

112TH CONGRESS  
1ST SESSION

# H. R. 2750

To amend the Internal Revenue Code of 1986 to modify the investment tax credit for combined heat and power system property.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 2011

Mr. INSLEE (for himself, Mr. BARTLETT, Mr. TONKO, Ms. BERKLEY, Mr. BLUMENAUER, Ms. BALDWIN, Mr. ISRAEL, Mr. PASCARELL, Mr. QUIGLEY, and Ms. SUTTON) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to modify the investment tax credit for combined heat and power system property.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PURPOSE.**

4 The purposes of this Act are—

5 (1) to promote energy efficiency through the  
6 use of combined heat and power systems by increas-  
7 ing limits on the size of systems qualifying for tax  
8 credits under section 48(c) of the Internal Revenue  
9 Code of 1986, and

1           (2) to allow systems using waste energy from  
2           industrial processes to produce electricity or mechan-  
3           ical energy to qualify for the tax credits.

4 **SEC. 2. MODIFICATIONS IN CREDIT FOR COMBINED HEAT**  
5 **AND POWER SYSTEM PROPERTY.**

6           (a) MODIFICATION OF CERTAIN CAPACITY LIMITA-  
7 TIONS.—Subparagraph (B) of section 48(c)(3) of the In-  
8 ternal Revenue Code of 1986 is amended—

9           (1) in clause (ii)—

10                   (A) by striking “15 megawatts” and in-  
11                   serting “25 megawatts”, and

12                   (B) by striking “20,000 horsepower” and  
13                   inserting “34,000 horsepower”, and

14           (2) by striking clause (iii).

15           (b) INCLUSION OF WASTE ENERGY RECOVERY AND  
16 RELATED TECHNOLOGIES.—

17           (1) IN GENERAL.—Subparagraph (A) of section  
18 48(c)(3) of such Code is amended to read as follows:

19                   “(A) COMBINED HEAT AND POWER SYS-  
20                   TEM PROPERTY.—The term ‘combined heat and  
21                   power system property’ means property com-  
22                   prising a system which is placed in service be-  
23                   fore January 1, 2017, and—

24                           “(i) which uses the same energy  
25                           source for the simultaneous or sequential

1 generation of electrical power, mechanical  
2 shaft power, or both, in combination with  
3 the generation of steam or other forms of  
4 useful thermal energy (including heating  
5 and cooling applications), and—

6 “(I) produces at least 20 percent  
7 of its total useful energy in the form  
8 of thermal energy which is not used to  
9 produce electrical or mechanical power  
10 (or combination thereof),

11 “(II) produces at least 20 per-  
12 cent of its total useful energy in the  
13 form of electrical or mechanical power  
14 (or combination thereof), and

15 “(III) has an energy efficiency  
16 percentage exceeding 60 percent, or

17 “(ii) which produces electrical or me-  
18 chanical power or usable thermal energy  
19 (in the form of steam, hot water, or other  
20 heated thermal working fluid) from recov-  
21 ered waste energy, including systems  
22 using—

23 “(I) back-pressure turbines in  
24 place of pressure-reducing valves,

1                   “(II) rankine, sterling, kalina, or  
2                   other heat engines, or

3                   “(III) waste energy to heat a  
4                   thermal working fluid to displace the  
5                   need for combustion of a fuel.”.

6                   (2) CONFORMING AMENDMENT.—Section  
7                   48(c)(3)(D)(i) of such Code is amended by striking  
8                   “subparagraph (A)(iii)” and inserting “subpara-  
9                   graph (A)(i)(III)”.

10                  (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to periods after the date of the  
12 enactment of this Act, under rules similar to the rules of  
13 section 48(m) of the Internal Revenue Code of 1986 (as  
14 in effect on the day before the date of the enactment of  
15 the Revenue Reconciliation Act of 1990).

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