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John P. Hughes
President & Chief Executive Officer

September 8, 2017

The Honorable Fred Upton
Chairman
Subcommittee on Energy
2125 Rayburn House Office Building
Washington, D.C. 20515

Re: Testimony for record on September 6, 2017 PURPA Section 210 Hearing

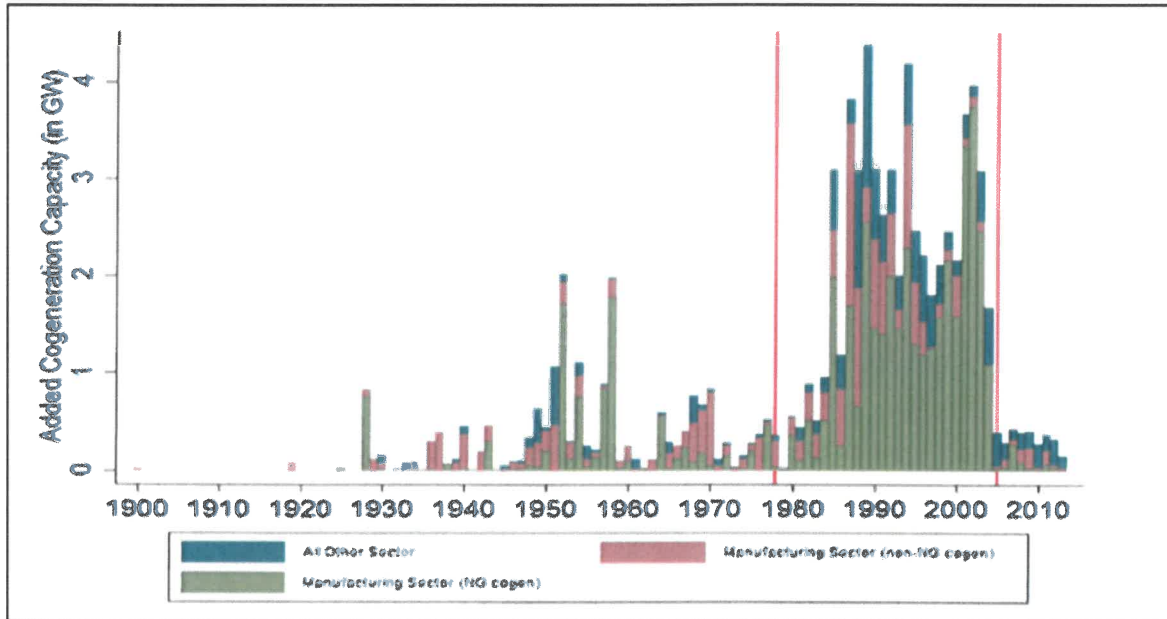
Dear Chairman Upton:

Please submit the following testimony for the record of the September 6, 2017 hearing on Section 210 of the Public Utility Regulatory Policies Act. In summary, ELCON strongly opposes changes to the rules and regulations implementing the law and, if anything, supports greater enforcement of the existing rules and regulations.

The Electricity Consumers Resource Council (ELCON) represents industrial users of electricity, including large manufacturers that own and/or operate or host PURPA qualifying and small power production facilities. In fact, ELCON was founded in 1976 in anticipation of the enactment of PURPA. ELCON members are among the largest owners and operators of Combined Heat and Power (CHP) or cogeneration facilities which are used in oil refining, petrochemicals, organic and inorganic chemicals processing and manufacture, food processing, and motor vehicles manufacture. As such, ELCON supports policies on PURPA that emphasize fair and nondiscriminatory treatment to manufacturers. PURPA, when implemented correctly, provides a safety net for utility energy and capacity costs, which benefits all consumers.

CHP is an important part of our nation's energy mix. Currently, the United States has an installed capacity of over 82 gigawatts of CHP at more than 4,100 industrial and commercial facilities, but there remains 149 gigawatts of potential CHP. To begin to tap that potential, the Department of Energy has set a goal of 40 gigawatts of new, cost-effective CHP by 2020. The further development of CHP enhances our energy security by reducing our national energy requirements, improves business international competitiveness by increasing energy efficiency and reducing costs, diversifies energy supplies by enabling further integration of domestically produced and renewable fuels, advances environmental goals by reducing various emissions, improves grid reliability, and creates jobs.

Unfortunately, in the last ten years CHP has hit a regulatory, administrative and utility concocted wall. Since its enactment in 1978, PURPA has faced unrelenting opposition from utilities. They pushed hard for the enactment of the 2005 amendments to PURPA. All along the utility industry worked to undermine PURPA with foot-dragging responses to requests for fair and nondiscriminatory buyback rates and standby, supplemental, back up or maintenance power services and by offering shorter-term deals wrapped in mind boggling contracts, violating the spirit if not the outright intent of PURPA to promote the clean and efficient technologies. As a result, as the attached chart clearly shows, cogeneration development has all but disappeared since Congress “fixed it” with the 2005 Act.



Source: Mary Li, Cogeneration Technology Adoption in the US, Department of Economics, University of Chicago, 2015 (Source: Data from ICF International CHP Installation Database).

And now some utilities want even more “fixes” to PURPA including the making the “one mile rule” rebuttable or requiring a more so-called “fact-based analysis” of proposals. Rather, what is really needed is greater enforcement of, not more “fixes” to existing PURPA rules. Only then will the potential of this least-cost, clean, efficient and reliable energy source be fully realized.

Sincerely yours,

John P. Hughes

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cc: Rep. Bobby L. Rush, Ranking Member