



Energy Storage – Maximizing Our Nation's Energy Choices

Master Limited Partnerships and Energy Storage

Bipartisan and bicameral legislation opening up Master Limited Partnerships (MLPs) to include energy storage was recently reintroduced in the House (H.R. 1696) and Senate (S. 795). This bill would provide a new market and investment structure to expand our nation's clean energy portfolio.

Master Limited Partnerships typically attract more capital investment, lowering the cost to develop the sector and increasing available equity.

MLP is a designation for company structure—dictating how a company is operated and taxed—that is considered a “pass through structure”. MLPs are widely used and deliver billions of dollars of growth capital to sectors that qualify. To date, only fossil fuel development has been able to take advantage of this tax structure; renewable energy is excluded from the statute. Access to capital has been a chronic issue for the deployment of renewable energy technologies; this bill can correct that problem.

Energy storage is specifically included in the proposed MLP bill language.

MLPs provide a pass-through company structure and tax treatment.

As opposed to regular corporate taxation—35% before being available to shareholders, whereupon another tax is levied on dividends—the MLP allows the organization's income to be directly reported through the owner's taxable income at the personal tax rate rather than the corporate rate. This construct is typically used with private companies that have not benefitted from public equity markets.

This structure would directly benefit the energy storage market.

MLPs increase private investment in the technology markets.

MLPs combine pass-through tax benefits with access to public equity markets. These markets deliver greater benefits since the investor base is much larger. More investors add liquidity to these companies and ultimately a higher valuation and return for the owners. This bill simply expands the definition to include renewable resources and energy storage in addition to fossil exploration and resources.

This bill levels the playing field for energy storage, allowing the public to participate directly in this growing sector—and, ultimately, in their energy future.

Learn more about energy storage technologies at www.energystorage.org.