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111TH CONGRESS
1ST SESSION

H. R. 3918

To amend the Internal Revenue Code of 1986 to provide a tax credit for qualified distributed thermal energy storage property, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 22, 2009

Mr. THOMPSON of California (for himself, Mr. HERGER, Mr. POMEROY, Mr. LARSON of Connecticut, Mr. MICHAUD, and Ms. PINGREE of Maine) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to provide a tax credit for qualified distributed thermal energy storage property, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Thermal Energy Cooling and Heating Act of 2009''.

SEC. 2. CREDIT FOR QUALIFIED DISTRIBUTED THERMAL STORAGE PROPERTY INSTALLED IN A PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Subsection (a) of section 25D of the Internal Revenue Code of 1986 is amended by striking ''and'' at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting '', and'', and by adding at the end the following new paragraph:

''(6) 30 percent of the qualified distributed thermal energy storage property expenditures made by the taxpayer during such year.''.

(b) QUALIFIED DISTRIBUTED THERMAL ENERGY STORAGE PROPERTY EXPENDITURE.—Section 25D(d) of such Code is amended by adding at the end the following new paragraph:

''(6) QUALIFIED DISTRIBUTED THERMAL ENERGY STORAGE PROPERTY EXPENDITURE.—The term 'qualified distributed thermal energy storage property expenditure' means an expenditure for qualified distributed thermal energy storage property (as defined in section 48(e)) installed on or in connection with a dwelling unit located in the United States and used as a principal residence (within the meaning of section 121) by the taxpayer.''.

(c) MODIFICATION OF MAXIMUM CREDIT.—

(1) IN GENERAL.—Paragraph (1) of section 25D(b) of such Code is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C), and by adding at the end the following new subparagraphs:

''(D) $500 with respect to each half kilowatt of peak demand reduction (as defined in section 48(e)(3)) by cooling systems which are qualified distributed thermal energy storage property (as defined in section 48(e)) for which qualified distributed thermal energy storage property expenditures are made, and

''(E) $150 for each nameplate kilowatt input of thermal heat storage by heating systems which are qualified distributed thermal energy storage property (as defined in section 48(e)) for which qualified distributed thermal energy storage property expenditures are made.''.

(2) CONFORMING AMENDMENTS.—Paragraph (4) of section 25D(e) of such Code is amended—

(A) by amending so much of such paragraph as precedes subparagraph (B) to read as follows:

''(4) LIMITATIONS IN CASE OF JOINT OCCUPANCY.—In the case of any dwelling unit which is jointly occupied and used during any calendar year as a residence by two or more individuals the following rules shall apply:

''(A) MAXIMUM EXPENDITURES.—The maximum amount of expenditures which may be taken into account under subsection (a) by all such individuals with respect to such dwelling unit during such calendar year shall be—

''(i) $1,667 in the case of each half kilowatt of capacity of qualified fuel cell property (as defined in section 48(c)(1)) for which qualified fuel cell property expenditures are made,

''(ii) $1,667 in case of each half kilowatt of peak demand reduction (as defined in section 48(e)(3)) by cooling systems which are qualified distributed thermal energy storage property (as defined in section 48(e)) for which qualified distributed thermal energy storage property expenditures are made, and

''(iii) $333 in the case of each nameplate kilowatt input of thermal heat stor-

age by heating systems which are qualified distributed thermal energy storage property (as defined in section 48(e)) for which qualified distributed thermal energy storage property expenditures are made.'', and

(B) by adding at the end of subparagraph (B) the following:

''This subparagraph shall be applied separately with respect to qualified fuel cell property expenditures, qualified distributed thermal energy storage property expenditures with respect cooling systems, and qualified distributed thermal energy storage property with respect to heating systems.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 3. BUSINESS CREDIT FOR QUALIFIED DISTRIBUTED THERMAL ENERGY STORAGE PROPERTY.

(a) IN GENERAL.—Subparagraph (A) of section 48(a)(3) of the Internal Revenue Code of 1986 is amended by deleting ''or'' at the end of clause (vi), by inserting ''or'' at the end of clause (vii), and by inserting clause (vii) the following new clause:

''(viii) qualified distributed thermal energy storage property but only with respect to periods ending before January 1, 2017,''.

(b) 30 PERCENT CREDIT.—Clause (i) of section 48(a)(2)(A) of such Code is amended by striking ''and'' at the end of subclause (III) and by inserting after subclause (IV) the following new subclause:

''(V) qualified distributed thermal energy storage property, and''.

(c) QUALIFIED DISTRIBUTED THERMAL ENERGY STORAGE PROPERTY.—Section 48 of such Code is amended by adding at the end the following new subsection:

''(e) QUALIFIED DISTRIBUTED THERMAL ENERGY STORAGE PROPERTY.—For the purposes of this section:

''(1) IN GENERAL.—The term 'qualified distributed thermal energy storage property' means a heating or cooling system which—

''(A) consists of mechanical thermal heat storage or cooling storage components which are designed to create, store, and supply off peak or renewable electric distributed thermal energy or to reduce or avoid peak electrical demand of conventional mechanical cooling or heating equipment,

"(B) has a nameplate operational capability to deliver a minimum of 29,000 Btu per hour of cooling capacity or a minimum of installed nameplate thermal heat storage capacity of 85,000 Btu,

"(C) is designed to deliver such cooling capacity for a minimum continuous period of 3 hours, available daily from May 1 through September 30, or a minimum of 15,000 Btu per hour of heating capacity for a minimum continuous period of 3 hours, available daily from October 1 through April 30, coincident with daytime peak load periods,

"(D) is designed so as to utilize off-peak or renewable electricity or reduce peak kilowatt demand by 90 percent for the heating and cooling load served, and

"(E) is certified by the manufacturer as designed so as not to exceed the energy consumption of conventional HVAC equipment by more than 10 percent.

"(2) INCLUSION OF RELATED EQUIPMENT.—Such term shall include any secondary components which integrate the distributed thermal energy storage system described in paragraph (1) with the con-

ventional heating or cooling system, including equipment and controls for measuring and reporting operation and performance, but shall not include any portion of the conventional heating or cooling system.

''(3) LIMITATION.—

''(A) IN GENERAL.—In case of qualified distributed thermal energy storage property placed in service during the taxable year, the credit otherwise determined under this section for such year with respect to such property shall not exceed an amount equal to $500 for each 0.5 kilowatt of peak demand reduction for property placed in service for cooling or $150 for each nameplate kilowatt input for property placed in service for heating.

''(B) PEAK DEMAND REDUCTION.—For purposes of this subsection, the term 'peak demand reduction' means the removal or avoidance of electrical demand (kW) on the utility grid system during the daily time period of high electrical demand. The peak demand reduction for air conditioning property shall be determined based on Energy Efficiency Ratio (EER) standards for residential and commercial air

conditioning equipment, established under the Energy Policy and Conservation Act of 1975.''.

(d) EFFECTIVE DATE.—The amendments made by this Act shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 4. QUALIFIED DISTRIBUTED THERMAL ENERGY STORAGE PROPERTY MADE ELIGIBLE FOR NEW CLEAN RENEWABLE ENERGY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 54C(d) of the Internal Revenue Code of 1986 is amended to read as follows:

''(1) QUALIFIED RENEWABLE ENERGY FACILITY.—The term 'qualified renewable energy facility' means—

''(A) any qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and to any placed in service date), and

''(B) any qualified distributed thermal energy storage property (as defined in section 48(e)),

owned by a public power provider, a governmental body, or a cooperative electric company.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

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