November 2, 2017

The Honorable Orrin Hatch
Chairman
Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Hatch and Ranking Member Wyden—

We, the undersigned, request Congress to adopt tax policies that foster economic opportunity and job creation by promoting a resilient, reliable, and cost-effective electric system. We ask you to support the bipartisan *Energy Storage Tax Incentive and Deployment Act* (S. 1868), a measure that would clarify the investment tax credit ("ITC") in Section 48 of the tax code includes advanced energy storage as an eligible technology.

While the IRS has previously provided Private Letter Rulings and other administrative guidance on the eligibility of energy storage equipment for Section 48 tax credits, businesses face continuing uncertainty about its application without clear statutory guidance. Additionally, energy storage equipment provides the same services whether or not it is integrated with ITC-eligible resources, although ITC eligibility for stand-alone systems is not clear. If enacted, this bill would increase business certainty, expand access to new private investment, and ensure U.S. energy storage companies scale, create jobs, and become more competitive internationally in the global storage market.

Energy storage systems[1] are critical to modernization of the electric grid. The National Governors Association has underscored the multiple benefits of energy storage to save utilities, businesses, and households money while enhancing grid reliability and resilience.[2] Energy storage systems are also fuel-neutral and help any generation resource connected to the grid – coal, gas, nuclear, wind, solar, hydro – become more efficient, productive, and competitive. The energy storage industry supports nearly 70,000 jobs today.[3]

Clarification of the ITC for energy storage, as proposed by S. 1868, would provide greater certainty to investors, and the credit for energy storage would phase down along with the ITC for other technologies. Additionally, the ITC will reduce tax burdens on early adopters, who are

[1] Energy storage technology receives, stores, and delivers energy using batteries, compressed air, pumped hydropower, hydrogen storage, thermal energy storage, regenerative fuel cells, flywheels, capacitors, superconducting magnets, and other technologies.

[2] National Governors Association, *State Strategies for Advancing the Use of Energy Storage,* October 2016, available at https://www.nga.org/files/live/sites/NGA/files/pdf/2016/1610StateStrategiesEnergyStorage.pdf

[3] Department of Energy, *U.S. Energy and Employment Report*, January 2017, available at https://www.energy.gov/sites/prod/files/2017/01/f34/2017%20US%20Energy%20and%20Jobs%20Report_0.pdf

taking on greater risk to work out productive use of storage as policy catches up to the technology, i.e., through the development of appropriate market and regulatory structures to value and compensate storage services.

We represent a diverse group of businesses and organizations that support a wide range of energy storage technologies. Our products and services continue to strengthen our electric grid and will lead to additional domestic manufacturing and job growth in the electricity sector. We encourage you to support capital formation, investment, and jobs in making America's power system more reliable, resilient, and cost-effective with energy storage.

Sincerely,

AES Energy Storage
Amber Kinetics, Inc.
Ameresco
Advanced Microgrid Systems
California Energy Storage Alliance
Cypress Creek Renewables
Doosan GridTech
Dynapower Company, LLC
EDP Renewables North America, LLC
The Enel Group companies:
· Demand Energy Networks, Inc.
· Enel Green Power North America, Inc.
· EnerNOC, Inc.
E.ON North America
Energy Storage Association
ENGIE North America
EnSync Energy
ForeFront Power
Green Charge Networks
Highview Power Storage
Hydrostor
Invenergy, LLC
Johnson Controls
LG Chem
Maxwell Technologies
Mortenson Construction
North Carolina Sustainable Energy Association
Northeast Clean Energy Council
New York Battery Energy Storage Technology Consortium
Panasonic Corporation of North America
Powin Energy
S&C Electric Company
Sharpell Technologies, Inc.
Stem, Inc.
Sunrun
Sunverge Energy, Inc.
The Stella Group, Ltd
Younicos

CC: The Honorable Martin Heinrich
The Honorable Dean Heller