energy efficient heating, cooling, ventilation, and hot water property), the Proposed Building is a building that contains the heating, cooling, ventilation, and hot water systems that have been incorporated, *or that the taxpayer plans to incorporate*, into the taxpayer's building but that is otherwise identical to the Reference Building.

(4) Energy Efficient Building Envelope Property. In computing energy and power cost savings for purposes of section 2.05 (relating to energy efficient building envelope property), the Proposed Building is a building that contains the building envelope that has been incorporated, *or that the taxpayer plans to incorporate*, into the taxpayer's building but that is otherwise identical to the Reference Building.