The Emerging Energy Technology Credit

The **Emerging Energy Technology Credit** is a tax incentive for new and innovative energy technologies, which scales down as production scales up. The credit is technology-neutral, meaning new technologies and advanced retrofits may access the credit. The Energy Sector Innovation Credit will bring energy policy in the tax code back to the essentials and encourage cutting-edge technologies to break into the market.

Why is the Emerging Energy Technology Credit Needed?

The United States is falling behind in energy innovation. Energy innovation should be more like Silicon Valley innovation: fast, disruptive, exciting and good for consumers. Instead, the size and complexity of the energy market stymies American ingenuity and entrepreneurship. The "newcomer's tax" is too big for new technologies that could otherwise provide immense benefits to the grid's security and reliability.

Our why our nation needs tax reform for energy innovation that is technology neutral with a built-in off ramp, not policies that pick winners and losers to the detriment of the consumer. Facilitating the expansion of energy that is cheaper, cleaner and more reliable will strengthen the American economy while bolstering our nation's economic competitiveness.

How It Works:

- **Technology Neutral**: Instead of picking winners and losers within the energy sector, this proposal bolsters market-driven innovation across electricity-generating technologies.
- **Electricity When it's Needed:** The incentive applies to the value of the energy when it is sold, so unneeded power is not rewarded. It is market-based and market-driven.
- **Built-In Ramp-Down:** The policy encourages new entrants to market with benefits eventually set to sunset for each energy technology as it grows. This will spur innovation in the market and avoids windfalls for proven technologies or propping up uneconomical technologies.
- **Updating Existing Technologies:** Significant improvements to existing electricity generation facilities may qualify for the investment tax credit. Retrofits qualifying for the credit include investments to decrease pollutants or water usage of the facility and improvements to efficiency.
- **Apply Storage:** Energy storage has the opportunity to improve the dynamic nature of electricity delivery. The policy will encourage more developments in storage technology and application to the grid.
- **No Double-Dipping:** Technologies that claim the existing incentives, such as Investment Tax Credit (ITC) or Production Tax Credit (PTC), cannot also use this incentive.

By the Numbers:

Emerging Energy Technology Electricity Production Credit:

- Tax credit worth 60% for a technology <0.5% of national generation
- Tax credit worth 40% for a technology <1% of national generation
- Tax credit worth 30% for a technology <1.5% of national generation
- Tax credit worth 15% for a technology <2% of national generation

Emerging Energy Technology Investment Credit:

- Tax credit worth as much as 30% for new technologies, energy storage, and retrofits
- Tax credit worth 40% for a "first-of-a-kind" technology