



Re: Recommendations to advance combined heat and power (CHP) and waste heat to power (WHP) in forthcoming infrastructure or energy package
Date: July 16, 2018

The Alliance for Industrial Efficiency (AIE, “The Alliance”) understands that the House Democratic Caucus is seeking stakeholder input on provisions that could be included in a 2019 infrastructure or energy package. We offer the following recommendations, which will increase deployment of combined heat and power (CHP) and waste heat to power (WHP) to help reduce energy costs, make US manufacturers more competitive, increase the resiliency of critical infrastructure in the face of manmade and natural disasters, and lower emissions.

This memo includes two attachments:

1. A fact sheet with background information about the scale of the opportunity and the general benefits of CHP and WHP.
2. A fact sheet showcasing several resiliency success stories, elaborating the role of the Department of Energy’s Technical Assistance Partnership in helping advance CHP for resiliency, and identifying best practice policies that states can adopt to complement the proposals recommended in this memo.

The Alliance is a diverse national coalition of labor organizations, contractors, businesses, and academic institutions. Our members represent all facets of the CHP and WHP value chain – including companies that manufacture equipment and develop and finance projects, contractors that install and maintain those projects, and academic institutions that provide technical assistance. We are committed to enhancing manufacturing competitiveness through the use of CHP and WHP. We appreciate this opportunity to submit comments to the House Energy and Commerce Committee and **urge the Committee to develop a proposal that supports the deployment of CHP and WHP.**

Most of the policies we recommend have already been introduced with bipartisan support. The forthcoming infrastructure package provides a good opportunity to revisit these proposals. Collectively, this package will provide technical assistance to potential hosts, help overcome financing barriers to deployment through grants and loans, and create a market for CHP through the development of resiliency plans for critical infrastructure and efficiency goals for public buildings.

A brief description of the suite of policies we endorse follows.



Policy Recommendations

1. **Combined Heat and Power Support Act (S. 2142)**

- The CHP Support Act would authorize funding for Department of Energy's Technical Assistance Partnerships ("TAPs") and supporting technical activities under the Technical Partnership Program of the Department of Energy's Advanced Manufacturing Office for a period of five years. The Technical Partnership Program maintains a CHP installation database, provides preliminary screenings, identifies best policy practices, provides technical and engineering support, and helps overcome barriers to the deployment of CHP for policymakers and prospective CHP hosts. The Act authorizes \$12-million/ year (2018-2022) to support the TAPs.
- STATUS: The CHP Support Act was introduced in the Senate by Senator Angus King (I-ME) in fall 2017 and has bipartisan support in the House.

2. **North American Energy Security & Infrastructure Act of 2015 (H.R. 8)** (sections 1107 and 3115)

- **Section 1107** amends the Public Utility Regulatory Policies Act of 1978 (PURPA) to require electric utilities to develop resiliency plans for critical facilities.
- The Energy Policy Act of 2005 requires that 7.5 percent of federal energy use (after 2013) be from renewable resources. **Section 3115** modifies this federal purchase requirement to expand the definition of renewable energy to include WHP.
- STATUS: The House passed the North American Energy Security and Infrastructure Act of 2015 in its entirety in December 2015.

3. **Leading Infrastructure for Tomorrow's America Act (H.R. 2479)** (sections 31101, 31201, 33301-33304)

- **Section 31101** authorizes \$515-million/ year (2018-2022) to support a competitive grant program for states, tribes, and local governments to support the use of "resiliency-related technologies" for grid hardening, resiliency, and reliability, particularly to critical infrastructure.
- **Section 31201** authorizes \$200-million/ year (2018-2022) for a financial assistance program to support grid modernization projects that improve performance and efficiency and allow for greater use of customer generation on the grid. Assistance is to be given to partnerships that include utilities or technology providers and universities, tribes, or state policymakers.
- **Sections 33301-33304 ("Local Energy Supply and Resiliency Act")** requires DOE to establish several programs to support distributed energy systems (including CHP, WHP and district energy). In particular, **section 33303** requires DOE to establish a loan program to provide funding to deploy distributed energy systems to states and other government entities, universities, and utilities. **Section 33304** authorizes \$250-million over five years (2018-2022) for a technical assistance and grant program to disseminate information and provide technical assistance to nonprofit and profit entities for identifying, evaluating, planning, and designing distributed energy systems that facilitate the use of renewable energy, support microgrids, and enhance the reliability and resiliency of energy infrastructure.



- STATUS: Congressman Pallone (D-NJ) introduced H.R. 2479 in May 2017. All Democratic Members of the Energy & Commerce Committee are cosponsors of the bill.

4. **Master Limited Partnership Parity Act ([H.R. 4118](#))**

- Master Limited Partnerships (MLPs) are investment vehicles that are taxed as partnerships, but whose ownership interests are traded like corporate stock. MLPs are currently available to traditional energy projects (primarily oil and gas pipelines); however, the MLP Parity Act would extend eligibility to clean and renewable energy sources, including CHP and WHP.
- STATUS: The MLP Parity Act has been introduced regularly since 2012 and has bipartisan, bicameral support.

5. **“Planning for Federal Sustainability in the Next Decade” ([S. 1460](#))**

- **Section 1116** sets a goal to reduce energy intensity in buildings by 2.5 percent annually through 2027, relative to a 2017 baseline. The federal government has historically led by example by reducing the energy use and enhancing the resiliency of federal buildings, data centers, and vehicles. Legislating renewable and clean energy targets (to include CHP and WHP) for both thermal and electric energy use in federal buildings would provide a leading example of energy efficient building management. This would keep the government on track to save taxpayer dollars and reduce emissions. Agencies should be required to track and report these reductions to ensure accountability.
- STATUS: Legislation has been introduced in the Senate with bipartisan cosponsors.

We believe that this suite of policies are consistent with Congress’ goals for a federal infrastructure proposal. These policies will help overcome barriers to the deployment of CHP and WHP and facilitate its use in public buildings and critical infrastructure. They will help increase competitiveness by lowering energy costs for US manufacturers, make the U.S. electric grid more resilient and reliable, and reduce emissions.

We welcome an opportunity to meet with you and other Members of the Democratic Caucus to discuss these recommendations and to provide additional background about the benefits of CHP and WHP. We look forward to working with you as the package moves forward.