



July 2, 2010

The Honorable Al Franken
320 Hart Senate Office Building
Washington, DC 20510-2306

Dear Senator Franken:

On behalf of the United States Clean Heat and Power Association (USCHPA), I am writing to thank you for sponsoring the Thermal Renewable Energy and Efficiency Act of 2010. You have begun to address an area often overlooked, when considering greenhouse gas reductions—thermal energy.

According to the International District Energy Association, heating and cooling for buildings and industry accounted for 31% of primary energy consumption in 2005. A wide range of opportunities exist to reduce greenhouse gas emissions using combined heat and power (CHP) systems, district energy systems, and using renewable resources as fuel in combination with such energy efficient technologies.

The Thermal Renewable Energy and Efficiency Act will allow those producing energy for heating and cooling using renewable sources to claim a production tax credit (PTC) similar to that enjoyed by electricity producers. USCHPA recommends that the bill be modified to allow the application of the PTC to both electric and thermal energy. Constructing fuel-efficient biomass CHP systems is more complex and expensive than strictly thermal plants with the same output. Biomass CHP systems would be more competitive if able to take advantage of both incentives.

This bill takes the positive step of reducing the interest costs for capital-intensive district energy systems by allowing tax-exempt bonds to finance their construction. Additionally, this bill expands the reach of energy sustainability and efficiency grants for institutions. The grants will become available to a wider variety of institutions, and allow for larger projects that create greater energy efficiency gains.

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Overall this bill takes important steps to reduce greenhouse gas emissions, create jobs, increase grid reliability, and ensure the energy security of the United States. The USCHPA and its members look forward to working with you to improve this bill and work for its passage into law.

Sincerely,

A handwritten signature in black ink that reads "Jessica H. Bridges". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Jessica H. Bridges, CAE IOM
Executive Director
U.S. Clean Heat & Power Association