July 5, 2017

The Honorable Tom Carper
513 Hart Senate Office Building
Washington, DC 20510

The Honorable Dean Heller
324 Hart Senate Office Building
Washington, DC 2051

Dear Senators Carper and Heller,

I am writing to you on behalf of the Alliance for Industrial Efficiency to thank you for introducing the *Technologies for Energy Jobs and Security Act of 2017* (S. 1409). This legislation will make tax credits for combined heat and power (CHP) predictable and reliable, providing needed certainty for the developers of CHP projects and the industrial customers they serve.

As you know, in December 2015, Congress extended the investment tax credit (ITC) for solar technologies through 2021 (providing a five-year extension with "start of construction" language). However, due to a drafting error, the credit was not extended for non-solar Section 48 technologies, including CHP, and the tax credit for these technologies was unintentionally allowed to lapse at the end 2016. The Technologies for Energy Security Act corrects this inequity and provides a level playing field for all energy technologies eligible for the ITC by retroactively extending the Section 48 tax credit through 2021. It also corrects an older error in the tax code that unintentionally prohibited companies from claiming the ITC for facilities that turn otherwise wasted heat into efficient power generation (Waste Heat to Power).

CHP and WHP are proven and effective energy resources that can help efficiently address current and future energy needs. Approximately 82 gigawatts of CHP are currently installed in the United States, accounting for 12 percent of U.S. electricity generation. Each year, this installed capacity decreases U.S. energy use by almost 1.9 quadrillion Btus. But tremendous potential for energy savings remains. In fact, DOE's most recent technical potential report identifies 149 gigawatts – or the equivalent of 300 additional power plants - in technical on-site CHP potential, and 15 GW in WHP potential. Deployment of these projects would enhance manufacturing competitiveness at their host facilities and create job opportunities in the design, construction, installation, and maintenance of equipment. Installing just 40 additional gigawatts would save energy users $10-billion a year. Despite these long-term savings, CHP and WHP projects require a large up-front capital investment. The ITC can help defray these up-front costs and help jumpstart deployment.

The Alliance for Industrial Efficiency appreciates your efforts to enhance American manufacturing competitiveness, reduce energy costs, and support job creation, and looks forward to working with you to enact the Technologies for Energy Security Act.

Sincerely

Jennifer Kefer
Executive Director
Alliance for Industrial Efficiency

The Alliance is a diverse coalition of business, labor, and non-profit organizations that advocate for policies that increase U.S. manufacturing competitiveness through industrial energy efficiency, especially the use of CHP and WHP.