

Proposed Bipartisan Legislation Would Expand Investment Tax Credit to Standalone Energy Storage Projects

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(By [Ben Clapp](#))



A bipartisan group of federal lawmakers recently introduced a bill aimed at jumpstarting growth in the energy storage sector. If enacted, the [Energy Storage Tax Incentive and Deployment Act of 2021](#) would broaden the investment tax credit program, which is widely credited with stimulating considerable growth in the solar sector, to include standalone energy storage projects. The tax credit is currently only available for energy storage projects that are charged directly from other clean energy projects that qualify for the credit, such as solar. In contrast, the proposed legislation would revise the investment tax credit so that it covers residential battery systems as well as large commercial and utility-scale storage projects, including batteries, pumped hydropower, hydrogen storage, thermal energy storage, and regenerative fuel cells, regardless of whether they are coupled with a qualifying solar project. Expanding the credit to standalone projects is intended to drive investment to storage projects with greater charging flexibility, potentially allowing storage systems to access a larger piece of the energy market.

The large-scale deployment of domestic energy storage systems is largely viewed as critical to the continued growth of the renewables sector, as well as a key component of achieving the nation's energy reliability and resiliency goals. While it may be unrealistic to expect that extension of the tax credit to energy storage projects would result in the stratospheric levels of growth enjoyed by the solar industry over the past decade, the tax credit's proven track record for stimulating renewables development has energy storage advocates hopeful that the proposed legislation would drive significant investment in the sector, resulting in a meaningful increase in energy storage deployment.

Tags: [energy storage](#), [Energy Storage Tax Incentive and Deployment Act of 2021](#), [tax credits](#)

Babst | Calland
Attorneys at Law

PITTSBURGH, PA | CHARLESTON, WV | HARRISBURG, PA | STATE COLLEGE, PA | WASHINGTON, DC