

Energy storage industry wants tax credits enjoyed by wind, solar

26 October 2016, by Rob Nikolewski, The San Diego Union-Tribune

They may not get it this year, but boosters of energy storage technologies want their sector to get the same tax credits that the federal government extends to the wind and solar industries.

"It would be a good economic investment for us as a government and as a nation to invest in advancing these technologies," said Matt Roberts, executive director for the industry's trade group, the Energy Storage Association.

Under a bill introduced by Sen. Martin Heinrich, D-N.M., qualifying [energy storage](#) technologies such as batteries, [thermal energy storage](#) and regenerative fuel cells would get a 30 percent investment tax credit.

The Heinrich bill essentially runs parallel with the 30 percent tax credit that wind and solar receive from the [federal government](#) and, like the wind and solar credits, eventually would taper off.

Reps. Michael M. Honda, D-Calif., and Tom Reed, R-N.Y., have introduced a similar but more complicated bill in the House of Representatives.

The prospect of a tax credit created some buzz at the Energy Storage North America conference held earlier this month in San Diego.

"Storage is too expensive," said Keith Martin, an attorney at the Washington, D.C., law firm of Chadbourne & Parke, one of the panelists at the conference. "If the government can help with the cost-sharing, it will then get more people into the market."

Under current rules, energy storage can receive a federal tax credit only if it is paired with wind and solar electricity production, most often seen when a storage component is matched with a rooftop solar system.

The proposed legislation would establish tax credits for standalone storage systems.

Extending the tax credit "would encourage deployment of storage throughout our electric power sector," said Janice Lin, executive director of the California Energy Storage Alliance, an advocacy group. "The consequences of that are dramatic for ratepayers."

But in addition to the political hurdles the legislation would have to clear on Capitol Hill, there are other questions.

For example, while wind and solar generate energy for the electrical grid, storage - by definition - captures energy produced at one time and then deploys it later.

"We're getting to a really tenuous connection," said William Yeatman, senior fellow specializing in environmental policy and energy markets for the Competitive Enterprise Institute, a free-market think tank based in Washington, D.C.

"The subsidy for wind and solar energy is already an indirect subsidy for the energy storage industry," Yeatman said, pointing to the intermittency of wind and solar - that is, how solar production slumps when the sun isn't shining and wind power wanes when the breeze isn't blowing.

Deploying energy storage is designed to smooth out those peaks and valleys on the grid.

If the energy storage industry receives a taxpayer-funded tax credit, "it's basically double-dipping," Yeatman said. "Those wind and solar subsidies are helping (the energy storage industry) too."

Not surprisingly, energy storage company executives would like to see a federal tax incentive adopted.

"If you had a cost-effective storage credit, it will create certainty in the market and rapid market adaptation," said Greg Miller, executive vice president of market development and sales at Ice Energy, a Santa Barbara, Calif., company that specializes in thermal energy storage.

California is one of the few states that has incentives for the industry.

Energy storage is included in the California Public Utilities Commission's Self-Generation Incentive Program that offers rebates to utility customers who install distributed generation and storage technologies that reduce electrical demand and greenhouse gas emissions.

The state also has established a mandate through the CPUC that requires the state's three investor-owned utilities procure 1,325 megawatts of energy storage by 2020.

Roberts, of the industry trade group, cited a recent study as one reason to back the federal tax credit. Modeling in Massachusetts estimated that 1.7 gigawatts of advanced energy storage would deliver more than \$2.2 billion in system benefits and savings for that state's ratepayers.

But Yeatman, of the think tank, said extending the [tax credit](#) would be wrong-headed and expensive.

"How much is too much and how big is too big with respect to these handouts?" Yeatman said. "I would warn any industry that is aggressively seeking a huge subsidy: Be careful what you wish for because when the political winds change ... there are dire consequences for your industry."

©2016 The San Diego Union-Tribune

Distributed by Tribune Content Agency, LLC.

APA citation: Energy storage industry wants tax credits enjoyed by wind, solar (2016, October 26) retrieved 18 September 2021 from <https://phys.org/news/2016-10-energy-storage-industry-tax-credits.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.