

September 29, 2010

The Honorable Max Baucus
Senate Finance Committee
SD-219
Washington, DC 20510

The Honorable Charles E. Grassley
Senate Finance Committee
SD-219
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Grassley:

Congress has an opportunity to make American manufacturers more competitive and to create jobs by creating incentives to expand the use of efficient combined heat and power (CHP) and clean recycled energy. The nation's industrial sector is the engine for wealth creation and economic growth, and manufacturing investments benefit the entire economy as each industrial job supports three jobs elsewhere. For this reason America needs an industrial efficiency policy now.

We urge you to enhance America's manufacturing productivity by expanding the overly limited tax incentives for combined heat and power and recycled energy. Recycled energy, which uses the waste energy associated with various industrial processes to create emissions-free and clean power, now receives no tax benefits, and combined heat and power obtains only a 10-percent investment tax credit for the first 15 megawatts of a project limited to 50 megawatts in size. We urge Congress to pass the bipartisan S. 1639 (Sens. Bingaman and Snowe), H.R. 4455 (Reps. Thompson and Linder), and Rep. Inslee's H.R. 4144, which would remove the credit's limitation to smaller projects by applying it to a project's first 25 megawatts. We also ask that Congress pass Rep. Tonko's H.R. 4751, which would provide a 30-percent investment tax credit for highly efficient combined heat and power projects (those with efficiencies above 70 percent) and recycled energy.

In today's global economy, American manufacturing must be as productive and efficient as possible. An expanded investment tax credit would spur investments in manufacturing competitiveness within the steel, aluminum, glass, chemical, and other energy-intensive industries. It would encourage near-term, shovel-ready projects that create and maintain thousands of jobs within those industries as well as in the manufacturing, installing, and operating of combined heat and power equipment.

Such investments in U.S. industries also would increase energy efficiency and reduce pollution. The expanded credit provides a key incentive for investing in industrial efficiency. According to the Oak Ridge National Laboratory, a large-scale expansion of combined heat and power could provide 20 percent of U.S. generating capacity by 2030, generate \$234 billion in new investment, and create nearly 1 million new highly-skilled, technical jobs throughout the U.S. CO2 emissions could be reduced by more than 800 million metric tons per year, the equivalent of taking more than half the current U.S. passenger vehicles off the road.

Thank you for your consideration of this incentive to spur American manufacturing competitiveness.

Sincerely,

National Businesses and Power Providers

*ArcelorMittal USA
*Basin Electric
Capstone Turbines Corporation
Caterpillar
Cummins Power Generation
The Dow Chemical Company
Fluor
GE Energy
*Guardian Industries
Ingersoll Rand
Libbey Glass Inc.
LS Power

Mosaic Company
Ormat
Nevada Energy
PPG Industries
Primary Energy
Recycled Energy Development
Saint-Gobain Containers
Solar Turbines
United Technologies Corporation
Veolia Energy North America Holdings

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Contractor Groups and Trade Associations

American Chemistry Council
American Forest & Paper Association
Association of State Energy Research & Technology
Transfer Institutions (ASERTTI)
The Association of Union Constructors
Electricity Consumers Resource Council
Glass Manufacturing Industry Council
International District Energy Association
Mechanical Contractors Association of America

*Montana SMACNA
National Association of State Energy Officials (NASEO)
National Council for Advanced Manufacturing
National Electrical Contractors Association
*Pharmaceutical Industry Labor-Management Association
Sheet Metal and Air Conditioning Contractors' National
Association
Steel Founders' Society of America
U.S. Clean Heat and Power Association

Nonprofit/Labor/Environmental Groups

Alliance to Save Energy
Apollo Alliance
Business Council for Sustainable Energy
Center for American Progress Action Fund
*Climate Institute
Energy Future Coalition
Environment America
*Environmental Defense Fund

*Environmental Law and Policy Center
International Brotherhood of Boilermakers
Northeast-Midwest Institute
*Pew Environment Group
Sheet Metal Workers International Association
Sierra Club
*United Steelworkers
World Alliance for Decentralized Energy

