



Press Release

Energy Sector Innovation Credit

PAULINA ENCK | DECEMBER 22, 2021

The Energy Sector Innovation Credit (ESIC) Act of 2021 would provide investment and production tax credits for emerging energy technologies that are not currently eligible for such tax credits. In a new insight, Director of Energy Policy Ewelina Czapla walks through the importance of federal support for these emerging technologies—as part of a holistic approach to climate change mitigation—rather than simply supporting existing technologies that already enjoy widespread market adoption.

Key points:

- Countering the growth of greenhouse gas emissions requires novel technologies that have not yet been deployed at scale and would benefit from production and investment credits.
- The BBBA should employ a technology-agnostic approach in combination with a planned phase-down of credits as market penetration increases to prevent continued subsidization of technologies that have achieved widespread market adoption.
- Policies should not aim to pick winners and losers, specify labor requirements, or simply sustain already-successful preferred technology—none of these strategies is conducive to the most rapid development of the best technologies, nor the best use of taxpayer dollars.

[*Read the analysis*](#)