



January 19, 2016

The Honorable Kevin Brady
Chairman
Committee on Ways & Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Sander Levin
Ranking Member
Committee on Ways & Means
1106 Longworth House Office Building
Washington, DC 20515

Dear Chairman Brady and Ranking Member Levin,

I understand that the Ways and Means Committee will soon consider how best to address the future of the section 48 investment tax credit (ITC), which expires at the end of 2016 for combined heat and power (CHP), and other non-solar energy technologies. The Alliance for Industrial Efficiency urges you to ensure that this effort provides tax policy certainty that will allow greater deployment of CHP and waste heat to power (WHP) technology.

As you are aware, the recently passed omnibus appropriations and tax relief bill provided a phased-down extension of the ITC for solar energy through 2021. The future of the ITC for eligible non-solar technologies was not determined. Several members of the leadership in both the House and Senate have stated their intention to provide similar certainty to industries investing in the other clean energy technologies early this year. We urge you undertake efforts to address this oversight quickly.

As the Committee looks to extend the ITC for the non-solar technologies, the Alliance asks that you extend and modify the ITC to incentivize greater deployment of CHP and WHP to improve the energy efficiency and competitiveness of America's manufacturing sector. First, we request that the ITC for CHP be extended through January 1, 2022, and allow projects to qualify so long as they commence construction before this deadline, rather than the date that they are placed in service. Second, the Senate Finance Committee overwhelmingly approved a bill (S. 913) to correct a technical error that occurred when CHP was added to the section 48 credit in 2008. We ask that waste heat to power be added as a qualifying technology for the investment tax credit. Finally, the ITC for CHP has seen its effectiveness limited by project size and capacity requirements for eligibility. We urge Congress to eliminate or raise these capacity limitations.

We look forward to working with you and other members of the Ways and Means Committee to address these important matters.

Sincerely,

Jennifer R. Kefer

Executive Director, Alliance for Industrial Efficiency

The Alliance for Industrial Efficiency is a coalition of business, labor and environmental organizations that are committed to encouraging the use of CHP and WHP to enhance U.S. manufacturing competitiveness, increase energy efficiency, and improve the environment. CHP systems generate heat and power simultaneously, which provides for greater energy efficiency. CHP systems also generate power onsite, providing industrial users with greater energy security during disruptions to the electric grid. WHP systems capture wasted heat resources from high-heat industrial processes, such as those employed by steel and paper mills, and convert the waste heat into electric power with no incremental emissions.