



The Solutions Network

Rochester, New York

DG/CHP Trends in the NE Region

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Policy & Regulatory Trends



- Environmental – Permitting
- Utility Practices
 - Interconnection
 - Standby Rates
- Incentive Programs
- Technical Support Opportunities
- Roadmap – NE CHP Initiative
- Climate – Cap and Trade

Environmental Trends

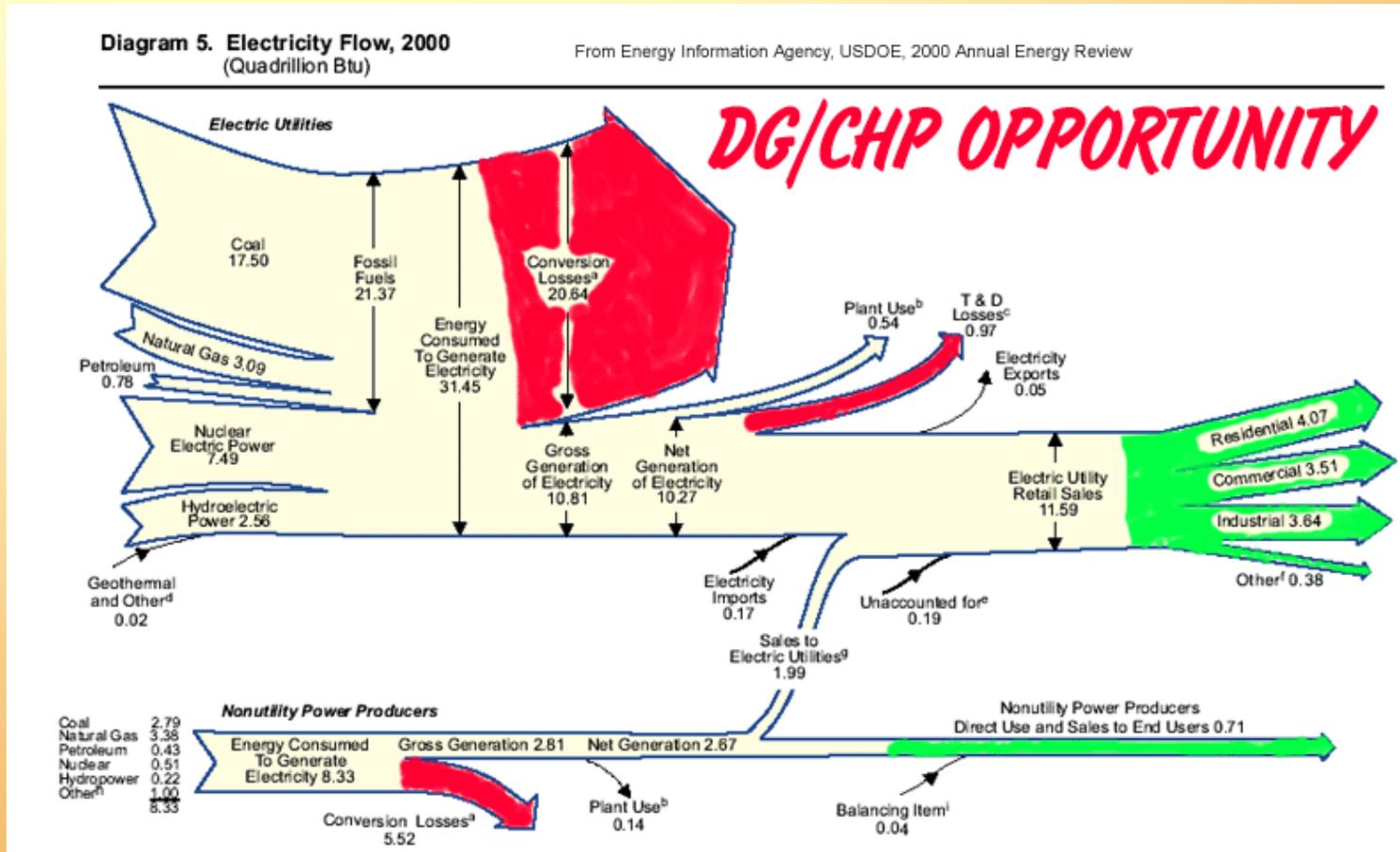


- Output-based on the way in many states;
- Differentiates between emergency generators and non-emergency ones;
- RAP model emission rule is widely utilized;
 - Phases in increasingly stringent emissions standards between 2004 and 2012
- Size ranges between 60 kilowatts up to 15 MW...
- CHP and “recycled energy” are more often recognized and rewarded.
- Web site: www.eea-inc.com

Why Output-Based Measurement ?

Diagram 5. Electricity Flow, 2000
(Quadrillion Btu)

From Energy Information Agency, USDOE, 2000 Annual Energy Review



Output-Based Definition



Output-based regulations are based on electrical, thermal, or mechanical output (MWh, MMBtu, or bhp-hr), rather than the heat input of fuel burned or pollutant concentration in the exhaust.

Output-Based Measures



An output-based measure is...

Electricity generation:

Boilers/steam turbines, Reciprocating engines, Combustion turbines = pounds per megawatt hour (lbs/MWh)

Steam or hot water: Industrial boilers, Commercial boilers =
= pounds per million British Thermal Units generation
(lbs/MMBtu heat output)

Mechanical power:

Reciprocating engines = grams/brake horsepower-hour
(g/bhp-hr)

NE States Considering OPB



- New Jersey
- Maine
- Connecticut
- New York
- Massachusetts considered and rejected OPB because they felt that projects would “net out” of BACT requirements – stay tuned...
- EPA’s OPB Handbook for Regulators:
www.epa.gov/chp
- Regulatory Assistance Project (RAP) Model Rule and Calif Air Resource Board rule in NE

Utility Practices



- Interconnection still a huge issue/barrier
- Massachusetts and their utility commission's, the DTE, recent settlement
 - Technical on the one hand but -
business practices are still the bigger problem
- Standby rates in general still significant impasse
- Need to reward utilities for encouraging the DG solution – value DG as part of the T&D system
- Education, education, education – overcome fear factor many utilities espouse

Incentive Programs



- New Jersey's Clean Energy Program offers incentives to new CHP projects meeting certain criteria – decisions on a case by case basis for projects that don't exceed 5 MW
- Connecticut has a possible municipal property tax exemption for CHP projects installed before Oct. 1, 2006
- NYSERDA has millions available for projects in NY State – awarded on a peer reviewed basis
- Qualifying Facilitates, or QFs, under existing PURPA laws = net metering for some larger CHP projects

Technical Support in NE



University of Massachusetts Amherst, Pace Law School and NYSERDA were recently awarded DOE funding to create a NE CHP Application Center.

Found at: www.northeastchp.org

This resource can be tapped to help with actual projects, outreach and education, marketing studies, etc.

NE CHP Initiative - Roadmap



As a sister operation to the NE CHP Application Center, the NE CHP Initiative is yet another resource ready to deal with the political (advocacy) needs of the region. Made up primarily of private sector interests, this group can and does give cohesive direction to the regional effort.

A regional roadmap was begun in March, 2004, and will be available in final form Sept., 2004

Web site: www.northeastchp.org

The Opportunity to Come – Climate in the NE



- Regional Greenhouse Gas Cap and Trade Initiative (RGGI) in the eight NE states
- Emission credits and capital cost offsets.
- Allocation based on energy efficiency, output-based, and/or new clean generation source in region
- Modeling work now includes CHP as an energy technology path choice
- Definitely stay tuned...

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Thanks!

Questions?