



The Honorable Charles Schumer
419 Hart Senate Office Building
Washington, DC 20510

February 6, 2017

Dear Senator Charles Schumer:

We write today to support the Senate Democratic Policy & Communication Center's (DPCC) ambitious [Blueprint to Rebuild America's Infrastructure](#) that will create opportunities for clean and efficient technology. In particular, we applaud the inclusion of \$100 billion to support the development of Next Generation Energy Infrastructure, as we believe it is an essential step to United States job creation. We agree that a country with the number one GDP should not have an electric grid that ranks 24th in the world in terms of reliability (just behind Barbados). We are writing to ensure that combined heat and power (CHP) and waste heat to power (WHP) are included in the DPCC's energy infrastructure plans.

The Alliance for Industrial Efficiency ("The Alliance") is a diverse coalition that includes representatives from the business, environmental, labor and contractor communities. The Alliance is committed to enhancing manufacturing competitiveness and reducing emissions through industrial energy efficiency, particularly through the use of CHP and WHP. We support industrial and manufacturing energy efficiency efforts nationwide through education and action.

Recent analysis by the Alliance found that increasing deployment of CHP and WHP technology can advance the DPCC's priorities by:

- Creating 232,000 to 712,000 new jobs in the design, construction, installation, and maintenance of equipment;¹
- Saving American manufacturers \$140-billion on their energy bills by 2030, making them more competitive;²
- Increasing the use of clean, domestically produced natural gas; and
- Making the electric grid more reliable by diversifying generation.

¹ EPA, March 2015, "Catalog of CHP Technologies" at Table 2-4 and 5-2 (https://www.epa.gov/sites/production/files/2015-07/documents/catalog_of_chp_technologies.pdf) (reporting capital costs ranging from \$1,400 to \$4,300/ kW, dependent on prime mover and size); Oak Ridge National Laboratory, December 2008, "Combined Heat and Power: Effective Energy Solutions for a Sustainable Future" (<http://info.ornl.gov/sites/publications/files/Pub13655.pdf>) (estimating four jobs created for every one-million dollars expended).

² Alliance for Industrial Efficiency, September 2016, "State Ranking of Potential Carbon Dioxide Emission Reductions through Industrial Energy Efficiency" (http://alliance4industrialefficiency.org/wp-content/uploads/2016/09/FINAL-AIEState-Industrial-Efficiency-Ranking-Report_9_15_16.pdf).



What's more, CHP and WHP systems can operate independently of the grid, keeping the lights and power on during extreme weather events. Given these benefits, CHP and WHP should be a cornerstone of the DPCC's energy infrastructure proposal.

The CHP Investment Tax Credit (ITC) supported deployment of CHP, but was allowed to expire at the end of last year. As recognized in the Blueprint, the ITC was "too short term," which undermined "the ability to stimulate significant, long-term investment in new energy technologies and the infrastructure necessary to support them." Moreover, the ITC did not extend to WHP due to a drafting error. To provide parity among power generation sources and ensure continued deployment of CHP and WHP, any future technology-neutral energy tax credits should extend to these clean and efficient technologies. Doing so would be consistent with the inclusion of CHP and WHP in the technology neutral tax credit that was proposed as part of the American Energy Innovation Act of 2015 (S. 2089).

In 2015, the Department of Energy released a congressionally mandated report that explored the barriers impeding the adoption of industrial energy efficiency, including CHP and WHP. It also identified successful examples and opportunities to overcome the barriers. According to the report there are three main types of barriers to deployment: economic and financial, regulatory, and informational.³ The DPCC can help overcome economic, financial and informational barriers by highlighting the benefits of CHP and WHP and encouraging their inclusion in its Blueprint to Rebuild America's Infrastructure and any related technology neutral tax credits.

We appreciate the DPCC's recognition of the need to build next generation energy infrastructure. This proposal should explicitly recognize the important role that CHP and WHP play in enhancing reliability, making manufacturers more competitive, and reducing emissions, and ensure that any policies enacted as a result of the infrastructure plan support deployment of these technologies.

We look forward to working together to help advance the DPCC's [Blueprint to Rebuild America's Infrastructure](#).

Sincerely,

Jennifer R. Kefer
Executive Director
Alliance for Industrial Efficiency

³ Department of Energy, June 2015, "Barriers to Industrial Energy Efficiency."
(https://www.energy.gov/sites/prod/files/2015/06/f23/EXEC-2014-005846_6%20Report_signed_v2.pdf)