

113TH CONGRESS  
1ST SESSION

# H. R. 1465

To amend the Internal Revenue Code of 1986 to provide for an energy investment credit for energy storage property connected to the grid, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2013

Mr. GIBSON (for himself and Mr. THOMPSON of California) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide for an energy investment credit for energy storage property connected to the grid, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Storage Technology  
5 for Renewable and Green Energy Act of 2013” or the  
6 “STORAGE 2013 Act”.

1 **SEC. 2. ENERGY INVESTMENT CREDIT FOR ENERGY STOR-**  
2 **AGE PROPERTY CONNECTED TO THE GRID.**

3 (a) UP TO 30 PERCENT CREDIT ALLOWED.—Sub-  
4 paragraph (A) of section 48(a)(2) of the Internal Revenue  
5 Code of 1986 is amended—

6 (1) by striking “and” at the end of subclause  
7 (IV) of clause (i),

8 (2) by striking “clause (i)” in clause (ii) and in-  
9 serting “clause (i) or (ii)”,

10 (3) by redesignating clause (ii) as clause (iii),  
11 and

12 (4) by inserting after clause (i) the following  
13 new clause:

14 “(ii) as provided in subsection  
15 (c)(5)(D), up to 30 percent in the case of  
16 qualified energy storage property, and”.

17 (b) QUALIFIED ENERGY STORAGE PROPERTY.—Sub-  
18 section (c) of section 48 of the Internal Revenue Code of  
19 1986 is amended by adding at the end the following new  
20 paragraph:

21 “(5) QUALIFIED ENERGY STORAGE PROP-  
22 ERTY.—

23 “(A) IN GENERAL.—The term ‘qualified  
24 energy storage property’ means property—

25 “(i) which is directly connected to the  
26 electrical grid, and

1                   “(ii) which is designed to receive elec-  
2                   trical energy, to store such energy, and—

3                   “(I) to convert such energy to  
4                   electricity and deliver such electricity  
5                   for sale, or

6                   “(II) to use such energy to pro-  
7                   vide improved reliability or economic  
8                   benefits to the grid.

9                   Such term may include hydroelectric pumped  
10                  storage and compressed air energy storage, re-  
11                  generative fuel cells, batteries, superconducting  
12                  magnetic energy storage, flywheels, thermal en-  
13                  ergy storage systems, and hydrogen storage, or  
14                  combination thereof, or any other technologies  
15                  as the Secretary, in consultation with the Sec-  
16                  retary of Energy, shall determine.

17                  “(B) MINIMUM CAPACITY.—The term  
18                  ‘qualified energy storage property’ shall not in-  
19                  clude any property unless such property in ag-  
20                  gregate has the ability to sustain a power rat-  
21                  ing of at least 1 megawatt for a minimum of  
22                  1 hour.

23                  “(C) ELECTRICAL GRID.—The term ‘elec-  
24                  trical grid’ means the system of generators,

1 transmission lines, and distribution facilities  
2 which—

3 “(i) are under the jurisdiction of the  
4 Federal Energy Regulatory Commission or  
5 State public utility commissions, or

6 “(ii) are owned by—

7 “(I) the Federal government,

8 “(II) a State or any political sub-  
9 division of a State,

10 “(III) an electric cooperative that  
11 is eligible for financing under the  
12 Rural Electrification Act of 1936 (7  
13 U.S.C. 901 et seq.), or

14 “(IV) any agency, authority, or  
15 instrumentality of any one or more of  
16 the entities described in subclause (I)  
17 or (II), or any corporation which is  
18 wholly owned, directly or indirectly, by  
19 any one or more of such entities.

20 “(D) ALLOCATION OF CREDITS.—

21 “(i) IN GENERAL.—In the case of  
22 qualified energy storage property placed in  
23 service during the taxable year, the credit  
24 otherwise determined under subsection (a)  
25 for such year with respect to such property

1 shall not exceed the amount allocated to  
2 such project under clause (ii).

3 “(ii) NATIONAL LIMITATION AND AL-  
4 LOCATION.—There is a qualified energy  
5 storage property investment credit limita-  
6 tion of \$1,500,000,000. Such limitation  
7 shall be allocated by the Secretary among  
8 qualified energy storage property projects  
9 selected by the Secretary, in consultation  
10 with the Secretary of Energy, for taxable  
11 years beginning after the date of the enact-  
12 ment of the STORAGE 2013 Act, except  
13 that not more than \$40,000,000 shall be  
14 allocated to any project for all such taxable  
15 years.

16 “(iii) SELECTION CRITERIA.—In mak-  
17 ing allocations under clause (ii), the Sec-  
18 retary, in consultation with the Secretary  
19 of Energy, shall select only those projects  
20 which have a reasonable expectation of  
21 commercial viability, select projects rep-  
22 resenting a variety of technologies, applica-  
23 tions, and project sizes, and give priority  
24 to projects which—

1           “(I) provide the greatest increase  
2           in reliability or the greatest economic  
3           benefit,

4           “(II) enable the greatest im-  
5           provement in integration of renewable  
6           resources into the grid, or

7           “(III) enable the greatest in-  
8           crease in efficiency in operation of the  
9           grid.

