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February 11, 2025

The Honorable Mike Crapo
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Jason Smith
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Re: CHP/Waste Energy Recovery Property Investment Tax Credits

Dear Chairmen Crapo and Smith, Ranking Members Wyden and Neal:

As the 119th Congress develops new tax legislation in 2025 and charts a new national energy strategy, the Industrial Energy Consumers of America (IECA) writes to express our strong support for preserving the combined heat and power (CHP) and waste energy recovery property (WERP) tax credits. Self-generation of power is more than a convenience. When there is an insufficient supply of power, the manufacturing sector is always the first to be curtailed to ensure supply for homeowners. Electricity curtailment can cost a manufacturing facility millions of dollars per day.

No tax credit is more important to U.S. manufacturing because reliability of the grid is decreasing, and electricity prices and demand charges are escalating with impacts to competitiveness. Manufacturing facilities operate 24/7 and require dispatchable power.

Industrial self-generation of power and steam reduces energy costs, increases reliability of the grid, avoids GHG emissions, reduces electric transmission congestion costs to other consumers, and is the most energy efficient technology for production of power.

The CHP and WERP credits provide a 30 percent investment tax credit for deploying CHP and waste heat to power (WHP) technologies, which are valuable sources of clean and baseload electricity.

There is still significant potential. Across all CHP categories, there is estimated to be more than 240 gigawatts (GW) of technical potential at over 291,000 sites within the U.S.¹ And, industry estimates indicate that WHP could generate an additional 15 GW of electricity from currently untapped industrial heat streams.²

CHP/WHP can produce power at up to 80 percent energy efficiency as compared to natural gas combined cycle at 45-57 percent.

Industrial CHP and WHP technologies are unique because they operate 24/7 and play a very important role in grid load management. When manufacturers use CHP and WHP they consume most of the power but have the ability to export power to the grid when needed. They are not in the power generation business.

We look forward to working with you on this important issue.

Sincerely,

Paul N. Cicio
Paul N. Cicio
President & CEO

cc: Senate Committee on Finance
House Committee on Ways and Means

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.3 trillion in annual sales, over 12,000 facilities nationwide, and with more than 1.9 million employees. One hundred percent of IECA members are manufacturing companies whose competitiveness is largely determined by the cost and reliability of natural gas and electricity. IECA's sole mission is to reduce and avoid energy costs and increase energy reliability through advocacy in Congress and regulatory agencies, such as the Federal Energy Regulatory Commission (FERC). IECA membership represents a diverse set of industries including chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, consumer goods, building products, automotive, independent oil refining, and cement.

¹ Combined Heat and Power (CHP) Technical Potential in the United States, U.S. Department of Energy, March 2016, https://betterbuildingsolutioncenter.energy.gov/sites/default/files/attachments/CHP_Technical_Potential_Study.pdf

² Ison, Amelia, Tidball, Rick, & Hampson, Anne. Waste Heat to Power Market Assessment. United States. <https://doi.org/10.2172/1185773>