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March 9, 2012

The Honorable Jeff Bingaman
Chairman, Senate Energy and Natural Resources Committee
703 Hart Senate Office Building
Washington D.C. 20510

Dear Chairman Bingaman:

The International District Energy Association (IDEA) applauds you for your leadership in introducing the Clean Energy Standard Act of 2012. This legislation would provide a strong market-based approach to encouraging clean energy that can spur economic growth, increase energy security and grid reliability, and reduce emissions. Implementation of the CES would be particularly timely given the upcoming need for replacement of retiring coal power plants.

We are extremely pleased that the bill recognizes the efficiency and economic advantages of combined heat and power (CHP) and district energy systems. Few people realize that two thirds of U.S. power generation fuel energy is currently thrown away as waste heat. Increased implementation of more CHP – which generates electricity while recovering useful thermal energy for heating buildings or industrial processes -- will increase energy efficiency, reduce emissions, reduce power transmission constraints and losses, and strengthen power grid reliability and energy security.

Secretary Chu, in his February 16 testimony to the Senate Energy and Natural Resources Committee, described his February 2 visit to IDEA member Thermal Energy Corporation (TECO) in Houston, TX which employs highly efficient CHP and district energy systems to supply steam for heating and chilled water for cooling to the Texas Medical Center, the largest medical center in the world. Secretary Chu described DOE as “bullish on CHP” and cited district energy systems as a primary near term market opportunity to achieve dramatic increases in energy efficiency on a community scale.

District energy systems like TECO produce steam, hot water and chilled water at a central plant for distribution through underground piping networks in cities, campuses and communities to multiple buildings for space heating, hot water and air conditioning. District energy systems not only represent an enormous “heat sink” for increased CHP capacity. As the CES bill recognizes, district energy systems also reduce power loads by delivering thermal energy to consumers who would otherwise draw power from the grid. This is welcome recognition of the importance of heating and cooling, which consumes 31% of total primary energy use in the U.S.

In contrast to some of the other potential clean energy resources, CHP and district energy are proven technologies that can dramatically increase the fuel efficiency of the electricity sector with the simultaneous production of useful thermal energy and power nearer to end users. CHP systems can reach efficiencies above eighty percent. Oak Ridge National Laboratory estimated in 2008 that increasing the percentage of electricity generated by combined heat and power in the US from 85 GW of capacity (9%) to 241 GW (20%) by 2030 would attract \$234 billion in private investment, produce 5.3

quads of annual fuel savings, create nearly 1 million new jobs and cut CO2 emissions equivalent to taking 154 million cars off the road.

IDEA (www.districtenergy.org) serves as a vital information hub for the district energy and combined heat and power industries, connecting industry professionals and advancing the technology around the world. With headquarters just outside of Boston, Mass., the 1,500-member IDEA was founded in 1909 and comprises district heating and cooling system executives, managers, engineers, consultants and equipment suppliers from 25 countries. IDEA supports the growth and utilization of district energy as a means to conserve fuel and increase energy efficiency to improve the global environment.

IDEA looks forward to working with members of Congress and the Administration on the optimization of district energy/CHP as an important clean energy strategy for our country.

Sincerely,

A handwritten signature in black ink, reading "Robert P. Thornton". The signature is fluid and cursive, with the first name "Robert" and last name "Thornton" clearly legible.

Robert P. Thornton
President & CEO
International District Energy Association