State and Local Businesses

ACCO Engineered Systems (California, Washington, Idaho,
Nevada)
ACR Sheet Metal Company
*Air Controls-Billings, Inc. (Montana)
*Alphabet Energy (California)
Avalon Consulting, Inc. (Illinois)
*B&B Heating (Montana)
*Barnes and Dodge Inc. (Kansas)
BHP Energy (Ohio)
*Brennan Heating & Cooling (Montana)
*Butte Tin Shop, Inc. (Montana)
Butters-Fetting Co., Inc. (Wisconsin)
*CA Systems (New Mexico)
Calnetix Power Solution, Inc. (Florida)
*Cascade Energy Group (Washington)
*Central Sheet Metal, Inc. (Montana)
Charles P. Blouin Inc. (New Hampshire)
Circle "R" Mechanical, Inc. (Indiana)
Climate Energy (Massachusetts)
DCO Energy (New Jersey)
Dresser-Rand/Aircogen (Massachusetts)
*Dry Coolers Inc. (Michigan)
*Ductmasters, Inc. (Montana)
*Earthwise Energy Technologies (Rhode Island)
E-Finity Distributed Generation (Pennsylvania)
ECR International (New York)
*Empire Heating (Montana)
Endurant Energy LLC (Illinois)
*Enercon Engineering Inc. (Illinois)
Energenic LLC (New Jersey)
Energy Solutions Center (Washington, DC)
Ernest D. Menold, Inc (Pennsylvania)
Five Star Electric Motors (Texas)
GEM Inc. (Ohio and Georgia)
*Hyvac Inc. (Florida)
Interstate Power Solutions (Missouri)

KGRA Energy Corporation (Illinois)
Lewis and Lambert Industries, Inc. (Texas)
Matherly Mechanical Contractors, Inc. (Oklahoma)
Melrose Metal Products (California)
*Merit Mechanical (Montana)
*Metalworks of MT (Montana)
Midwest Fabricators, LLC (Oklahoma)
*Midwest Heating & Cooling (Montana)
*Mountain Air Systems, Inc. (Montana)
National Heating & Ventilating (New Mexico)
New Loop Energy (Illinois)
*NorPac Sheet Metal, Inc. (Montana)
Office Power Energy Solutions (New York)
*Project Sheetmetal, Inc. (Montana)
Pumps and Service (New Mexico and Texas)
*Ranger Construction, Inc./dba F.L. Dye (Montana)
Reagan Equipment (Florida and Louisiana)
Regatta Solutions Inc. (California)
RHP Mechanical Systems (Nevada)
*Rocky Mountain Mechanical, Inc. (Montana)
RSP Systems (New York)
Rudolph Libbe Companies (Ohio and Michigan)
Sheet Metal Engineering, Inc. (Iowa)
*South Jersey Energy Solutions (New Jersey)
*Stricker Heating & Cooling Co. (Montana)
*Stromberg Metal Works Inc. (Maryland)
Tal-Mar Custom Metal (Illinois)
*TinWorks, Inc. (Montana)
*Tri-County Mech. & Electrical (Montana)
Turbine Air Systems (Texas)
Turbosteam (Massachusetts)
Tweet/Garot (Wisconsin)
Unison Solutions (Iowa)
*Western Sheet Metal (Montana)
Westside Mechanical Sales (Illinois)
Zeledyne (Michigan, Oklahoma, Tennessee)

**New signatures since the April 12, 2010 letter*

+PIL-MA trustees include AstraZeneca LP, Bayer Healthcare Pharmaceuticals, Eli Lilly and Company, Johnson & Johnson, Merck & Co., Novartis, Pfizer, Airline Pilots Association International (ALPA), International Association of Bridge, Structural, Ornamental, and Reinforcing Iron Workers, International Association of Fire Fighters (IAFF), International Brotherhood of Boilermakers (IBB), International Brotherhood of Electrical Workers (IBEW), International Brotherhood of Police Associations (IUPA), PhRMA, and the Sheet Metal Workers' Association of America (SMWIA).