



## Investment Tax Credit Parity for Combined Heat and Power and Waste Energy Recovery

Congress should evaluate energy tax credits according to the amount of carbon reductions (or the cost of delivering clean power) per dollar of taxpayer benefit. In that light, CHP and recycled energy offer far more savings than any other alternative energy option. The cost to deliver a megawatt-hour from solar photovoltaics, for instance, is more than eight times that for recycled energy with CHP; the difference is four times more for on-shore wind turbines and six times more for concentrated solar. Wind and solar technologies, however, have long benefited from a 30-percent investment tax credit, three times more than the value provided to efficient and cost-effective CHP.

- While CHP technologies have a long and successful operating record, new and innovative CHP technologies produce less emissions and have increased efficiency. In order to meet California's stringent emission requirements, for instance, CHP systems are achieving significant technology advances. Moreover, expanding CHP into residential and commercial markets where deployment is low requires overcoming significant barriers associated with unfamiliar technologies.
- The stimulus bill also allowed wind and solar technologies, which had benefited from production tax credits (PTC), to obtain a 30 percent investment tax credit (ITC). This action accentuated the inequity for efficient CHP and clean recycled-energy systems, which were not eligible for a production tax credit and received an ITC well below 30 percent.
- CHP currently obtains a 10% investment tax credit applied to the first 15 megawatts of a project up to 50 megawatts in size. These amount and size restraints are limiting the development of CHP and waste-energy-recovery projects. **We urge Congress to pass a 30 percent investment tax credit applied to the first 25 megawatts of a project of unlimited size.** Legislative language also needs to clarify that CHP waste-energy-recovery projects also qualify for the credit.
- With such high-deployment policies, the Oak Ridge National Laboratory estimates CHP could provide 20 percent of U.S. generating capacity by 2030. Such policies also could generate \$234 billion in new investments and create nearly 1 million new highly-skilled, technical jobs throughout the U.S.. CO<sub>2</sub> emissions could be reduced by more than 800 million metric tons per year, the equivalent of taking more than half of the current passenger vehicles in the U.S. off the road.
- CHP systems maximize energy efficiency by locally generating electricity and utilizing thermal energy that would otherwise be waste. They are inherently more efficient than the generation of power from central stations and the generation of heat from separate boilers.