

# CALIFORNIA LEGISLATURE

STATE CAPITOL  
SACRAMENTO, CALIFORNIA  
95814

August 27, 2019

U.S. House of Representatives - California Delegation  
Washington, DC 20515

Re: Federal Energy Storage Tax Incentive

Dear Speaker Pelosi and Representatives,

We, representatives of the California State Legislature, urge you to support legislation regarding a Federal Investment Tax Credit (“ITC”) for energy storage technologies. An energy storage ITC will directly benefit California, a leader in energy storage deployments, while being a common-sense policy approach for the rest of the US. The *Energy Storage Tax Incentive and Deployment Act* (S. 1142 & H.R. 2096), which will ensure a level playing field for energy storage to compete with all other energy resources made eligible for the ITC, while also enabling the grid enhancements that energy storage can provide.

Energy storage systems are critical to modernization of the electric grid and help any generation resource connected to the grid become more efficient, productive, and competitive. Energy storage solutions are a growing part of California’s grid and provide customers with key choices in how to manage their energy. Storage supports our state’s clean energy and greenhouse gas emissions reduction goals by capturing and discharging energy from renewables. Storage also supports grid needs such as ramping and voltage support, and reduces the need to rely on high emission power sources. California’s existing procurement requirement for energy storage has attracted significant investment and progress in new projects, driving new in-state job creation and the need for greater statewide collaboration.

If enacted, this language would allow the U.S. energy storage industry to better obtain financing, scale, create jobs, and become more competitive internationally in the fast-growing global storage market. Clarification of the existing ITC for energy storage, as proposed by the language in S. 1142 and H.R. 2096, would provide greater certainty to investors and businesses. Moreover, all storage technologies – batteries, pumped hydro, compressed air, thermal storage, hydrogen storage, 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 the ITC extended last Congress to many other competitor energy technologies, 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, representatives of the California State Legislature, encourage you to support the energy storage industry's capital formation, investment, and jobs in making California and 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 energy tax extenders legislation.

Sincerely,

Marcy Wiener

Van M. Hobbs, Pres. Pro Tem  
SD 39

Scott Wiener SD 11

Jimmy Hironaka SD 13

Bob Allen SD 26

Robert A. Wickens SD 10

Holden SD 27

Myra [unclear] SD 18

Phil [unclear] SD 17

Kathy SD 33

[unclear] SD 2

[unclear] AD 19

Jacqueline [unclear] AD 44

Chris Holden AD 41

Maqui AD29

An Kim AD27

Maui Smith AD10

Leahana AD24

Kari Mullin

David Cho AD17

Bobby D AD15

E. H. AD10

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CC: The Honorable Dianne Feinstein, Senator, United States Senate  
The Honorable Kamala Harris, Senator, United States Senate