



July 18, 2007

The Honorable Jeff Bingaman
Chairman
Senate Energy and Natural Resources Committee
SH-703
Washington, D.C. 20510

Dear Chairman Bingaman:

We appreciate your inclusion of an investment tax credit for combined heat and power (CHP) in the Senate's energy tax package, but we hope you will make two minor changes in that provision before the legislation is approved by the Senate.

The Joint Taxation Committee, as you probably know, recently offered a more accurate scoring that calculates a significantly lower cost for a CHP credit than when the Senate previously passed a similar measure. Therefore, we hope you will increase the cap on credit availability from 15 to 50 megawatts, as was proposed by Senator John Kerry, and which is consistent with the language of H.R. 2001, cosponsored by Representatives Jay Inslee and Lee Terry. In addition, we support delaying the effective date for the credit to January 1, 2009. The Joint Committee on Taxation has determined the 50 MW cap and 2009 start date to have an associated score of \$95 million, only \$17 million more than the previously assumed 15 MW score of \$78 million. Most importantly, the recommended changes will enable many more clean generation projects to come on line, facilitating significant increases in energy efficiency, and reductions in greenhouse gas emissions.

Second, we encourage you to reincorporate into the Senate legislation an important provision from the House bill associated with back-pressure steam turbines, organic rankine cycles and kalina cycles (page 5, lines 3-12 of H.R. 2001). That language enables particularly efficient applications that capture and recycle wasted heat to utilize the credit. We believe that this language was struck from the Senate's energy tax package due to a drafting error and needs to be replaced with the H.R. 2001 provision to ensure that the Senate measure does not unwittingly exclude from eligibility for the credit some of the most efficient clean technologies.

The attached letter demonstrates the broad support for a CHP credit. Thank you very much for your consideration and help.

Sincerely,



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Rob Thornton
President
International District Energy Association
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Attachment

May 10, 2007

Honorable Richard E. Neal
United States House of Representatives
Washington, DC 20515

Honorable Philip S. English
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman and Mr. English:

We are writing to ask that you include H.R. 2001, the Industrial Cogeneration Act of 2007, in the Select Revenue Measures subcommittee's upcoming mark-up of energy efficiency legislation.

As you know, the bi-partisan Industrial Cogeneration Act, introduced by Representatives Jay Inslee (D-WA) and Lee Terry (R-NE), would modify section 48 of the Internal Revenue code to provide a ten-percent (10%) investment tax credit (ITC) for qualified combined heat and power (CHP) systems with a generating capacity up to fifty megawatts (MW). While other energy efficient technologies have long benefited from investment tax credits that helped facilitate their further development and deployment, CHP has yet to reap such benefits. Thus, H.R. 2001 will level the playing field between CHP and other clean technologies.

Efficiency must be a key element in a comprehensive national energy and carbon policy. To that end, CHP represents a major opportunity for significant energy efficiency improvements, with additional benefits for power grid reliability and energy security. Indeed, the CHP ITC will accelerate the deployment of clean, privately funded, local generation that displaces the need for much less efficient, remote, and often vulnerable central stations. What is more, with intense debate focused on who will pay for the cost of greenhouse gas reductions, or new regulated utility investments, H.R. 2001 will instead unleash the power of private markets to upgrade the grid, lower emissions and lower the overall cost of power.

We want to thank you for your leadership on energy efficiency, and in particular want to applaud you for focusing attention on H.R. 2001 during the subcommittee's April

24, 2007 hearing. However, we need your continued leadership to achieve our goal of increased clean, local energy generation, and we urge you to include the Industrial Cogeneration Act (H.R. 2001) in the subcommittee's upcoming mark-up. Your support of this important legislation will ensure the nation moves one step closer to reduced greenhouse gas emissions and more affordable power.

