

PROPONENT TESTIMONY OF THE U.S. CLEAN HEAT & POWER ASSOCIATION
JOSEPH ALLEN, CHAIRMAN
SB 315
APRIL 25, 2012

Chairwoman Jones, Vice-Chairman Balderson, Ranking Member Schiavoni and members of the Senate Energy & Public Utilities Committee, on behalf of USCHPA I would like to thank you for providing me the opportunity to present testimony in support of key sections of Senate Bill 315 related to Combined Heat and Power and Waste Energy Recovery.

My name is Joe Allen, and I serve as the 2012 Chairman of the U.S. Clean Heat & Power Association. USCHPA is the voice of Combined Heat and Power in the United States. The organization is a 501(c)(6) trade association whose members include manufacturers, developers and suppliers of CHP systems and system components such as turbines and reciprocating engines. They include major manufacturers such as Caterpillar, Cummins, and GE as well as CHP “users” like Chevron, and utilities ranging from NationalGrid to small municipal utility systems. USCHPA advocates for increased adoption of combined heat and power solutions, including waste energy recovery systems for industrial and commercial applications. Many of USCHPA’s members have existing equipment, facilities and/or projects in development in the State of Ohio.

I am also the Director of Government Relations for Solar Turbines Incorporated, a subsidiary of Caterpillar. Caterpillar employs nearly 1,000 people in Ohio and has 246 suppliers from across the state. Solar Turbines, based in San Diego, is the leading manufacturer and supplier of industrial gas turbines in the 1 to 22 MW size range with over 14,000 units installed in 98 countries and over 1.4 billion operating hours. Our turbines are used extensively in Combined Heat and Power applications. In Ohio, Solar Turbines currently has over 60 turbines installed with a generating capacity of nearly 200 MW in industrial and institutional applications like Kent State and the University of Cincinnati.

Currently supplying twelve percent (12%) of U.S. energy capacity, CHP - which is also known as cogeneration - can reach efficiencies above eighty percent (80%). There are approximately 82 GW of CHP installed in the U.S. with industry experts estimating the technical potential for additional CHP to be approximately 130 GW. Also, on top of this is the potential for another 10 GW of Waste Energy Recovery.

USCHPA is pleased that Ohio lawmakers have recognized the energy and environmental benefits of Combined Heat and Power and Waste Energy Recovery and are poised to adopt SB 315, which provides clear policy mechanisms to encourage deployment of highly efficient CHP. It is notable that SB 315 also requires a review of cogeneration as an energy source for any new state owned facility with an estimated construction cost of \$50 Million or more. The estimated technical potential for CHP in government installations in Ohio is significant at 246 MW. USCHPA is encouraged that SB 315 identifies cogeneration as an energy resource that must be reviewed for certain state-owned buildings.

Combined Heat and Power and Waste Energy Recovery provide cost effective compliance mechanisms for meeting both the renewable portfolio standard and energy efficiency resource standard. More than a dozen states currently permit CHP or Waste Energy Recovery projects to participate within such standards. These projects provide utilities and ultimately ratepayers a more diverse set of compliance options to cost effectively meet renewable standards and efficiency standards. According to the Energy Information Administration, industrial energy consumption in Ohio is among the highest in the nation. Accordingly, CHP should serve as a primary energy resource for the state's industrial base. SB 315 will help ensure that it does.

I want to stress that it is important that Combined Heat and Power and Waste Energy Recovery have the option to qualify under either the renewable standard or the efficiency standard. Industrial sited CHP and Waste Energy Recovery projects are not one size fits all because each project is designed to meet the needs of the particular industrial process and site. To spur development of these projects, State energy policy needs to recognize the "custom" nature of industrial sited CHP and Waste Energy Recovery projects as this bill does. To ensure the legislation encourages new CHP projects meet or exceed efficiency standards, USCHPA recommends the Assembly adopt a minimum system design efficiency standard of 60 percent, in keeping with system efficiency standards that exist in federal law. Sixty percent efficiency is almost twice the national average for power plants. USCHPA is pleased SB 315 recognizes and qualifies electricity generated by CHP from commercial and institutional sites.

I want to ask for your continued support of the Combined Heat and Power and Waste Energy Recovery provisions within SB 315 and request your commitment in getting these provisions passed into law. Thank you for the opportunity to comment. I welcome any questions you may have.