

Impacts of COVID-19 on the Energy Storage Industry

The U.S. economy faces unprecedented challenges from the COVID-19 crisis, with millions of Americans suffering from impacts on health, family, and financial conditions. In addition to the human toll of the pandemic, businesses are also facing significant challenges—and the U.S. energy storage industry is no exception. ESA has surveyed industry stakeholders, and the results have revealed immediate and potentially devastating impacts to our industry, which employed more than 60,000 people in the U.S. in 2019.

Energy Storage Projects are Facing Widespread Delays

The [first survey](#), conducted in mid-March and comprising 173 survey responses, showed that a significant slowdown in business had already taken effect, due primarily to cancelled shipments of project components; travel restrictions on personnel that hindered project site visits; ceasing direct customer contact; closed government permitting agencies; and reduced demand from end users.

- 62% of respondents said they are already experiencing delays in project deployment.
- 37% are experiencing six month or longer delays in project deployment.
- Many respondents simply did not know what length their delays might be, due to considerable uncertainty about the duration of the pandemic

Energy Storage Company Revenues are Down, Employers are Hanging On (For Now)

The [second survey](#), conducted in early April and comprising 101 survey respondents, revealed that a large proportion of respondents expected lower than initially forecast revenues, with manufacturers expecting to be impacted the most. These findings are consistent with the March survey results.

- 63% of respondents indicated they expected a decrease in revenues in Q2.
 - 33% of respondents said they expected revenues in Q2 to be lower by at least 20%, with 11% expecting revenue declines of more than 50%.
 - Manufacturers anticipate significant financial impacts, with 75% expecting some revenue reduction and 21% expecting revenue to fall by 50 percent or more.
- 25% said they have already reduced or expect to reduce their workforce in Q2 by up to 20%. Fewer manufacturers expect reductions, but they expect those cuts to be deeper than other sectors.
 - Of the 17% of manufacturers expecting layoffs in Q2, three-quarters expect 50% or more in workforce reductions.
 - Of the 28% of project implementers expecting layoffs in Q2, two-thirds expect 20% or less in reductions.
- Top reasons cited for revenue shortfalls or employment reductions:
 - Delays or cancellation of existing projects by customers (56% of respondents);
 - Difficulty in obtaining equipment, supplies, or logistical delays (54% of respondents); and
 - Delays in obtaining approvals or permits (46% of respondents).

Immediate Congressional Action Is Needed to Keep the Storage Industry Working

In considering economic stimulus measures, ESA urges Congress to reduce the financial stress on the energy storage industry and to help keep these storage workers employed. In the immediate sense, the progress energy storage is making to foster resilient, efficient, sustainable and affordable electric service is being threatened by the potentially devastating financial impact of COVID-19. It is particularly important that resilient energy storage systems be installed in the near term to avoid power system disruptions that could complicate effective response to the pandemic by health providers and hospitals. As we move from the immediate crisis to a sustainable economic recovery, additional measures may be called for. But at the very next possible opportunity, ESA recommends the following protection measures:

- Modify energy investment tax credits (ITC) to allow businesses to monetize them directly and immediately, including explicit inclusion of energy storage technologies.
- \$600 million in grants for distributed energy resources, including energy storage, for resilience and cost-savings
- \$250 million for demonstration projects of energy storage across electric systems
- \$200 million for assistance and grants for distribution system mapping and interconnection process enhancement
- Incorporation of energy storage technologies into other immediate relevant funds to state, local governments, and communities and expand those funds (e.g. Departments of Energy, Transportation, Education, Agriculture)

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About The U.S. Energy Storage Association:

The U.S. Energy Storage Association (ESA) is the national trade association dedicated to energy storage. With more than 190 members, ESA represents a diverse group of companies, including independent power producers, electric utilities, energy service companies, financiers, insurers, law firms, installers, manufacturers, component suppliers and integrators involved in deploying energy storage systems around the globe. For more information contact ESA at info@energystorage.org.