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Senate Efficiency Measure Could Produce Thousands of New Jobs and CO2 Reductions Equal to Removing Millions of Cars from the Road

The U.S. Clean Heat & Power Association (U.S. CHP Association) applauds introduction of the “Expanding Industrial Energy and Water Efficiency Incentives Act” from Senators Jeff Bingaman (D-NM) and Olympia Snowe (R-ME) that will expand the investment tax credit for combined heat and power. The association calls on Senate leadership to advance the measure, which could spur investment in CHP that in the *near term* would produce CO2 emissions equivalent to removing 2.4 million cars from the road and produce 17,000 highly skilled, well-paying jobs.¹

The Bingaman-Snowe measure will expand the application of the CHP ITC to 25MW for any CHP investment that meets established system efficiency requirements and expand the definition of CHP specifically to include waste heat recovery (“bottoming-cycle CHP”) systems.² A joint study by USCHPA and WADE USA found that this expansion would spur investment that could produce an additional 500 MW of power from CHP - an annual energy savings of 107 trillion BTUs, and an annual reduction in CO2 emissions of over 13 million metric tons (MMT).

USCHPA Executive Director, Jessica Bridges, said “CHP technology can be deployed quickly, cost-effectively and with few geographic restrictions. Strengthening the existing ITC for CHP will significantly advance cleaner energy generation in the U.S., benefit the environment, and put people to work – *now*. I applaud Senators Bingaman and Snowe for their continued work to support energy efficiency and for introducing this legislation.”

CHP policy incentives such as the Bingaman-Snowe tax credit expansion will have a long-term impact as well. A report from Oak Ridge National Laboratory estimated that full deployment of CHP by 2030 could efficiently provide 20 percent of the nation’s power, produce \$234 billion in new investment, and create one-million new American jobs.³

USCHPA is the voice of the combined heat and power (CHP) industry. USCHPA is a trade association whose membership includes manufacturers, suppliers, and developers of combined heat and power (CHP) systems. Currently supplying twelve percent (12%) of U.S. energy capacity, CHP systems can reach efficiencies above eighty percent (80%). There is approximately 82 GW of CHP installed in the U.S. and industry estimates indicate the technical potential for additional CHP at existing sites in the U.S. is approximately 130 GW (plus an additional 10 GW of waste heat recovery CHP).

CHP lowers demand on the electricity delivery system, reduces reliance on traditional energy supplies, makes businesses more competitive by lowering their energy costs, reduces greenhouse gas and criteria pollutant emissions, and refocuses infrastructure investments toward next-generation energy systems. Already harnessed by many industrial, commercial, and institutional facilities, CHP is a proven and effective energy resource that can be immediately deployed to help address current and future global energy needs by incorporating commercially available and domestically produced technology. For more information, visit www.uschpa.org.

¹ ICF International, *Effect of a 30 Percent Investment Tax Credit on the Economic Market Potential for Combined Heat and Power*, October 2010. Prepared for WADE USA and the U.S. Clean Heat & Power Association. Data cited refers only to expansion of the 10% tax credit.

² The current tax credit is 10% for 15MW and is limited to systems under 50MW. The definition of CHP does not currently include waste heat recovery systems.

³ Oak Ridge National Laboratory, U.S. Department of Energy, *COMBINED HEAT AND POWER: Effective Energy Solutions for a Sustainable Future*, December 1, 2008.