



The Alliance for Industrial Efficiency

April 26, 2013

The Honorable Rodney P. Frelinghuysen,
Chairman
House Appropriations Subcommittee
On Energy and Water Development
2362-B Rayburn House Office Building
Washington, DC 20515

The Honorable Marcy Kaptur,
Ranking Member
House Appropriations Subcommittee
On Energy and Water Development
2186 Rayburn House Office Building
Washington, DC 20515

House Appropriations Committee
Subcommittee on Energy & Water Development

Dear Chairman Frelinghuysen and Ranking Member Kaptur:

The Alliance for Industrial Efficiency (AIE) is writing to support the “Race to the Top” Initiative, which could create incentives for states that adopt policies to expand energy efficiency, and thereby help create jobs and economic growth, and save businesses and consumers money on energy bills. The Alliance is a diverse coalition representing the business, environmental, labor and contractor communities and is committed to enhancing manufacturing competitiveness through industrial energy efficiency. We are particularly pleased that these resources can be directed to policies that help advance Combined Heat and Power (CHP) and Waste Heat to Power (WHP) and we ask that you fully fund this Initiative at the Requested amount, i.e., \$200 million. This funding will help achieve the goal that the bi-partisan National Commission on Energy Efficiency Policy (NCEEP) established of doubling our nation’s energy productivity by the year 2030.

The “Race to the Top” aims to help overcome existing barriers to investments in efficiency by offering assistance to states, which would be leveraged with private resources, leading to greater private investment in industrial efficiency by America’s glass, steel, paper and chemical manufacturers.

Manufacturers often generate waste heat as part of their industrial processes. CHP and WHP are proven and effective methods for capturing the heat that normally would be wasted, and instead using it to generate electricity and heat for the facility, saving energy and money, and improving the facility’s efficiency. These approaches should be compared to traditional power generation which is incredibly inefficient. In fact, two-thirds of fuel inputs are lost as wasted heat. These efficiency improvements allow our nation’s manufacturers to enhance their competitiveness. What’s more, because many CHP and WHP projects do not depend on the grid to operate, they can increase the reliability of our power sector, by ensuring that manufacturers, universities and hospitals “keep the lights on” during extreme weather events.

While CHP and WHP currently provide roughly 8 percent of U.S. electric capacity, the Department of Energy's Oak Ridge National Laboratory estimates that CHP could provide as much as 20 percent of the nation's electric capacity. Such full-scale deployment would generate \$234 billion in new investment and create nearly one million new highly-skilled, technical jobs, in the design, construction, installation and maintenance of equipment.

The newly announced "Race to the Top" energy efficiency program will create an incentive for states to advance favorable industrial energy efficiency policies, making their manufacturers more competitive. As your Subcommittee moves forward, we urge you to help ensure this important Initiative receives and retains full funding.

Sincerely,



David Gardiner
Executive Director
Alliance for Industrial Efficiency

On Behalf of

International District Energy Association (IDEA)
National Electrical Contractors Association (NECA)
Recycled Energy Development (RED)
Sheet Metal and Air Conditioning Contractors' National Association (SMACNA)
Veolia Energy North America