

ELECTRICITY
CONSUMERS
RESOURCE
COUNCIL



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John A. Anderson

President & Chief Executive Officer

June 29, 2015

The Honorable Lisa Murkowski
Chairwoman
Committee on Energy and Natural
Resources
US Senate
304 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Maria Cantwell
Ranking Member
Committee on Energy and Natural
Resources
US Senate
304 Dirksen Senate Office Building
Washington, DC 20510

The Honorable James Risch
US Senate
438 Russell Senate Office Building
Washington, DC 20510

Re: Opposition to S.1037

Dear Chairwoman Murkowski, Ranking Member Cantwell and Senator Risch:

The Electricity Consumers Resource Council (ELCON) wishes to state its strong opposition to S. 1037. If enacted, S.1037 would terminate electric utilities' purchase obligation under the Public Utility Regulatory Policies Act of 1978 (PURPA) and 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