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12 September, 2011

Senator Barbara Mikulski
503 Hart Senate Office Building
Washington, DC 20510

RE: American Infrastructure Financing Authority (AIFA)

Dear Senator Mikulski,

I am writing on behalf of the 1500+ members of the International District Energy Association (IDEA).

First, we want to commend you for your leadership in sponsoring Senate Bill S.652, legislation to create the American Infrastructure Financing Authority (AIFA).

As owners and operators of mission-critical district energy systems that provide clean thermal energy to meet the needs of cities, universities, hospitals, airports and military bases in over 40 states, we agree that a mechanism to unleash private/public partnership investments in energy infrastructure is an important and timely economic and energy-security objective for the United States.

We have two particular requests related to AIFA. First we would like to confirm that thermal energy projects would qualify under the Energy Infrastructure Projects. In particular, we seek to clarify that:

- "Pollution reduced energy generation" includes generation of thermal energy;
- "Transmission and distribution" includes conveyance of thermal energy in the form of steam, hot water or chilled water;
- "Storage" includes storage of electric or thermal energy; and
- "Energy efficiency enhancements for buildings, including public and commercial buildings" includes efficiency enhancements to district energy systems which supply thermal energy to public, commercial and other buildings.

Our second area of concern is with the eligibility threshold of \$100,000,000. While it is entirely conceivable that over time, many district energy project costs may be reasonably anticipated to exceed \$100,000,000, our concern is the minimum threshold level may preclude participation by many highly effective community energy projects. We think the \$25 million threshold, as listed for rural projects, would be a more effective level to stimulate near term district energy industry development in cities, universities, communities and institutions.

Given the current state of the economy, we strongly support the formation of such an authority that will support our industry's goals of building and upgrading thermal energy infrastructure for enhanced energy security, long term economic development and environmental stewardship. We understand that AIFA is intended to address financing needs for large scale projects that may traverse multiple jurisdictions or disciplines.

Our members will look to AIFA to catalyze public/private partnership investment in district energy infrastructure all across the country to bring a wide range of economic, energy and environmental benefits. District energy systems have demonstrated the capability to:

- increase energy security by utilizing local and diverse fuel resources;


- cut regional emissions of greenhouse gases and other emissions;
- strengthen the local and regional electric grid by reducing peak demand and providing cleaner balancing capacity on a distributed basis to complement intermittent renewable power assets; and
- increase the value and efficiency of customer buildings by delivering useful heating and cooling as needed 24/7/365.

Recent industry examples include the \$377 million upgrade and expansion of the Thermal Energy Company that provides heating, cooling and power to the institutions of the Texas Medical Center in Houston, the largest health care campus in the world. On a smaller scale, Veolia Energy North America, recently began implementation of a project to recover heat being rejected from a combined heat and power (CHP) plant into the Charles River, converting a source of thermal pollution into useful heat via a new pipeline to be built across a bridge to deliver useful heat to buildings in Boston served by Veolia's district energy system.

In 2009, the Department of Energy set up a \$156 million program for district energy/CHP which attracted 379 project proposals with combined value of \$9.2 billion; including \$5.6 billion in public/private funds to leverage federal support of \$3.6 billion. DOE's technical review qualified 79 of the projects (with a combined value of \$1.6 billion) as acceptable for financing. However, with program funding of \$156 million only nine (9) projects were funded. The program was oversubscribed by 25:1, and a tremendous opportunity to unleash private public partnership in clean energy was missed. There is still significant pent-up demand in our sector and we are ready to implement projects and get to work .

In conclusion, thank you for your leadership on this important matter. We look forward to working with your offices to support passage of this important legislation.

Best regards,



Robert P. Thornton
President & CEO

CC: Sen. Michael Bennet (D-CO), Sen. Richard Blumenthal (D-CT), Sen. Chris Coons (D-DE), Sen. Lindsey Graham (R-SC), Sen. Kay Hutchison (R-TX), Sen. John Kerry (D-MA), Sen. Jeanne Shaheen (D-NH), Sen. Mark Warner (D-VA)