

# Improving the Residential Solar Tax Credit To Meet New York's Climate Goals

*New York's Residential Solar Tax Credit will be improved by:*

## **1. Making energy storage (home batteries) eligible for the tax credit**

- Home batteries are essential for resilient backup power and for using clean energy at night.
- Despite the critical role of solar+storage, batteries are not currently eligible for the solar tax credit.
- Making home batteries eligible will help NY achieve its 2025 and 2030 storage target goals.

## **2. Expanding the credit to \$10,000 (while maintaining the 25% system cost cap)**

- The current \$5,000 cap does not incentivize home batteries for the average solar system in NY.
- Expanding the credit would incentivize customers to add a home battery to their solar system.
- The credit's value would still be limited to the lesser of 25% of system cost or \$10,000. Most solar homeowners will not utilize the full credit (even with a battery), keeping fiscal impacts in check.

## **3. Aligning the tax credit with New York's ambitious climate goals**

- To achieve the 2025 NY-Sun goal of the Climate Leadership and Community Protection Act (CLCPA), small-scale solar systems must be deployed at roughly two times the current rate.
- Incentivizing home batteries will harness more clean energy and reduce costs for all ratepayers.
- Expanding the credit will help compensate for the Trump Administration's attack on the federal Investment Tax Credit (ITC). Expanding the state credit will demonstrate NY's climate leadership.

## **Q&A:**

### **Q: Why is it necessary to make home batteries eligible for the credit?**

Home batteries are not currently eligible for the tax credit, even though energy storage will play an essential role in New York's clean energy future, and must be deployed rapidly to achieve state policies.

### **Q: Why is it necessary to increase the credit to incentivize home batteries?**

A \$20,000 solar system today would receive a \$5,000 credit (25% of system cost), but no incentive for a home battery. Increasing the credit's cap to \$10,000 will incentivize consumer investment in batteries.

## **Quick Facts:**

- Residential solar installations declined by 35% from 2016-2018, according to DPS & NYSERDA.
- Achieving CLCPA goals will require much faster deployment of residential solar and batteries.
- This legislation will help accomplish CLCPA goals and create new solar jobs for NYS.