



# **CHP Partnership Funding Incentive and Environmental Revenue Stream Resources**

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# Today's Presentation

- Overview of CHP Partnership
- CHP Partnership Funding Database
- Environmental Revenue Streams for CHP Paper

# EPA CHP Partnership

- Voluntary program that seeks to reduce the environmental impact of power generation by promoting the use of highly-efficient CHP
- Works with clean energy stakeholders from the private and public sectors to support the deployment of new CHP projects and to promote their energy, environmental, and economic benefits
- 3 Core Activities
  - Education & Outreach
  - Technical Assistance for CHP Projects
  - Public Recognition
- Through 2007, the CHPP has helped put into operation more than **335 CHP projects** representing **4,450 MW** of capacity, resulting in the emission reductions of over **51 million tons CO<sub>2</sub>**

# Financing CHP

- Can be arranged through traditional lenders and investors, third-party equipment owners, or directly by the company installing the system
  - Information and considerations for evaluating various financing methods for CHP available in Partnership's CHP Procurement Guide  
([http://www.epa.gov/chp/documents/pguide\\_financing\\_options.pdf](http://www.epa.gov/chp/documents/pguide_financing_options.pdf))
- Funding incentives are available in the form of direct financial grants, tax incentives, low-interest loans, or utility and environmental policies that increase the financial prospects for a project
- Environmental revenue streams (ERS) monetize the environmental attributes of clean, onsite power generation including CHP

# CHP Funding Database

- Lists state and federal incentives applicable to CHP and biomass/biogas projects, including financial incentives and favorable regulatory treatment
  - Financial incentives: e.g., grants, tax incentives, low-interest loans, favorable partial load rates (e.g., standby rates), and tradable allowances
  - Favorable Regulatory Treatment: e.g., standard interconnection requirements, net metering, RPS, EE/RE set asides, and output-based regulations
- Updated every two weeks

<http://www.epa.gov/chp/funding/funding.html>

# Environmental Revenue Streams for CHP

- One-time or ongoing payments by an entity (such as a state) to the developer or owner of an energy-generation project to reward the use of highly efficient and/or renewable energy generation technologies
- Programs that monetize the environmental benefits of clean DG offer the possibility of improving project economics and increasing the acceptance of CHP by energy users
- Participation in programs such as emissions trading, offsets, or renewable energy credit (REC) programs has not been part of the typical CHP project development process to date

# Environmental Revenue Streams for CHP Paper

- Discusses three key types of ERS programs / policies
  - Cap and trade
  - Offset
  - REC programs
- Provides a case study example of a CHP project in which potential ERS payments under several of the policies/programs discussed are calculated
- Appendix contains guidance on how to estimate the monetary impacts of an ERS on a specific project

Available at: [http://www.epa.gov/chp/documents/ers\\_program\\_details.pdf](http://www.epa.gov/chp/documents/ers_program_details.pdf)

# ERS – Cap and Trade Programs

## Existing

- Regional Greenhouse Gas Initiative
- NOx Budget Trading Program
- Clean Air Interstate Rule

## In Development

- Western Climate Initiative
- Midwest Greenhouse Gas Reduction Accord
- California AB32
- National Program??

# ERS – Offset and REC Programs

- Offset Programs
  - New Source Review – NO<sub>x</sub>
  - CO<sub>2</sub> offset programs (e.g., Oregon, Washington)
- REC Programs
  - Renewable Portfolio Standards
  - Voluntary Green Power Programs

# Contact Us

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