

# TAXES ON LEASING ENERGY STORAGE SYSTEMS



Will the federal investment tax credit be available for energy storage systems? In the United States, the energy storage industry looks poised for even more rapid growth with a number of federal legislative efforts seeking to expand and make the federal investment tax credit (ITC) available for standalone energy storage systems.



What is the ITC rate for energy storage projects? Energy storage installations that begin construction after Dec. 31, 2024, will be entitled to credits under the technology-neutral ITC under new Section 48E (discussed below). The base ITC rate for energy storage projects is 6% and the bonus rate is 30%.



Do energy storage projects qualify for a bonus rate? Energy storage projects (i) not in service prior to Jan. 1, 2022, and (ii) on which construction begins prior to Jan. 29, 2023 (60 days after the IRS issued Notice 2022-61), qualify for the bonus rate regardless of compliance with the prevailing wage and apprenticeship requirements.



Are energy storage installations eligible for ITC? Energy storage installations that are placed in service after Dec. 31, 2022, and begin construction prior to Jan. 1, 2025, are entitled to the existing ITC under Section 48 (a).



Can a credit be allowed for energy storage technology under Section 48? Ways and Means Committee Chair Neal stated in a floor statement that "the Committee intends that a credit is allowed for energy storage technology under section 48 regardless of whether it is part of a facility for which a credit under section 45 is or has been allowed." Point of sale for PTC projects.

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Should the energy storage industry expand the ITC? The energy storage industry has long advocated for expanding ITC incentives so that energy storage has access to the same incentives currently available for other renewable energy technologies such as solar and wind systems, and there are a number of federal legislative proposals looking to expand the ITC accordingly as further described below.



The Inflation Reduction Act of 2022 (IRA), which was signed into law on August 16, 2022, enacted a wide range of legislation addressing climate change, healthcare, prescription drug pricing, and tax matters. Specific to energy storage, the act's changes to the Internal Revenue Code of 1986, as amended (Code), have the potential to be a game-changer for the industry.



Renewable energy is expected to grow significantly in the years ahead, as the world increasingly adopts alternative energy sources. In its 2022 Annual Energy Outlook, the U.S. Energy Information Administration (EIA) acknowledges that petroleum and natural gas remain the most-consumed sources of energy in the U.S., but renewable energy is the fastest growing.



Colorado allows an income tax credit to building owners who install qualifying residential energy storage systems into residential buildings in Colorado. For purposes of this form DR 1307, the term "building owners" includes lessees who purchase a qualifying residential energy system and install it into a residential building in Colorado with



Basis for tax credits? If renewable energy facilities are valued using a cost approach, which capital expenditures should be assessed, and how should federal income tax credits and attributes, such as renewable energy credits and emissions credits, be treated? An example of new technology is Battery Energy Storage Systems (BESS), which can store

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Electrical energy storage property a?? Section 48 of the Code states that electrical energy storage property includes property (other than property primarily used in the transportation of goods or individuals and not for the production of electricity) that receives, stores, and delivers energy for conversion to electricity, and has a nameplate



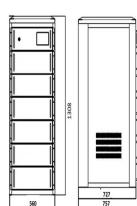
Those incentives could be included in your gross income for federal income tax purposes. Find more about how subsidies affect home energy credits. Qualified clean energy property. Clean energy property must meet the following standards to a?!



For example, Renewable Energy Systems has 90 MW of standalone batteries in operation and more than 55 MW under construction, including two 55 MW projects in the UK that provide enhanced frequency response to the utility grid. AES Energy Storage is also a market leader for commercial energy storage solutions, operating across four continents.



Battery energy storage systems ("BESSs") can alleviate concerns related to intermittency and will play a vital role in transitioning to primarily renewable energy sources. However, BESSs has not received the same tax incentives as wind and solar facilities. Under Proposition 13, California has an acquisition value-based property tax



One difference is the amount of land required; battery energy storage systems are much more compact, therefore, securing higher lease rates per acre for landowners. Another difference is the role they play in the energy market. Solar panels convert the sun's rays into energy. Meanwhile, BESS keeps the energy until needed.

