

January 11, 2018

The Honorable Tim Walberg
U.S. House of Representatives
2436 Rayburn House Office Building
Washington, DC 20515

Re: H.R. 4476, The PURPA Modernization Act of 2017

On behalf of the trade associations listed below we cannot support H.R. 4476, the “PURPA Modernization Act of 2017” because our member companies will be negatively impacted. We appreciate your efforts and those of your staff to work with us to address our concerns and we look forward to continuing those discussions to remove those impacts.

The Public Utility Regulatory Policies Act (PURPA) of 1978 encourages increased industrial efficiency and competitiveness by making use of cogeneration technology, otherwise known as combined heat and power (CHP) and waste heat to power (WHP). For the industrial sector, PURPA is as important today as it was in 1978. Industrial qualifying facilities (QFs) are not in the business of generating and selling power, an important distinction.

During the House Subcommittee on Energy hearing on September 6, 2017 the testimony provided made clear the following:

1. Industrial PURPA QFs are not causing the specific market problems that were identified during the hearing, and that have prompted the legislation. Instead, industrial QFs contribute to grid stability, produce power at energy efficiency rates that are more than twice that of utility generation, reduce substantial amounts of greenhouse gas (GHG) and criteria air pollutants, and are critical to the competitiveness of many industrial facilities and the high-paying manufacturing jobs they provide.
2. Unlike other QFs, industrial QFs are not in the power producing business. According to the Energy Information Administration (EIA) industrial CHP/WHP facilities consume 83 percent of the power they generate and total industrial PURPA electric generating capacity has been flat for the last 20 years.
3. While there was significant testimony about other QFs abusing PURPA under the one-mile rule, none highlighted industrial QFs as a concern and industrial QFs are not a party to this controversy. The associations signing below support action by the Federal Energy Regulatory Commission (FERC) to provide guidance to stop the abuse.

H.R. 4476 does not affect industrial facilities that are FERC certified as “cogenerator” QFs and we support that aspect of the legislation. Unfortunately, the legislation would

negatively affect industrial QFs that are certified as “small power producers,” another category of QFs available under FERC regulations. Industrials do have self-generation facilities that use waste heat, biomass, and hydropower to produce electricity, and are certified as “small power producers.” It is this second category of industrial QFs that would be adversely affected by the legislation and for which changes are needed.

We desire to continue working with you and the House Committee on Energy and Commerce to address the concerns that have prompted the legislation and to ensure that our members are not negatively impacted by it. Thank you in advance for your efforts to date to avoid harming the manufacturing sector’s competitiveness and jobs. We look forward to building on those efforts.

Sincerely,

American Chemistry Council
American Forest & Paper Association
Association of Businesses Advocating Tariff Equity
Chemical Industry Council of Illinois
Council of Industrial Boiler Owners
The Fertilizer Institute
Heat is Power Association
Industrial Energy Consumers of America
International District Energy Association
Iron Mining Association
Michigan Chemistry Council
Midwest Cogeneration Association
Utah Association of Energy Users
Wisconsin Industrial Energy Group

cc: House Committee on Energy and Commerce
Federal Energy Regulatory Commission