

John A. Anderson

President & Chief Executive Officer

June 29, 2015

The Honorable Ed Whitfield
Chairman
Subcommittee on Energy and Power
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Bobby Rush
Ranking Member
Subcommittee on Energy and Power
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Re: Discussion Draft Addressing Title IV – Energy Efficiency and Accountability, Section 4231, PURPA Modernization

Dear Chairman Whitfield and Ranking Member Rush:

The Electricity Consumers Resource Council (ELCON) wishes to state its strong opposition to section 4231 in Title IV, which would expand the provisions for termination of the mandatory purchase requirements under the Public Utility Regulatory Policies Act of 1978 (“PURPA”). If enacted, this provision would potentially render uneconomic the deployment of industrial cogeneration (also known as combined heat and power or CHP) as the most cost effective, efficient and practical source of steam and electricity for many manufacturing processes. These processes include chemicals, paper & pulp, food processing, glass, mining, oil & gas, pharmaceuticals, rubber, and textiles. The cost savings of CHP help the companies employing these processes to compete in global markets.

In order to meet a manufacturing process’ total steam requirement, a CHP unit will often produce electricity in excess of what can be consumed on site and that excess electricity must be exported to the electric grid to be used by other customers. In parts of the country with independent grid operators (ISOs and RTOs), the power is compensated at the going competitive rate. In other parts of the country, the power is compensated under negotiated contracts or published rate schedules (or standard contracts) for smaller units based on the local utility’s avoided cost. In neither case does existing law require the seller of the excess power to receive a subsidy nor is the purchasing utility harmed. It is the States’ responsibility under the law to ensure that negotiated contracts, published rates and standard contracts are fair and nondiscriminatory.

Other important features of PURPA are the need for access to standby power at reasonable costs and guaranteed safe and reliable interconnection to the grid. ELCON strongly believes that changes to PURPA are unnecessary and would ultimately discourage new applications of cogeneration by US manufacturers that are essential for the growth of the economy and jobs.

ELCON is the national association representing large industrial consumers of electricity. ELCON member companies produce a wide range of industrial commodities and consumer goods from virtually every segment of the manufacturing community. ELCON members operate hundreds of major facilities in all regions of the United States. Many ELCON members also cogenerate electricity as a by-product to serving a manufacturing steam requirement.

Respectfully submitted,

John A. Anderson