10          “(iv) DEADLINES.—

11                 “(I) IN GENERAL.—If a project  
12                 which receives an allocation under  
13                 clause (ii) is not placed in service  
14                 within 2 years after the date of such  
15                 allocation, such allocation shall be in-  
16                 valid.

17                 “(II) SPECIAL RULE FOR HYDRO-  
18                 ELECTRIC PUMPED STORAGE.—Not-  
19                 withstanding subclause (I), in the case  
20                 of a hydroelectric pumped storage  
21                 project, if such project has not re-  
22                 ceived such permits or licenses as are  
23                 determined necessary by the Sec-  
24                 retary, in consultation with the Sec-  
25                 retary of Energy, within 3 years after

1 the date of such allocation, begun con-  
2 struction within 5 years after the date  
3 of such allocation, and been placed in  
4 service within 8 years after the date  
5 of such allocation, such allocation  
6 shall be invalid.

7 “(III) SPECIAL RULE FOR COM-  
8 PRESSED AIR ENERGY STORAGE.—  
9 Notwithstanding subclause (I), in the  
10 case of a compressed air energy stor-  
11 age project, if such project has not  
12 begun construction within 3 years  
13 after the date of the allocation and  
14 been placed in service within 5 years  
15 after the date of such allocation, such  
16 allocation shall be invalid.

17 “(IV) EXCEPTIONS.—The Sec-  
18 retary may extend the 2-year period  
19 in subclause (I) or the periods de-  
20 scribed in subclauses (II) and (III) on  
21 a project-by-project basis if the Sec-  
22 retary, in consultation with the Sec-  
23 retary of Energy, determines that  
24 there has been a good faith effort to  
25 begin construction or to place the

1 project in service, whichever is appli-  
2 cable, and that any delay is caused by  
3 factors not in the taxpayer's control.

4 “(E) REVIEW AND REDISTRIBUTION.—

5 “(i) REVIEW.—Not later than 4 years  
6 after the date of the enactment of the  
7 STORAGE 2013 Act, the Secretary shall  
8 review the credits allocated under subpara-  
9 graph (D) as of the date of such review.

10 “(ii) REDISTRIBUTION.—Upon the re-  
11 view described in clause (i), the Secretary  
12 may reallocate credits allocated under sub-  
13 paragraph (D) if the Secretary determines  
14 that—

15 “(I) there is an insufficient quan-  
16 tity of qualifying applications for cer-  
17 tification pending at the time of the  
18 review, or

19 “(II) any allocation made under  
20 subparagraph (D)(ii) has been re-  
21 voked pursuant to subparagraph  
22 (D)(iv) because the project subject to  
23 such allocation has been delayed.

24 “(F) DISCLOSURE OF ALLOCATIONS.—The  
25 Secretary shall, upon making an allocation



1 under subparagraph (D)(ii), publicly disclose  
2 the identity of the applicant, the location of the  
3 project, and the amount of the credit with re-  
4 spect to such applicant.

5 “(G) TERMINATION.—No credit shall be  
6 allocated under subparagraph (D) for any pe-  
7 riod ending after December 31, 2020.”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to periods after the date of the  
10 enactment of this Act, under rules similar to the rules of  
11 section 48(m) of the Internal Revenue Code of 1986 (as  
12 in effect on the day before the date of the enactment of  
13 the Revenue Reconciliation Act of 1990).

14 **SEC. 3. ENERGY STORAGE PROPERTY CONNECTED TO THE**  
15 **GRID ELIGIBLE FOR NEW CLEAN RENEWABLE**  
16 **ENERGY BONDS.**

17 (a) IN GENERAL.—Paragraph (1) of section 54C(d)  
18 of the Internal Revenue Code of 1986 is amended to read  
19 as follows:

20 “(1) QUALIFIED RENEWABLE ENERGY FACIL-  
21 ITY.—The term ‘qualified renewable energy facility’  
22 means a facility which is—

23 “(A)(i) a qualified facility (as determined  
24 under section 45(d) without regard to para-

1 graphs (8) and (10) thereof and to any placed  
2 in service date), or

3 “(ii) a qualified energy storage property  
4 (as defined in section 48(c)(5)), and

5 “(B) owned by a public power provider, a  
6 governmental body, or a cooperative electric  
7 company.”.

8 (b) EFFECTIVE DATE.—The amendment made by  
9 this section shall apply to obligations issued after the date  
10 of the enactment of this Act.

11 **SEC. 4. ENERGY INVESTMENT CREDIT FOR ONSITE ENERGY**  
12 **STORAGE.**

13 (a) CREDIT ALLOWED.—Clause (i) of section  
14 48(a)(2)(A) of the Internal Revenue Code of 1986, as  
15 amended by this Act, is amended—

16 (1) by striking “and” at the end of subclause  
17 (III),

18 (2) by inserting “and” at the end of subclause  
19 (IV), and

20 (3) by adding at the end the following new sub-  
21 clause:

22 “(V) qualified onsite energy stor-  
23 age property,”.

