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Battery Storage Incentives by State

Battery storage lowers costs and boosts resilience. With programs like SGIP, ITC, and ConnectedSolutions, businesses can save big. Discover how PowerFlex helps you navigate incentives and optimize ROI.

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Energy storage is a critical component of the modern clean energy landscape. By integrating batteries with solar, wind, and other renewable sources, businesses can improve energy resilience, reduce costs, and maximize the value of their investment. However, the upfront costs of battery storage can be significant. That's why businesses should take advantage of federal and state-level incentives to lower costs and enhance their return on investment.

Battery storage plays a key role in **peak demand management**, ensuring that businesses can store excess energy when prices are low and use it during peak periods when electricity rates are higher. With many utilities shifting to **time-of-use pricing**, having a well-planned battery storage system can result in substantial energy



savings. Additionally, energy storage enhances **grid reliability** by reducing stress on the electrical grid and providing backup power during outages.

This blog provides an overview of battery storage incentives across the United States, highlighting key programs available to commercial and industrial customers.

Overview of Battery Storage Incentives

Battery storage incentives typically fall into two main categories: **upfront incentives** and **performance-based incentives**.

Upfront incentives provide direct financial support at the time of installation. These include rebates and tax credits that reduce initial costs based on system size and capacity. Many of these incentives are designed to accelerate the adoption of battery storage by covering a significant portion of the capital expense. On the other hand, performance-based incentives compensate businesses based on their system's contribution to grid stability. These include **demand response programs** and **virtual power plant (VPP) participation**, where battery storage systems provide utility services in exchange for financial compensation.

Understanding these incentives is key to making informed investment decisions. By leveraging the right mix of incentives, businesses can significantly reduce their payback period and improve overall energy cost savings. Participating in **capacity markets and demand response programs** for companies with significant energy loads can create additional revenue streams while increasing energy reliability.

Federal Incentives for Battery Energy Storage

The **Inflation Reduction Act (IRA)** at the federal level has expanded opportunities for energy storage investments. One of the most impactful changes is the extension of the **Investment Tax Credit (ITC)** to standalone battery storage. Previously, battery systems had to be paired with solar to qualify for the ITC, but now businesses installing battery storage systems can receive a **30% tax credit** on installation costs.

Additional tax incentives are available for projects that meet **domestic content requirements** or serve **low-income communities**. These bonus credits can increase total tax savings, making battery storage investments even more cost-effective. For tax-exempt organizations such as **nonprofits and municipalities**, the **Direct Pay provision** allows them to receive the value of the tax credit as a cash payment, further lowering the financial barrier to entry for energy storage investments.

Additionally, businesses that incorporate battery storage into **microgrid solutions** or **backup power systems** can further enhance their energy resilience while benefiting from these incentives. Many **data centers, hospitals, and manufacturing facilities** are adopting battery storage systems to save costs and ensure uninterrupted operations during grid failures.

State-Level Battery Storage Incentives

Battery storage incentives vary widely across states, with some leading the way in offering strong financial support. Below is a breakdown of key state programs businesses should know about.

California: Self-Generation Incentive Program (SGIP)

California's **Self-Generation Incentive Program (SGIP)** provides substantial financial support for businesses installing battery storage. The program includes a combination of **upfront rebates** and **performance-based payments**, with higher incentives available for companies in areas prone to power outages and wildfires. SGIP particularly benefits large-scale commercial projects and businesses participating in **demand response programs**.

SGIP prioritizes funding for businesses in **high-risk wildfire zones** to ensure that battery storage systems help maintain grid stability. Additionally, SGIP funds can be combined with federal incentives, allowing businesses to achieve deeper cost reductions.

(Related: [Maximizing EV Incentives Across California](#))

New York: Market Acceleration Bridge Incentive Program

New York's **Market Acceleration Bridge Incentive Program** offers upfront incentives for battery storage installations. Incentive levels depend on the project's location, with businesses in **New York City** receiving up to **\$100 per kWh**, while companies in other parts of the state may receive **up to \$350 per kWh**. This program has been highly competitive, with funding rounds often reaching full subscriptions quickly.

New York's **Clean Energy Standard** also supports businesses that integrate storage with **renewable energy projects**.

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New Jersey: Energy Storage Incentive Program (NJSIP)

New Jersey is finalizing the **Energy Storage Incentive Program (NJSIP)**, which will support standalone battery storage and **solar-plus-storage** projects financially. While details are still being finalized, businesses should prepare to apply once the program launches, as demand is expected to be high.

(Related: [Driving Clean Energy Forward in New Jersey with EV Incentives](#))

Maryland: Energy Storage Income Tax Credit

Maryland's **Energy Storage Income Tax Credit** program offers businesses up to **\$750,000 in tax credits** for installing battery storage. The program is **first-come, first-served** and tends to reach full capacity quickly. Businesses looking to take advantage of this incentive should apply as early as possible in the program cycle.

Colorado: Industrial Tax Credit and State Storage Incentives

Colorado provides multiple incentives for battery storage. The **Colorado Industrial Tax Credit Offering (CITCO)** supports projects that help reduce **greenhouse gas emissions**, making it an attractive option for businesses incorporating battery storage into their energy strategy. The **Colorado State Tax Credit** also offers businesses a **10% tax credit on eligible storage equipment**.

(Related: [Maximizing EV Incentives in Colorado with PowerFlex](#))

Massachusetts: ConnectedSolutions and Clean Peak Standard

Massachusetts offers multiple incentive programs for battery storage. The **ConnectedSolutions** program pays businesses that reduce energy consumption during peak demand periods. The **Clean Peak Standard** rewards businesses that discharge stored energy during peak hours. The **SMART Program** also includes incentives for solar-plus-storage projects, allowing companies to combine multiple financial benefits.

(Related: [Massachusetts EV Rebates: Maximizing Incentives and Tax Credits](#))

Connecticut: Energy Storage Solutions Program

Connecticut's **Energy Storage Solutions Program** provides **upfront rebates** and **ongoing performance-based incentives**. The program has been especially successful for commercial projects, with additional funding

available for businesses in **low-income areas and multifamily affordable housing developments**. Given the program's popularity, companies should act quickly to secure incentives.

How PowerFlex Helps Businesses Maximize Incentives

With many incentive programs available, businesses need a **strategic approach** to maximize financial benefits. PowerFlex helps companies to navigate and optimize their energy storage investments by:

- Identifying and securing **state, federal, and utility-level incentives**.
- Enrolling businesses in **demand response and Virtual Power Plant (VPP) programs**.
- Providing **real-time energy optimization** to ensure compliance with incentive requirements.
- Assisting with **incentive applications** to secure funding before programs are fully subscribed.

By working with PowerFlex, businesses can take full advantage of available incentives, lower costs, and increase the financial return on their energy storage investments.

Take the Next Step

Battery storage incentives are constantly evolving, and staying informed is critical to maximizing benefits.

Contact PowerFlex today to learn how our team can help your business navigate incentive programs and optimize your battery storage investment.



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