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U.S. Budget Bill Includes Extension of CHP Tax Credit to Enhance Manufacturing Competitiveness

WASHINGTON, D.C. (February 9, 2018) –The Alliance for Industrial Efficiency applauded Congress for its action as part of the Bipartisan Budget Act of 2018 passed by Congress early today to restore and extend the 10 percent investment tax credit (ITC) for combined heat and power (CHP), which had expired at the end of December 2016.

“We applaud Congress for its bipartisan support to extend this critical incentive for clean and efficient CHP.” stated **Jennifer Kefer, Executive Director of the Alliance for Industrial Efficiency**. “By extending the CHP tax credit, Congress will help American businesses and communities reduce their energy bills, create jobs, and protect against blackouts.”

Because it generates both heat and electricity from a single fuel source, CHP is twice as efficient as conventional power generation. Further, CHP utilizes locally available fuel to increase energy independence. By extending the CHP tax credit, Congress is supporting the energy system and electric grid of the future and helping manufacturers save money, reduce their energy use, and increase their reliability in the face of extreme weather events that may compromise the grid, and lower their emissions.

“We are pleased Congress has finally and affirmatively restored several key tax incentives for clean and renewable energy, including the ten percent tax credit for combined heat and power,” states **John M. Grau, Chief Executive Officer of the National Electrical Contractors Association**. “Restoration of this credit, with no phasedown, will improve our nation’s energy independence and economic prosperity.”

“Because CHP systems can operate independently of the grid, they can help keep the lights and power on during extreme weather events. The CHP tax credit will enable more of our customers to install these systems, making our grid more stable and reliable, while also supporting the development of new microgrids,” explains **Elinor Haider, Vice President for Marketing at Veolia Energy North America**.

“We commend Congress for recognizing that American manufacturing must be as productive and efficient as possible,” states **Stan Kolbe, Director of the Sheet Metal and Air Conditioning Contractors’ National Association**. “A predictable investment tax credit for CHP is an important step to encourage readily available projects that create and maintain thousands of jobs within our member companies.”

About the Alliance: *The Alliance for Industrial Efficiency is a diverse coalition that includes representatives from the business, labor, contractor, and academic communities. We are committed to enhancing manufacturing competitiveness and through industrial energy efficiency, especially the use of combined heat and power (CHP) and waste heat to power (WHP). For more, visit:*

<https://alliance4industrialefficiency.org/>