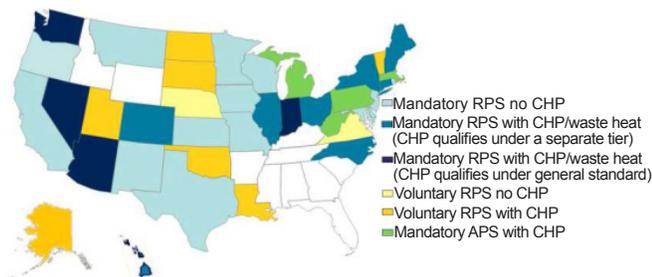


CHP and state portfolio standards

Numerous states have implemented policies intended to facilitate deployment of combined heat and power (CHP) systems. These policies generally take three forms:

- Renewable portfolio standards (RPS)
- Energy efficiency resource standards (EERS)
- Alternative portfolio standards (APS)

Among the 42 states (plus the District of Columbia) where clean energy standards are in place, 24 include CHP or waste-heat-to-power (WHP) as eligible resources.



States with Portfolio Standards and how CHP qualifies (under RPS or APS)

Renewable Portfolio Standards

Some states include CHP or WHP in RPS programs. CHP using biofuels qualifies in most state RPS programs, and several states (including CO, CT, HI, ME, NV and NC) either provide a separate tier for CHP, or they allow CHP to qualify under general standards, with some restrictions.

Energy Efficiency Resource Standards

Under EERS policies, utilities are expected to meet annual targets for reducing energy consumption. Programs provide financial incentives for investment in energy efficiency measures. Several states (MA, OH, IL and MD) allow CHP to qualify under EERS policies.

Alternative Portfolio Standards

Alternative energy portfolio standards (APS) are similar to RPS policies, with special provisions for non-renewable clean energy sources such as CHP. Like an RPS, an APS sets targets for

utilities to procure a percentage of energy supply from alternative energy sources. The Commonwealth of Massachusetts includes CHP as an eligible resource in both its EERS and APS programs.

Qualifying CHP in Energy Standards

Whether and how CHP may be used to meet RPS, EERS, and APS goals varies among the different state programs. Some programs allow only bottoming-cycle systems (generally WHP), while others allow CHP only if it uses renewable fuels. Some states (*i.e.*, MA and CT) explicitly allow CHP using any fuel to meet state standards.

Minimum Efficiency and Performance

To qualify for state energy portfolio standards, CHP generally is required to meet minimum efficiency requirements or performance metrics. Efficiency standards in some states (*i.e.*, CT, OH, and WA) establish thresholds to ensure CHP achieves substantial energy savings compared to separate heat and power, while state performance metrics (*i.e.*, MA) provide more incentives for projects that achieve greater benefits for the same unit of cost.

CHP Tiers and Targets

Some states establish specific goals for CHP and related technologies. Such approaches include a separate tier for CHP within an RPS program (CT and PA) and separate targets in APS or EERS programs (MA and MI).

