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What is CHP?

- Combined heat and power (CHP), also known as cogeneration, is the simultaneous production of electricity and heat from a single fuel source, such as: natural gas, biomass, biogas, coal, waste heat, or oil.

Technologies:

- Reciprocating Engine
- Fuel Cell
- Microturbine
- Gas Turbine
- Steam Turbine

Why Tier Incentives

- CHP incentives are administered as electric EE measure
- Multiple Tier Incentives in MA
- Reasons for multi-tier incentives
  - Deeper dives for EE
  - EE measures with better payback installed first
  - Right size the CHP
  - Correctly sized CHP is the best solution for all
  - Smaller Units get higher incentive

Tier 1 - BASIC

- $750 per KW
  - Must pass program cost effectiveness test to qualify
  - Incentive not to exceed 50% of project cost
  - No TA study required**
  - No efficiency requirement
  - Efficiency Opportunities MUST be identified prior to sizing the CHP system

Tier 2 - Moderate

- $950-$1,000 per KW
  - ASHRAE level 1 Audit REQUIRED
  - All identified cost effective measures with 3 yr or less payback must be implemented within 18 months of CHP incentive commitment
  - System efficiency must be 60% or greater
  - System must be sized correctly
  - Must pass Program cost-effectiveness test
  - Not to exceed 50% of total project costs

Tier 3 - Advanced

- $1,100-$1,200 per KW
  - ASHRAE Level 2 Audit Required
  - Total site energy to be reduced by >10%
  - Measures must be implemented within 3 years of CHP commitment.*
  - Annual estimated efficiency must be >65%
  - New Construction does qualify*
  - Must pass program cost effectiveness test

Summary

- CHP System must be sized properly.
- CHP System must past cost effectiveness test.
- Efficiency opportunities must be identified or implemented within identified time frame.
- Incentives will not exceed 50% of total project costs.
- All potential CHP project incentives are at the discretion of the associated program manager.