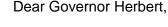
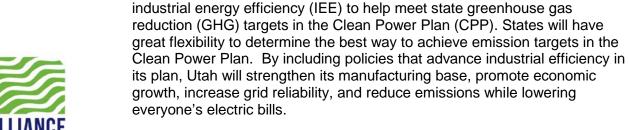


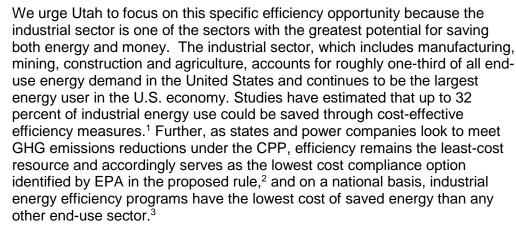
Governor Gary Herbert c/o: Justin Harding, Chief of Staff 350 North State Street Salt Lake City, UT 84114

9/11/15



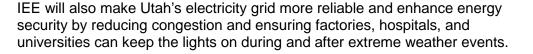






We write to urge Utah to capitalize on the largely untapped potential of

By adopting industrial energy efficiency measures, Utah will cut its manufacturing costs, make its manufacturers more competitive in international markets, and create jobs. Efficiency measures designed to improve a facility's energy productivity enable manufacturers to reduce costs, increase competitiveness and insulate themselves from volatile energy prices in the future. Industrial efficiency technologies such as combined heat and power (CHP) can be twice as efficient as the separate generation of thermal energy and electricity, which significantly cuts costs for businesses. What's more, industrials can reinvest the money they save on energy to expand production and hire more employees. Industrial efficiency offers economic benefits society-wide, helping to postpone or eliminate the need for expensive generation and transmission investments, and keeping energy costs down for all consumers.





























IEE and CHP also offer emission benefits. CHP can produce electricity with roughly one-quarter the emissions of an existing coal power plant.<sup>4</sup> Waste heat to power (WHP) can generate electricity with no additional fuel and no incremental emissions. Due to its scale, a single IEE investment can achieve significant emission reductions.

CHP represents 12 percent of U.S. electricity generation today, but a large potential remains. In fact, CHP could produce as much electricity as 250 conventional power plants.<sup>5</sup> Such full-scale deployment would create jobs in the design, construction, installation and maintenance of equipment; reduce fuel use and energy costs; and lower greenhouse gas emissions.

Despite the many benefits of industrial efficiency, a number of barriers impede greater adoption, including the internal competition for capital that often undervalues efficiency investments, utility business models that disincentivize utilities to fully promote industrial efficiency and CHP, and information barriers that make it harder for industrials to make informed decisions. As Utah develops its Clean Power Plan compliance strategy, we urge you to consider strong complementary policies that address these hurdles to full deployment of all cost-effective energy efficiency in the industrial sector, and provide programs and incentives that reflect the true value of efficiency. Such policies will further allow power companies to meet compliance obligations under the CPP in a cost-effective manner.

We hope that you will seize the potential for industrial efficiency in Utah's holistic approach to Clean Power Plan compliance so that you can strengthen industry, increase grid reliability, and cost-effectively reduce emissions. Attached is a resource guide to enable Utah to take advantage of this opportunity to advance industrial efficiency. Our organizations would be happy to work with your administration as Utah assesses its compliance options. We are attaching a briefing packet of existing materials to help as you begin this process.

## Sincerely,

Jennifer Kefer Executive Director Alliance for Industrial Efficiency

Kelly Speakes-Backman Senior Vice President of Policy and Research Alliance to Save Energy (ASE)

R. Neal Elliott, Ph.D., P.E. Associate Director for Research American Council for an Energy-Efficient Economy (ACEEE)

Anne Kelly Senior Program Director, Policy & BICEP Ceres Dick Munson
Director, Midwest Clean Energy
Environmental Defense Fund (EDF)

Susan Brodie Executive Director Heat is Power Association (HiP)

Jigar V. Shah Executive Director Institute for Industrial Productivity (IIP)

Cliff Majersik Executive Director Institute for Market Transformation (IMT) Patricia Sharkey Policy Director *Midwest Cogeneration* Association (MCA)

John McNerney General Counsel Mechanical Contractors Association of America (MCAA)

Katherine Kennedy Director, Energy & Transportation Program Natural Resources Defense Council

Trish Demeter Managing Director, Energy & Clean Air Programs Ohio Environmental Council Joseph Sellers, Jr. General President Sheet Metal, Air, Rail & Transportation Workers (SMART)

Stan Kolbe
Director Government Relations
Sheet Metal & Air Conditioning
Contractors' National Association
(SMACNA)

Bill DiCroce President & COO, Municipal & Commercial Business Veolia North America

Enclosure: Industrial Energy Efficiency and the CPP: A Briefing Packet for States

cc: Laura Nelson - Director, Utah Office of Energy Development cc: Bryce Bird - Director, Utah Department of Environmental Quality

<sup>1</sup> US DOE, June 2015, "Report to Congress: Barriers to Industrial Energy Efficiency," at iii (<a href="http://www.energy.gov/sites/prod/files/2015/06/f23/EXEC-2014-005846">http://www.energy.gov/sites/prod/files/2015/06/f23/EXEC-2014-005846</a> 6%20Report signed v2.pdf).

<sup>2</sup> Jeff Hopkins, May 2015, "Modeling EPA's Clean Power Plan: Insights for Cost-Effective Implementation" (<a href="http://www.c2es.org/publications/modeling-epas-clean-power-plan-insights-cost-effective-implementation">http://www.c2es.org/publications/modeling-epas-clean-power-plan-insights-cost-effective-implementation</a>).

<sup>3</sup> Aden, Nate, et al., 2014, "Beyond Lighting: The Role of Industry Programs in U.S. Ratepayer-Funded Energy Efficiency."

<sup>4</sup> David Gardiner & Associates and Institute for Industrial Productivity, 2015, "Combined Heat and Power as a Compliance Option under the Clean Power Plan" (reporting incremental emissions of Natural gas CHP of 450 to 600 lbs/MWh, compared to 2000 to 2200 lbs/MWh for coal) (<a href="https://www.dgardiner.com/wp-content/uploads/2015/08/CHP-Pathway-Final-Report-8-18-15.pdf">https://www.dgardiner.com/wp-content/uploads/2015/08/CHP-Pathway-Final-Report-8-18-15.pdf</a>).

<sup>5</sup> US DOE-EPA, Aug. 2012, "CHP: A Clean Energy Solution," at 13 (reporting 130 GW of technical potential)

(http://www.epa.gov/chp/documents/clean\_energy\_solution.pdf).