

The logo features the text "The Alliance for Industrial Efficiency" in a blue, sans-serif font. To the left of the text is a stylized graphic of three overlapping rectangular frames, also in blue. A thick blue horizontal bar spans the width of the page below the logo.

The Alliance for Industrial Efficiency

June 2, 2015

The Honorable Lisa Boscola
Senate Box 203018
Harrisburg, PA 17120

Dear Senator Boscola,

The Alliance for Industrial Efficiency (hereafter “the Alliance”) is writing to urge you to reconsider your support for SB 805, the Large Commercial and Industrial Opt-Out of Act 129. We believe that this bill, if it becomes law, will adversely affect commercial and industrial energy efficiency, making Pennsylvania less competitive. The Alliance is a diverse coalition representing the business, environmental, labor, and contractor communities and is committed to enhancing manufacturing competitiveness, reducing emissions, and improving electric reliability through the use of combined heat and power (CHP) and waste heat to power (WHP). Our national membership includes electrical and sheet metal contractors, including more than 500 contractors and businesses based in Pennsylvania alone. Pennsylvania currently has 158 CHP sites, generating 3,266 megawatts of clean and efficient power, with 11 new sites constructed in 2013.¹

Conventional power generation is incredibly inefficient. In fact, more than two-thirds (68 percent) of fuel inputs are lost from our smokestacks as wasted heat and never converted to useful energy. By generating both heat and electricity from a single fuel source, CHP dramatically increases fuel efficiency – allowing utilities and companies to effectively “get more with less.” CHP can use more than 70 percent of fuel inputs.

CHP qualifies as an eligible resource under the state’s current energy efficiency resource standard (EERS). This means that potential CHP hosts, like hospitals universities, or manufacturing facilities can receive incentives through the EERS for constructing CHP systems. In this way, the EERS helps finance CHP projects and lowers the payback period. SB 805 removes this valuable incentive by allowing potential CHP hosts to opt-out of the standard. Pennsylvania currently has more than 6,000 megawatts of technical CHP potential in the industrial and commercial sectors.² SB 805 would chill

¹ U.S. DOE Combined Heat and Power Installation Database, <https://doe.icfwebservices.com/chpdb/state/PA>.

² Bruce Hedman, Anne Hampson, and Ken Darrow, American Gas Association, *The Opportunity for CHP in the United States*, May 2013. https://www.aga.org/sites/default/files/legacy-assets/Kc/analyses-and-statistics/studies/efficiency_and_environment/Documents/The%20Opportunity%20for%20CHP%20in%20the%20United%20States%20-%20Final%20Report.pdf.

many of these investments, damaging Pennsylvania's industrial and commercial competitiveness and undermining the state's strong energy-efficiency economy.

We respectfully urge you to reconsider your sponsorship of SB 805.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Kefer". The signature is written in a cursive, flowing style.

Jennifer Kefer, Director
Alliance for Industrial Efficiency