

The Honorable Shaun Donovan
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, D.C. 20410

April 18, 2013

Dear Secretary Donovan:

We appreciate the Department of Housing and Urban Development's (HUD's) efforts to aid affected communities in their efforts to rebuild the areas impacted by Hurricane Sandy. Rebuilding provides a critical opportunity to improve our communities' ability to withstand future extreme weather events. As HUD and the Hurricane Sandy Rebuilding Taskforce support rebuilding and provide President Obama with recommendations on future disaster response, we urge the Department to issue guidance to states and localities regarding the installation of combined heat and power (CHP) systems and that the Taskforce provide the President with recommendations on how to ensure that critical buildings have improved resiliency to withstand future storms.

As you know, CHP is a proven and efficient method for generating electricity and thermal energy. In CHP systems, a single fuel source is used to generate both heat and electricity, making this integrated approach far more efficient than conventional power generation. Conventional electricity generation is only 33 percent efficient, while CHP systems can operate at efficiency levels as high as 80 percent.

In the wake of Hurricane Sandy, more than eight million people along the eastern seaboard lost power, but communities, institutions, hospitals and businesses that made investments in CHP generation systems kept the lights and heat on, created refuges for residents, and maintained necessary operations. CHP is a cost-effective, near-term solution to increase grid reliability and reduce U.S. energy use and costs, while also promoting economic growth and addressing future energy needs. CHP already produces eight percent of U.S. electric capacity; however, the potential is far greater. In fact, the Oak Ridge National Laboratory projects that CHP could provide 20 percent of U.S. electric capacity. Such full-scale deployment of CHP could create up to one million jobs and attract \$234 billion in private investment.

The President has already committed to moving CHP forward by setting a national goal of deploying 40 gigawatts of new CHP by 2020. Recently, New York Governor Andrew Cuomo announced that his administration plans to allocate \$20 million for clean-energy projects that demonstrate the ability to provide uninterrupted power and heat during extreme weather events. Governor Christie's administration recently announced a new CHP and fuel cell program to

improve efficiency and grid reliability in New Jersey. We encourage HUD and the Hurricane Sandy Rebuilding Task Force to facilitate CHP deployment by providing guidance on disaster fund expenditures related to these systems and making strong recommendations on actions that President Obama and Congress can undertake to help communities to consider CHP to improve the resiliency of our energy infrastructure. Such steps will lower energy costs, improve grid security, lower harmful emissions, and create jobs.

We appreciate your work on this important matter and look forward to further opportunities to discuss this issue.

Sincerely,

Alliance for Industrial Efficiency

American Council for an Energy-Efficient Economy (ACEEE)

National Electric Contractors Association (NECA)

The Pew Charitable Trusts

Recycled Energy Development (RED)

Sheet Metal Air, Rail, and Transportation Workers (SMART)

Sheet Metal and Air Conditioning Contractors' National Association (SMACNA)