24 (b) QUALIFIED ONSITE ENERGY STORAGE PROP-  
25 erty.—Subsection (c) of section 48 of the Internal Rev-

1 enue Code of 1986, as amended by this Act, is amended  
2 by adding at the end the following new paragraph:

3           “(6) QUALIFIED ONSITE ENERGY STORAGE  
4 PROPERTY.—

5           “(A) IN GENERAL.—The term ‘qualified  
6 onsite energy storage property’ means property  
7 which—

8                   “(i) provides supplemental energy to  
9 reduce peak energy requirements primarily  
10 on the same site where the property is lo-  
11 cated, or

12                   “(ii) is designed and used primarily to  
13 receive and store, firm, or shape variable  
14 renewable or off-peak energy and to deliver  
15 such energy primarily for onsite consump-  
16 tion.

17           Such term may include thermal energy storage  
18 systems and property used to charge plug-in  
19 and hybrid electric vehicles if such property or  
20 vehicles are equipped with smart grid equip-  
21 ment or services which control time-of-day  
22 charging and discharging of such vehicles. Such  
23 term shall not include any property for which  
24 any other credit is allowed under this chapter.

1           “(B) MINIMUM CAPACITY.—The term  
2           ‘qualified onsite energy storage property’ shall  
3           not include any property unless such property  
4           in aggregate—

5                   “(i) has the ability to store the energy  
6                   equivalent of at least 20 kilowatt hours of  
7                   energy, and

8                   “(ii) has the ability to have an output  
9                   of the energy equivalent of 4 kilowatts of  
10                  electricity for a period of 5 hours.

11           “(C) LIMITATION.—In the case of qualified  
12           onsite energy storage property placed in service  
13           during the taxable year, the credit otherwise de-  
14           termined under subsection (a) for such year  
15           with respect to such property shall not exceed  
16           \$1,000,000.”.

17           (c) EFFECTIVE DATE.—The amendments made by  
18           this section shall apply to periods after the date of the  
19           enactment of this Act, under rules similar to the rules of  
20           section 48(m) of the Internal Revenue Code of 1986 (as  
21           in effect on the day before the date of the enactment of  
22           the Revenue Reconciliation Act of 1990).

1 **SEC. 5. CREDIT FOR RESIDENTIAL ENERGY STORAGE**  
2 **EQUIPMENT.**

3 (a) CREDIT ALLOWED.—Subsection (a) of section  
4 25D of the Internal Revenue Code of 1986 is amended—

5 (1) by striking “and” at the end of paragraph  
6 (4),

7 (2) by striking the period at the end of para-  
8 graph (5) and inserting “, and”, and

9 (3) by adding at the end the following new  
10 paragraph:

11 “(6) 30 percent of the qualified residential en-  
12 ergy storage equipment expenditures made by the  
13 taxpayer during such taxable year, and”.

14 (b) QUALIFIED RESIDENTIAL ENERGY STORAGE  
15 EQUIPMENT EXPENDITURES.—Section 25D(d) of the In-  
16 ternal Revenue Code of 1986 is amended by adding at the  
17 end the following new paragraph:

18 “(6) QUALIFIED RESIDENTIAL ENERGY STOR-  
19 AGE EQUIPMENT EXPENDITURES.—For purposes of  
20 this section, the term ‘qualified residential energy  
21 storage equipment expenditure’ means an expendi-  
22 ture for property—

23 “(A) which is installed in or on a dwelling  
24 unit located in the United States and owned  
25 and used by the taxpayer as the taxpayer’s  
26 principal residence (within the meaning of sec-

1           tion 121), or on property owned by the tax-  
2           payer on which such a dwelling unit is located,

3           “(B) which—

4                 “(i) provides supplemental energy to  
5                 reduce peak energy requirements primarily  
6                 on the same site where the property is lo-  
7                 cated, or

8                 “(ii) is designed and used primarily to  
9                 receive and store, firm, or shape variable  
10                renewable or off-peak energy and to deliver  
11                such energy primarily for onsite consump-  
12                tion, and

13           “(C) which—

14                 “(i) has the ability to store the energy  
15                 equivalent of at least 2 kilowatt hours of  
16                 energy, and

17                 “(ii) has the ability to have an output  
18                 of the energy equivalent of 500 watts of  
19                 electricity for a period of 4 hours.

20           Such term may include thermal energy storage sys-  
21           tems and property used to charge plug-in and hybrid  
22           electric vehicles if such property or vehicles are  
23           equipped with smart grid equipment or services  
24           which control time-of-day charging and discharging  
25           of such vehicles. Such term shall not include any

1 property for which any other credit is allowed under  
2 this chapter.”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to property placed in service after  
5 the date of the enactment of this Act.

○