

4.11.000-P Fossil-Fuel Combined Heat and Power Policy

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	December 19, 2002	Approved (R149)	March 3, 2004
Board	March 3, 2004	Reviewed-No Change	February 2005
Board	February 16, 2005	Reviewed & deferred for 6 months	August 2005
Board	September 7, 2005	Revised (R348)	Report to board in early 2006; review implementation in 9/08
Board	December 19, 2008	Revised (R499)	09/2011
Board	December 16, 2011	Revised (R612)	02/2015
Board	February 25, 2015	Revised (R737)	02/2018
Board	June 27, 2018	Reviewed-No Change	06/2021

Introduction

Fossil-fueled combined heat and power (CHP) projects may have certain economic and environmental advantages, including potential energy efficiencies, which make them of interest to the Energy Trust. At the same time, CHP raises two concerns that the Energy Trust board addresses in this policy: (1) When is CHP energy efficiency, hence eligible for Energy Trust support, as opposed to a generation resource? (2) How should Energy Trust identify and manage the risks that may attend CHP projects?

Policy

- a. In addition to incentives for other measures, Energy Trust should offer incentives for fossil-fuel CHP generation that increases total system efficiency, is more cost-effective than the alternative resource, and would be used on-site. Energy Trust will not offer incentives for fossil CHP power for sale (other than buy-all, sell-all arrangements with the serving utility).
- b. Energy Trust will use budgets and structures of existing programs, and adjust incentives and/or develop contract terms to reflect any higher level of risk compared to other projects.
- c. Energy Trust will evaluate projects using a cost-effectiveness methodology that is comparable to that used for the same type of facility or dwelling, but which accounts for unique CHP features.
- d. Energy Trust will limit eligibility to facilities that use Pacific Power or PGE electricity.