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Green Mountain Power's energy storage lease program at a glance Aside from providing homeowners with an alternative to gas generators for backup power (and potentially increasing solar adoption), the program is a way to provide GMP access to a network of home storage systems that it can utilize - in order to ease stress on the grid and potentially lower costs for all a?|



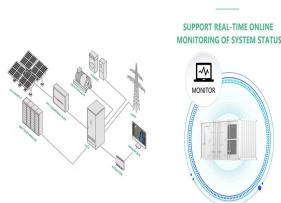
What is the Energy Storage Investment Tax Credit? The Energy Storage Investment Tax Credit, a part of the Inflation Reduction Act of 2022, marks a significant shift in federal incentives for energy storage. It provides a tax credit for a wide range of standalone energy storage, including systems employing lithium-ion batteries currently sold by



New Tax Credits for Energy Storage Industry. Critically, the act provides a federal investment tax credit (ITC) for a broad set of standalone energy storage facilities, including a?|



As you can see, the shorter the lease period, the lower your final leasing cost is. The average house in the US uses about 11,703 kWh of energy per year, and the average electricity price in 2022 was 15.12 cents per kWh. So, the annual electricity costs are \$1769, which equals \$35 380 in 20 years (if the electricity cost will be fixed during these years).



? Standalone vs. integrated storage systems ? Sales tax treatment of energy sales ? Real property tax treatment ? Availability of exemptions under RPTL ? 487 and through Industrial Development Agencies ? Standalone versus solar (or wind) plus storage tax treatment ? Issues for behind the meter storage equipment

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New York State's Real Property Tax Law (RPTL) Section 487 applies specifically to solar energy systems and other renewable energy systems including wind power. This RPTL Section 487 offers a 15-year exemption from real property tax <sup>a??only for the increased value resulting from the installation of the solar energy system on your property.</sup>



Why are property owners leasing their land or empty lots for solar or energy storage farms? Property owners in many states may own empty lots or land that is unused. Perhaps the use of the land has recently changed due to COVID-19. The top 12 states for solar farm land leasing and battery energy storage leasing are: California; Arizona; Oregon



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The summer season is officially behind us. It was yet another record-breaking year for heat waves across the globe, putting unprecedented strain on electrical grids and increasing pressure on modern economies that rely on a stable supply of electricity. But, we see signs of hope on the horizon with the expansion of federal tax incentives for energy storage <sup>a?</sup>



Access Inflation Reduction Act tax credits to cover up to 30% of the project cost for both the energy storage and solar; How Energy Storage Works. Energy storage systems are designed to charge when excess electricity is available from your solar system. Many different types of storage technologies exist however, lithium-ion batteries are most

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Black Mountain Energy Storage is currently seeking to lease or purchase land to build battery energy storage facilities. A property needs to be at least 5-10 acres and located near or adjacent to existing electric transmission infrastructure in order to comfortably accommodate a battery energy storage facility.



Battery systems come in different forms, from containerised units to purpose-built buildings (battery barns), with possible rents of GBP2,000-GBP4,000/MW installed, depending on location.



Williams Mullen represents clients on the development, construction and operation of utility-scale and distributed generation (DG) solar projects, solar + storage projects and standalone energy storage systems throughout the U.S. Our Solar and Energy Storage team assists developers, investors and other clients in practically all aspects of solar and energy storage project a?|



Discover what kind of tax credit you can get for going solar. Everybody can appreciate a tax break, especially when it comes to big purchases. Whether you're looking to install solar panels, invest in a solar plus storage system or add a battery to an existing system, you may qualify for a tax break from the government.. The residential clean energy credit is a?|



Energy storage devices that have a capacity rating of 3 kilowatt-hours (kWh) or greater (for systems installed after December 31, 2022). If the storage is installed in a subsequent tax year to when the solar energy system is installed it is still eligible, however, the energy storage devices are still subject to the installation date requirements).

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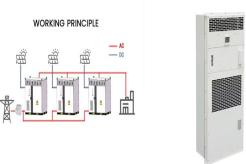
Guidelines. Guidelines for Active Solar Energy Systems New Construction Exclusion were approved by the Members of the State Board of Equalization on November 15, 2012 following an extensive process involving interaction of Board staff with government officials and the public. Please visit the Guidelines for Active Solar Energy Systems New Construction Exclusion a?|



Structuring options for financing energy storage projects: Partnership flip. Traditional Tax Equity: Partnership flip Structuring options for financing energy storage: Sale-leaseback Structuring options for financing energy storage: Pass-through lease. There are other structuring variations of the lease pass-through. Tax credits for US battery



Energy storage systems are also eligible if paired with solar panels. The tax exclusion is not available for solar swimming pool heaters, hot tub heaters, passive energy systems and wind energy



Discover top-rated energy storage systems tailored to your needs. This guide highlights efficient, reliable, and innovative solutions to optimize energy management, reduce costs, and enhance sustainability. View Products. taxes on leasing energy storage systems. Major leap forward for standalone battery energy storage, as . Plus Power LLC