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April 15, 2013

The Honorable Kevin Brady
301 Cannon House Office Building
Washington, DC 20515

The Honorable Mike Thompson
231 Cannon House Office Building
Washington, DC 20515

The Honorable Jim Gerlach
2442 Rayburn House Office Building
Washington, DC 20515

The Honorable Linda Sanchez
2423 Rayburn House Office Building
Washington, DC 20515

Dear Representatives Brady, Thompson, Gerlach, and Sanchez:

As an integrator of microturbine systems, we are writing to urge the Committee to bring much-needed parity for clean energy technologies in the tax code.

We can attest to the great benefits that microturbine technology has to offer. We believe American consumers should be able to select distributed generation technologies based purely on their merits.

By way of background, a microturbine is a small gas turbine, typically sized one megawatt and below. It is fuel flexible, meaning it can operate using liquid or gaseous fuels including natural gas, biogas, diesel, biodiesel, methane, kerosene and propane. Because of its advanced technology and continuous combustion, no active treatment of the exhaust is needed to produce low particulate emissions. In this way, users are able to realize large reductions in greenhouse gas emissions.

Microturbines are an ideal solution for a wide range of customers such as commercial buildings, hospitals, manufacturing facilities, universities, oil and gas sites, military bases, landfills, farms and many others. Microturbines can offer businesses reliable base-load power independent of the power grid. For businesses concerned about the environmental impact of their energy consumption, microturbines are among the cleanest combustion technologies available, and are one of the few distributed generation technologies certified by the California Air Resources Board to meet its strict emissions standards.



An example of one of our customers who benefited from the installation of a Capstone Microturbine is Dominion East Ohio Gas Company's Cleveland, Ohio headquarters. They installed a 1MW Capstone microturbine system in response to the company's need to generate its own reliable power. With the electricity generated by the system, the amount of power purchased from the electric utility—and, most importantly, the strain on urban infrastructure—is significantly reduced. The system serves as the primary power source for the facility. Generating continuous power while operating in grid parallel interconnection with the electric utility, it also is a dual mode system with on-board, rechargeable batteries. During a power failure, the system takes over and supplies all electricity required to operate the administration building. This is critical to the company's daily operations, as Dominion's headquarters supports a data center, 24/7 call center, as well as administrative offices.

Microturbines can reduce energy costs while simultaneously reducing a site's carbon footprint. Nevertheless, the economics around the decision to purchase a microturbine system are not easy due to capital costs. Like any investment, there is an up-front capital expenditure, which combined with the current disparity in the tax code and other short-term financing challenges, effectively reduces the positive impact of the ITC.

As you are aware, the current tax code singles out microturbines and combined heat and power systems for a 10% investment tax credit (ITC) and limits overall project size eligibility—while other clean forms of power (including fuel cells powered by natural gas) receive a 30% tax credit with no project size limit. This unlevelled playing field creates a skewed environment in which customers cannot make the best decision possible.

We urge you to support legislation that would create parity for microturbines and, consequently, would promote energy efficiency, power reliability, and job creation. Thank you for your consideration.

Sincerely,

GEM Inc.

A handwritten signature in black ink, appearing to read "Hussien Y. Shousher". The signature is stylized with a large, sweeping flourish at the end.

Hussien Y. Shousher
President