



## Industrial Energy Consumers of America

*The Voice of the Industrial Energy Consumers*

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May 6, 2020

The Honorable Richard Neal  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
2309 Rayburn House Office Building  
Washington, DC 20515

The Honorable Kevin Brady  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
1011 Longworth House Office Building  
Washington, DC 20515

***Re: Support CHP ITC, behind-the-meter industrial CHP/WHP increases manufacturing competitiveness, grid reliability and resiliency***

Dear Chairman Neal and Ranking Member Brady:

On behalf of the Industrial Energy Consumers of America (IECA), we support energy efficiency and the combined heat and power (CHP) investment tax credit (ITC), which is set to expire on December 31, 2021. We strongly support renewing the CHP ITC and extending the credit to waste heat to power (WHP). Self-generation of power and steam reduces energy costs, increases competitiveness, avoids GHG emissions, and reduces electric transmission congestion costs. The CHP ITC is a one-time credit equal to 10 percent of expenditures. Eligible CHP property is limited to 50 MW in capacity and under and must exceed 60 percent energy efficiency.

Industrial CHP and WHP technologies are unique because they operate 24/7 and play a very important role in grid load management. When manufacturers use CHP and WHP, they are consuming the vast majority of the power. In fact, industrials sold only 283,806,450 MWh of electricity in 2018, which represents only 0.07 percent of U.S. demand.<sup>1</sup> An insignificant volume.

This makes clear that we generate power for internal consumption. And, the combination of industrials paying for their own generation units and reducing transmission congestion means that we are reducing electricity costs to other ratepayers. These are all important attributes.

According to the U.S. Department of Energy's (DOE) CHP database in 2018<sup>2</sup> there is an additional technical CHP/WHP capacity potential of 68 GW located across the U.S. at 43,571 locations.<sup>3</sup> However, *technical* potential does not mean that it is *economical* potential. The

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<sup>1</sup> Source: Form EIA-923 detailed data, Electricity, Energy Information Administration (EIA), <https://www.eia.gov/electricity/data/eia923/>.

<sup>2</sup> U.S. DOE Combined Heat and Power Installation Database, <https://doe.icfwebservices.com/chpdb/>.

<sup>3</sup> Combined Heat and Power (CHP) Technical Potential in the United States, DOE, March, 2016: <https://www.energy.gov/eere/amo/downloads/new-release-us-doe-analysis-combined-heat-and-power-chp-technical-potential>

manufacturing potential is spread across several important industries, which include: chemicals, refining, food, paper, metals, wood textiles, plastics, glass, and beverages.

We look forward to working with you on this important issue.

Sincerely,

Paul N. Cicio  
President

cc: House Committee on Ways and Means

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*The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 4,000 facilities nationwide, and with more than 1.7 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, brewing, independent oil refining, and cement.*