The Office of Governor Gary R. Herbert
210 State Capitol
Salt Lake City, 84114-2220

July 31, 2014

Dear Governor Gary Herbert:

The Alliance for Industrial Efficiency ("The Alliance") welcomes your Energy Efficiency & Conservation Plan and commends you for your strong leadership on energy-efficiency issues. In particular, we write to thank you for taking steps to support combined heat and power (CHP) in your ambitious proposal. The Alliance is a diverse coalition that includes representatives from the business, environmental, labor and contractor communities. Our national membership includes more than 75 electrical, mechanical and sheet metal contractors based in Utah. We are committed to enhancing manufacturing competitiveness, improving electric reliability, and reducing carbon emissions through increased industrial energy efficiency, particularly from greater use of CHP.

In confronting our nation's energy challenges, it is absolutely critical that we focus on energy efficiency—"the cheapest and cleanest energy source we don't have to use," according to the Bipartisan Policy Center.[1] As noted in your state plan, combined heat and power represents a "viable and important resource for both distributed generation and industrial energy efficiency".[2] By producing both heat and power from a single fuel source, combined heat and power (CHP) can double the efficiency of central station power generation. By improving a facility's efficiency, CHP can dramatically lower energy use, emissions, and cost. What's more, because many CHP projects do not depend on the grid to operate, they can increase the reliability of our power sector, by ensuring that manufacturers, universities and hospitals "keep the lights on" during extreme weather events, as was demonstrated when Superstorm Sandy hit the Northeast in late 2012.[3]

[1] Bipartisan Policy Center, Feb. 2013, "America's Energy Resurgence: Sustaining Success, Confronting Challenges" (http://bit.ly/NrYjJH).
[2] Utah Office of Energy Development, 2014, "Utah Energy Efficiency & Conservation Plan," at 24 (http://energy.utah.gov/download/EnergyPlan_PublicComment.pdf)
[3] Hurricane Sandy Rebuilding Task Force, Aug. 2013, "Hurricane Sandy Rebuilding Strategy" (http://portal.hud.gov/hudportal/documents/huddoc?id=HSRebuildingStrategy.pdf).

In the state of Utah, there are currently 16 CHP installations with roughly 208 MW of capacity.[4] This pales in comparison to the estimated 900 MW of technical potential for clean and efficient CHP generation in the state.[5] The Energy Efficiency & Conservation Plan will help improve energy efficiency throughout the state by creating a CHP Policy Working Group and industrial efficiency tax credit. By identifying barriers and extending key financial support, the plan provides a great start to capturing the economic and environmental benefits of CHP. Full-scale deployment of this technology will reduce manufacturing costs, increase productivity, and help strengthen the state's industrial base. EPA's Clean Power Plan presents an excellent opportunity to tap into this potential. Indeed, CHP offers a proven, low-cost compliance mechanism under a portfolio approach. As this process moves forward, we recommend the Department of Energy's SEE ACTION report, which identifies best practices to support CHP deployment.[6] The Alliance would welcome any opportunity to work with you on these efforts. We applaud your leadership and thank you again for developing this plan.

Sincerely,

David Gardiner
Executive Director
Alliance for Industrial Efficiency

cc: Cody Stewart, Energy Advisor

[4] ICF International, "Combined Heat and Power Units Located in Utah" (http://www.eea-inc.com/chpdata/States/UT.html) (visited July 31, 2014).
[5] ICF International, May 2013, "The Opportunity for CHP in the United States," at ES-3 (http://bit.ly/1k97n5t)
[6] Department of Energy and Environmental Protection Agency, "SEE Action: Guide to the Successful Implementation of State Combined Heat and Power Policies" (http://1.usa.gov/1nN4J5d) (visited July 31, 2014).