Combined Heat and Power (CHP) can reduce your energy costs, increase the efficiency of your facility’s electricity and heating systems, and reduce emissions.

CHP can also provide power and heat during grid outages. It is beneficial to a wide range of commercial facilities especially those needing large quantities of hot water. The recovered waste heat in CHP can be used for space heating or cooling, water heating, refrigeration and dehumidification.

**Cash Incentives**

Through the Pepco Combined Heat and Power Program, we offer cash incentives to Maryland business customers:

**Incentive Levels:**
- $1,200 per kW of Nameplate Capacity, up to 1,000 kW
- Plus $900 per kW over 1,000 kW
- Capped at $2,500,000 per project

**CHP Program Incentive Payments Example:**

**Small Systems**: Eligible for $1,200 per kW of Nameplate Capacity, up to 1,000 kW
- Example: 600 kW system: 
  \[ \$1,200 \times 600 \text{ kW} = \$720,000 \]

**Large Systems**: Eligible for $1,200 per kW for first 1,000 kW plus $900 per kW of Nameplate Capacity above 1,000 kW
- Example: 1,200 kW system:
  \[ \$1,200 \times 1,000 \text{ kW} = \$1,200,000 \]
  \[ + \$900 \times 200 \text{ kW} = \$180,000 \]
  \[ \text{Total} = \$1,380,000 \]

**Table:**

<table>
<thead>
<tr>
<th>Payment</th>
<th>Amount</th>
<th>Paid When</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>10%</td>
<td>All permits received, equipment ordered, and project is fully committed.</td>
</tr>
<tr>
<td>Construction</td>
<td>30%</td>
<td>Commissioning is completed and system is in regular commercial operation</td>
</tr>
<tr>
<td>Production</td>
<td>Up to 60%</td>
<td>After 12 to 24 months of operation</td>
</tr>
</tbody>
</table>

- Full 60% Production Payment is paid if installed system produces total kWh indicated on Application.
- Production Payment will be reduced if system fails to produce.
- Customer chooses which consecutive 12 months within 24 months of operation to be used for Production Payment.
**CHP Frequently Asked Questions**

What is CHP?
Combined Heat and Power (CHP) is the sequential generation of electric and thermal energy from a single fuel source such as natural gas. The CHP engine-driven system, when coupled with a generator, produces electricity. The engine also produces waste heat via exhaust gas, which can be captured to produce steam, hot water for heating or for use in commercial or industrial facilities.

What types of CHP systems exist?
The chart below lists examples of available CHP technologies:

<table>
<thead>
<tr>
<th>Type</th>
<th>Generating Capacity (kW)</th>
<th>Likely Capacity (kW)</th>
<th>Packaged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reciprocating Engine</td>
<td>5 to 3,000</td>
<td>50 to 1,000</td>
<td>Yes</td>
</tr>
<tr>
<td>Gas Turbine</td>
<td>500 to 50,000+</td>
<td>500 to 2,000</td>
<td>No</td>
</tr>
<tr>
<td>Microturbine</td>
<td>30 to 250</td>
<td>30 to 250</td>
<td>Yes</td>
</tr>
<tr>
<td>Boiler &amp; Steam Turbine</td>
<td>200 to 10,000+</td>
<td>500 to 2,000</td>
<td>No</td>
</tr>
<tr>
<td>Fuel Cell (5 Subtypes)</td>
<td>5 to 250</td>
<td>200 to 250</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Why is Pepco offering the CHP program?
CHP projects will reduce the use of electricity delivered via the power grid to Pepco customer facilities in Maryland. CHP projects also help meet the EmPOWER Maryland energy saving goals.

What are the Key Program Rules?
- The host facility must be energy efficient (Pepco will require all efficiency measures with a payback period of less than three years to be implemented).
- The CHP system must be at least 65% efficient.
- CHP generated electricity must be used by the host facility.
- A 5-year warranty required, as is a plan for performing all needed system maintenance activities.
- The facility must satisfy all utility, regulatory and environmental requirements.

Can I submit an application for an energy study that examines the feasibility of a CHP installation?
Yes, but the study must be comprehensive, identifying and analyzing all electricity-saving measures, and not be limited to only CHP.

What are the characteristics of the most economic CHP projects?
A nearly constant electric and thermal load at a moderate temperature. Facilities that would benefit include:
- Hospitals and nursing homes
- Farms
- Multi-family developments
- Fitness centers, especially those with swimming pools
- Hotels
- Universities
- Three-shift industrial plants

What are some examples of useful thermal energy?
The best examples of useful thermal energy are units and facilities that require moderate temperature year-round. Some examples are:
- Domestic hot water and heated swimming pools
- Space heat that is needed for 8 to 12 months of the year
- Moderate-temperature process heat for manufacturing
- Chilled water that is produced in a heat-powered chiller if the chilled water is needed for 6+ months of the year

Who develops and installs CHP Systems?
Qualified project developers, contractors and engineering firms support these CHP projects. A Service Provider list can be found at:

cienergyefficiency.pepco.com/CombinedHeat

Find Out More:
If you are a Maryland customer, find out if a CHP system is right for your facility. Learn more at:
pepco.com/business

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This program supports the EmPOWER Maryland Energy Efficiency Act. Pepco Energy Savings for Business Program is available to Pepco commercial customers in Maryland only.

PEPCO ENERGY SAVINGS FOR BUSINESS PROGRAM