Respectfully,

Cummins West, Inc.
West Sacramento, CA

Recycled Energy Development LLC
Chicago, IL

Power Equipment Associates, Ltd.
Carol Stream, IL

GE Energy
Atlanta, GA

Chapeau, Inc, dba BluePoint Energy Inc.
El Dorado Hills, CA

Powerhouse Energy, LLC
Ridgewood, NJ

DCO Energy LLC
Atlantic City, NJ

Northeast CHP Initiative
White Plains, NY

Endurant Energy
Oakbrook Terrace, IL

EQUIDEX Energy LLC
Closter, NJ

Midwest CHP Application Center
University of Illinois at Chicago

Waukesha Engine
Waukesha, WI

Energy Resources Center
University of Illinois at Chicago

Dalkia North America
Quincy, MA

Discovery Insights LLC
Bethesda, MD

The Trigen Companies
Boston, MA

Marina Energy LLC
Folsom, NJ

Infinia Corporation
Kennewick, WA

Aircogen CHP Solutions Inc.
Scituate, MA

Time Equities, Inc.
New York, NY

Elliott Energy Systems, Inc.
Stuart, FL

Sustainable Energy Solutions, Inc.
Northborough, MA

Energy Spectrum
Brooklyn, NY

Ormat Nevada Inc.
Sparks, NV

Turbosteam Corporation
Turners Falls, MA

Cook + Fox Architects
New York, NY

Acushnet Company
Fairhaven, MA

UTC Power
South Windsor, CT

Distributed Energy Systems Corporation
Waitsfield, VT

Centrax Gas Turbines
Lake Mary, FL

DG Power Systems
Lewistown, PA

Ken Small Associates LLC
Silver Spring, MD

Guardian Industries Corp.
Auburn Hills, MI

Resource Catalysts
Union City, CA

Emery Energy Company
Salt Lake City, UT

Office Power, LLC
Norwalk, CT

Resource Dynamics Corporation
McLean, VA

Cummins Power Generation
Minneapolis, MN

JDMT, Inc.
Auburn, CA

National City Energy Capital
Pasadena, CA

Distributed Energy Financial Group LLC
Washington, DC

NiSource, Inc.
Merrillville, IN

United Corrstack, LLC
Reading, PA

Entergy Resources
New Orleans, LA

Johnson Controls
Milwaukee, WI

Stellar Energy
Jacksonville, FL

NRG Energy Center San Francisco
San Francisco, CA

Duke Energy
Charlotte, NC

University of Massachusetts Medical School
Worcester, MA

Baltimore Aircoil
Baltimore, MD

NRG Energy Center Harrisburg
Harrisburg, PA

Solar Turbines Inc.
San Diego, CA

Flow Control Industries
Woodinville, WA

Local Energy
Santa Fe, NM

University of Massachusetts/Amherst
Amherst, MA

Burns & McDonnell
Kansas City, MO

High Performance Tube Inc.
Martinsville, NJ

Perma-Pipe Inc.
Niles, IL

RMF Engineering, Inc.
Baltimore, MD

Honolulu Cooling Networks LLC
Honolulu, HI

Bahnfleth Group Advisors, LLC
Cincinnati, OH

FVB Energy Inc.
Minneapolis, MN

Warren Controls, Inc.
Bethlehem, PA

Carter & Burgess
Houston, TX

Hobbs Industries, Inc
Anchorage, AK

Wichita Burner Inc.
Wichita, KS

District Energy St. Paul
St. Paul, MN

Mechanology, Inc
Attleboro, MA

JEA (Jacksonville Electric)
Jacksonville, FL

Direct Contact Inc.
Renton, WA

Concord Engineering Group
Voorhees, NJ

Constellation Energy Projects and Services Group
Baltimore, MD

Youngstown Thermal, LLC
Youngstown, Ohio

Akron Thermal, LP
Akron, OH

Detroit Thermal, LLC
Detroit, MI

McQuay International
Minneapolis, MN

R&A Engineering Solutions Inc.
Sacramento, CA

Market Street Energy
St. Paul, MN

Energy Technology Solutions LLC
Hunt Valley, MD

Veris, Inc.
Niwot, CO

William J. Trefz Consulting Engineers Inc.
Horsham, PA

Kattner Associates LLC
Minneapolis, MN

Norventus Group
Lake Bluff, IL

S E A Consultants Inc.
Cambridge, MA

Coronal LLC
Minneapolis, MN

Stockton Infrared
Randleman, NC

Duluth Steam Cooperative Association
Duluth, MN

7-Technologies
Nanuet, NY

Texas CHP Initiative
Houston TX

Oricon Inc.
Clearwater, FL

XTnrgy, LLC
New York, NY

Rochester District Heating Cooperative
Rochester, NY

FlowBusters, Inc.
Brightwaters, NY

Korridor Capital
Minneapolis, MN

Makai Ocean Engineering, Inc.
Kailua, HI

JA Coleman LLC
Wilmington, VT

Facility Power Inc.
Marina Del Rey, CA

TVC Systems
Portsmouth, NH

Caterpillar, Inc.
Peoria, IL

Integrated CHP Systems Corp.
Fair Lawn, NJ

Providence Health & Services
Seattle, WA

LORIA Emerging Energy Consulting, LLC
Framingham MA

Pasteris Energy, Inc.
Yardley, PA

Tommy John Engineering, Inc.
Bandera, Texas

Turbogenix
Tampa, FL

American Council for an Energy-Efficient Economy
Washington, DC

Gas Technology Institute
Des Plaines, IL

International District Energy Association
Westborough, MA

Northeast Midwest Institute
Washington, DC

U.S. Combined Heat and Power Association
Falls Church, VA

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