July 23, 2010

New Energy Storage Bill Offers Tax Credits to Energy Storage Projects

On July 20, 2010, new legislation was introduced in the Senate to provide investment tax credit ("ITC") to energy storage facilities. Senate Bill No. 3617, the Storage Technology of Renewable and Green Energy Act of 2010 (the "STORAGE 2010 Act"), would offer up to $1.5 billion in tax credits to storage projects that are connected to the U.S. electric grid.

This legislation is designed to promote intermittent energy sources, including wind and solar power, while reducing energy demands during peak hours and contributing to a smart grid that is more reliable overall in order to modernize the U.S. electric grid and meet the nation's clean energy goals. The STORAGE 2010 Act would help meet these goals by improving the efficiency, flexibility, and reliability of the nation's electric grid, and by making energy storage technologies more affordable for homes and businesses.

The STORAGE 2010 Act would offer ITCs for two categories of energy storage projects: (1) storage systems connected to the electric grid, and (2) on-site energy storage for businesses and homes.

Grid-Connected Energy Storage

The STORAGE 2010 Act would provide a 20 percent ITC for facilities that store energy for delivery or use at a later time, provided that those facilities are connected to the U.S. electric grid. This ITC is capped at $30 million per qualifying project.

In allocating these tax credits, the Secretary of Energy would be required to select only those projects with a reasonable expectation of commercial viability and projects that represent a variety of technologies, applications, and project sizes. Priority would be given to projects that provide the greatest increase in reliability or economic benefit, that enable the greatest improvement in integration of renewable resources with the grid, or that enable the greatest increase in efficiency in operation of the grid.

On-Site Energy Storage

The legislation would also provide a 30 percent investment tax credit to businesses and homeowners for on-site storage projects. Those ITCs would be capped at $1 million annually per qualifying project.

If this bill becomes law, the available tax credits may create critical opportunities for your business. For further information about the bill, including its status, please contact any of the attorneys listed.