



ALERT

Big-Box Retailing Goes Green

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'Going green' is a concept transforming business-as-usual in industry sectors across the country, and Massachusetts Governor Deval Patrick wants to bring it to a store near you. On November 20, 2008, Governor Patrick set two new energy efficiency goals with major implications for commercial real estate development: making all new malls and "big-box" retail stores powered in part by solar energy by 2010 and creating a super-efficient building code that municipalities may adopt.

The Governor has directed the Secretary of Energy and Environmental Affairs to initiate planning for the technical assistance, financing support, and regulatory standards needed to facilitate the adoption of solar power and super-efficient buildings for large retail stores and malls within the state. The initiative will target retail buildings typically greater than 50,000 square feet in size, that have large flat roofs conducive to solar paneling. Whether this will be structured as an incentive or a requirement remains to be seen.

In addition, Governor Patrick has asked staff at the Executive Office of Energy and Environmental Affairs and the Department of Public Safety to develop a super-efficient energy code for consideration by the Board of Building Regulations and Standards (BBRS) as a local option for municipalities that want to reduce greenhouse gas emissions from development in their communities.

Under the Green Communities Act, the comprehensive energy reform bill signed by the Governor in July, Massachusetts is required to incorporate the latest version of the International Energy Conservation Code (IEEC), developed by the Department of Energy, in its building code within one year of its adoption. The IECCs' 2009 standards were approved in September, and the BBRS is expected to update the Massachusetts energy code to include these standards sometime in 2009.

The Act also broadened the powers delegated to the BBRS, allowing it to adopt standards even stricter than the IECC. Governor Patrick proposed the BBRS do so by creating a second code, up to 30 percent more efficient than the one currently in place, which local officials could adopt as a way to further limit the carbon footprint that development projects entail. This addendum to the state building code would be voted on by the BBRS following a public hearing. Once approved, any municipality could adopt the stricter code by a town meeting or city council vote.

Already there are several substantial financial incentives in place to promote solar energy but large retailers have been slow to take advantage of them. Commonwealth Solar, the state's solar electric photovoltaic initiative, provides rebates through a non-competitive application process for as much as 40 percent of the cost of a solar energy installation project. The initiative has \$68 million available for funding over the next four years to support solar power technology in Massachusetts.

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The federal government has also been promoting the use of solar power in commercial sectors. On October 3, 2008, the U.S. House of Representatives passed legislation extending the 30-percent federal investment tax credit for both residential and commercial solar installations for 8 years. According to the Solar Energy Industries Association, the solar investment tax credit (ITC) provisions will:

- Extend for 8 years the 30-percent tax credit for both residential and commercial solar installations;
- Eliminate the \$2,000 monetary cap for residential solar electric installations, creating a true 30-percent tax credit (effective for property placed in service after December 31, 2008);
- Eliminate the prohibition on utilities from benefiting from the credit;
- Allow Alternative Minimum Tax (AMT) filers, both businesses and individuals, to take the credit;
- Authorize \$800 million for clean energy bonds for renewable energy generating facilities, including solar.

To help facilitate the implementation of green technologies besides solar power, the State's Large Onsite Renewables Initiative awards grants for feasibility studies and design and construction projects of qualifying renewable energy systems. Systems greater than 10 kW that are located at a commercial, industrial, institutional, or public site, may be eligible for feasibility grants up to \$40,000, design grants up to \$125,000, and construction grants up to \$275,000. Qualifying renewable energy technologies include: wind energy, fuel cells, hydroelectric, landfill gas, and advanced biomass power conversion technologies.

With potentially hundreds of millions of dollars available for energy efficiency and renewable energy in Massachusetts through funding available under the Regional Greenhouse Gas Initiative auction proceeds, the Governor's proposal for requiring or promoting solar on the roofs of large retailers could be an economic "win" for retailers.

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