



November 26, 2018

The Honorable Paul D. Ryan  
 Speaker of the House  
 U.S. House of Representatives

The Honorable Nancy Pelosi  
 Minority Leader  
 U.S. House of Representatives

The Honorable Mitch McConnell  
 Majority Leader  
 U.S. Senate

The Honorable Charles Schumer  
 Minority Leader  
 U.S. Senate

Dear Speaker Ryan, Leader Pelosi, Leader McConnell, and Leader Schumer,

As you consider end-of-year legislation, we urge you to clarify that the investment tax credit (“ITC”) in Section 48 and 25 of the tax code includes energy storage as an eligible technology. There is bipartisan, bicameral support for this common-sense bill, the *Energy Storage Tax Incentive and Deployment Act* (H.R. 4649 / S. 1868), which would ensure a level playing field for energy storage to compete with all other energy resources made eligible for the ITC.

Energy storage systems<sup>1</sup> are critical to modernization of the electric grid. The National Governors Association has underscored the multiple benefits of energy storage to save utilities, businesses, and households money while enhancing grid reliability and resilience. Energy storage systems are also fuel-neutral and help any generation resource connected to the grid – coal, gas, nuclear, wind, solar, hydro – become more efficient, productive, and competitive. The energy storage industry supports over 90,000 jobs today and has significant room to grow.

Without clear statutory rules, energy storage industry members face continuing uncertainty from IRS guidance about the eligibility of energy storage equipment for Section 48 and 25 tax credits when paired with ITC-eligible resources. Additionally, energy storage equipment provides the same services whether or not it is integrated with ITC-eligible resources, although ITC eligibility for stand-alone systems is not clear.

If enacted, this language would allow a diversity of U.S. companies to better obtain financing, scale, create jobs, and become more competitive internationally in the fast-growing global storage market. Clarification of the ITC for energy storage, as proposed by H.R. 4649 and S. 1868, would provide greater certainty to investors and businesses, and the credit for energy storage would phase down along with the ITC for other technologies. All storage technologies—batteries, pumped hydro, compressed air,

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<sup>1</sup> Energy storage technology receives, stores, and delivers energy using batteries, compressed air, pumped hydropower, hydrogen storage, thermal energy storage, regenerative fuel cells, flywheels, capacitors, and other technologies.

thermal, and others—would be eligible for the ITC, ensuring technology neutrality so companies can choose the optimal solution to meet their needs.

More significantly, with many other competitor energy technologies proposed for the ITC, allowing energy storage access to the same ITC is critical to ensure a level playing field across all energy technologies. Secretary of Energy Rick Perry called energy storage the “holy grail” for its transformative impact on the electric system, and exclusion of storage from energy tax credits is a significant oversight that will bias competition among solutions for power system efficiency.

We encourage you to support capital formation, investment, and jobs in making America’s power system more reliable, resilient, and cost-effective with energy storage. We ask you to support inclusion of storage ITC eligibility in forthcoming legislation.

Sincerely,

Energy Storage Association  
Citizens for Responsible Energy Solutions  
ClearPath Action  
Solar Energy Industries Association  
American Wind Energy Association  
National Hydropower Association  
National Electrical Manufacturers Association  
Advanced Energy Economy