

Energy Storage Tax Incentive and Deployment Act: Federal Legislation Proposed to Provide Tax Credits for Standalone Storage Technologies



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Federal legislation has been introduced that would provide that standalone storage projects are eligible for the investment tax credit (“ITC”).

The legislation is titled the *“Energy Storage Tax Incentive and Deployment Act”* (“Act”).

Companion legislation has been introduced in both the United States House of Representatives (“House”) and Senate. The Act is denominated S. 627 in the Senate and H.R. 1684 in the House.

Sponsors include Martin Henrich (D-New Mexico) and Susan Collins (R-Maine) in the Senate and Rep. Michael Doyle (D-Pennsylvania) and Vern Buchanan (R-Florida) in the House.

By way of example, battery energy storage systems are rechargeable systems that store energy from a solar system. The battery energy storage system provides surplus energy produced by the solar panels and/or emergency backup power when needed.

The Act that has been introduced in the House and Senate provides that energy storage is eligible for the ITC in Section 48 of the Internal Revenue Service Code. Currently, the ITC is only available if the storage technology is integrated with eligible clean energy systems. All energy storage technologies that qualify include:

- Batteries
- Pumped hydropower
- Thermal storage
- Hydrogen storage

An installation must be at least 5 kWh in capacity unless residential. Residential is required to be at least 3 kWh.

The energy storage industry has been advocating for a standalone storage ITC. Its objective has been that standalone systems qualify for the current 26% ITC even if not coupled with eligible systems.

A copy of the House bill can be downloaded [here](#) and the Senate bill [here](#).