

Congress of the United States
Washington, DC 20515

June 15, 2010

The Honorable Sander Levin
Chairman
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Dave Camp
Ranking Member
Committee on Ways and Means
1139E Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Levin and Ranking Member Camp:

As you know, Combined Heat and Power (CHP) has the potential to put our nation back to work producing clean energy and reducing our carbon footprint. CHP systems produce electricity and heat from the same fuel source, at or near the site of use. Furthermore, CHP systems produce multiple forms of energy from the same source, making them 2-3 times more efficient than separate heat and power systems. In addition to CHP systems, a newer related technology is available that can generate clean electrical power from a stream of low grade heat that would normally be wasted by venting it directly to the atmosphere. These technologies, referred to as 'Waste Heat to Electricity systems (WHE),' have components that are manufactured in the United States, and has the potential to become an important exportable technology. These systems are similar to traditional renewable technologies in that they do not require the direct combustion of fuels to generate power, thus no emissions are generated.


Although the savings from CHP and WHE are substantial, significant up-front capital costs are a barrier to deploying these systems. Congress can promote these energy-efficient and non-traditional renewable energy technologies by helping defray a portion of these costs through investment tax credits. Currently, there are two bills that attempt to incentivize the substantive adoption of these technologies. The two bills, H.R. 4144 (introduced by Rep. Inslee and also the related H.R. 4455 introduced by Rep. Thompson and Rep. Linder) and H.R. 4751 (introduced by Rep. Tonko) feature slightly different policies that will influence different segments of the CHP and WHE industries. In conversations surrounding these bills, we believe that both approaches should be combined to deploy CHP and WHE technologies. If these technologies are widely adopted it would help move our country towards energy independence along with creating high quality, stable, American jobs. Therefore we urge your consideration of the following ideas, which would then be consistent with a 'hybrid' bill:

- Divide the definition of 'Combined Heat and Power System Property' into a 'Combined Heat and Power System Property' and a 'Waste Heat to Electricity System Property'
- Remove the eligible system size cap
- For CHP systems that have an efficiency >60 percent but less than <70 percent, provide a 10 percent ITC for the first 25 MW of generation
- For CHP systems that have an efficiency >70 percent, provide a 30 percent ITC for the first 25 MW of generation
- For all 'Waste Heat to Electricity System Properties' provide a 30% ITC

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This hybrid approach will combine the best of both incentivizing mechanisms and help spur manufacturing development in high technology areas in addition to increasing the use of important energy efficiency technologies.


Very truly yours,




JAY INSLEE
Member of Congress




PAUL TONKO
Member of Congress




SHELLEY BERKLEY
Member of Congress



DEAN HELLER
Member of Congress



RON PAUL
Member of Congress



PETE OLSON
Member of Congress