



## Combined Heat and Power (CHP) Overview – National

The industrial and commercial sectors, which represent roughly one-half of total U.S. energy use,<sup>1</sup> hold great potential for energy efficiency improvements. Encouraging manufacturers and commercial property owners to generate power onsite with technologies like Combined Heat and Power (CHP) and Waste Heat to Power (WHP) can create jobs, strengthen America’s competitiveness, and make our grid more resilient.

**CHP** uses a single fuel source to generate both heat and electricity. CHP’s key advantage is efficiency – twice the energy efficiency of the average power plant.<sup>2</sup> (Figure 1)

**WHP** uses industrial waste heat (typically released into the atmosphere) and captures it to generate electricity with no additional fuel, and no incremental emissions.

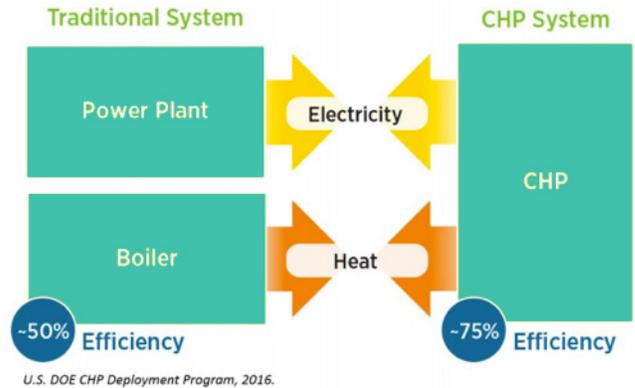
CHP and WHP have several direct benefits:

- Reduced energy costs
- Increased energy efficiency
- Reduced emissions of air pollutants
- Increased reliability and grid support
- Increased manufacturing competitiveness
- Insulation from volatile electricity prices

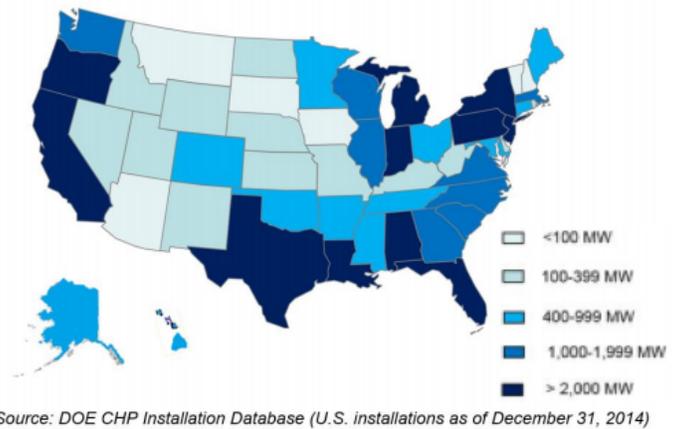
CHP and WHP are prevalent in both the industrial and commercial sectors:

- To date, 82.7 gigawatts (GW) of CHP capacity exists across 4,400 facilities in the United States<sup>3</sup> (Figure 2)
- The U.S. Department of Energy has identified nearly 149 GW of remaining CHP technical potential capacity at more than 291,000 sites nationwide.<sup>3</sup> (Figures 3 and 4). That is equivalent to 480 conventional power plants<sup>4</sup>
- In addition, the EPA has identified 15 GW of WHP technical potential capacity in the U.S.<sup>5</sup>

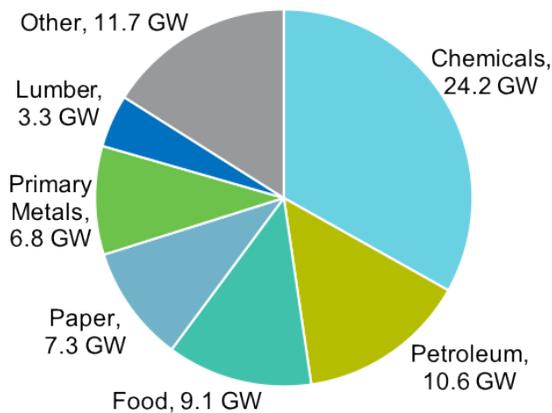
**Fig. 1: Energy Efficiency Advantage of CHP Compared to Traditional Energy Supply**



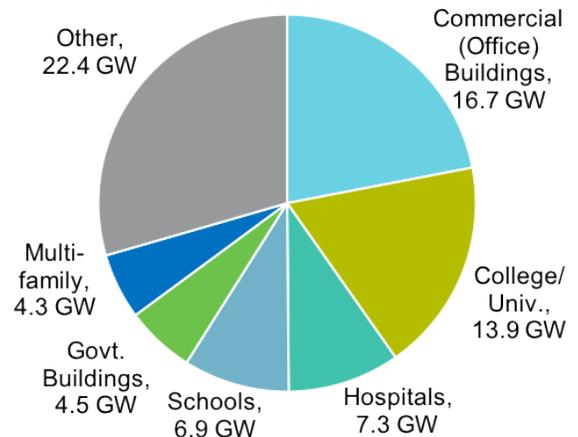
**Fig. 2: Existing CHP Capacity by State**



**Fig. 3: On-site Industrial Sector Technical Potential**



**Fig. 4: On-site Commercial Sector Technical Potential**





**CHP and WHP Efficiency & Savings** – If states installed only those CHP and WHP projects that could be paid back within 10 years, the U.S. could:<sup>6</sup>

- **Save \$140.6 billion** from 2016-2030
- **Reduce carbon emissions by 32,625,000 short tons** – equal to emissions from 8.6 conventional power plants or 3.1-million homes<sup>7</sup>
- **Save 183,855,000 megawatt hours (MWh) annually** – enough electricity to power over 17-million homes<sup>8</sup>

**CHP and WHP Market & Policy Issues** – There are many barriers to CHP deployment:<sup>9</sup>

- **Economic & Financial** – CHP requires a significant upfront capital investment, forcing it to compete for limited resources
- **Regulatory** – Utilities require CHP projects to stay connected to the grid and may adopt discriminatory policies (e.g., burdensome standby rates)
- **Policy** – The federal tax credit for CHP expired in 2016, and WHP was never made eligible due to drafting errors

### CHP Success Stories

*Texas Medical Center*



**Texas Medical Center and TECO (Houston, TX):**<sup>11</sup> The Texas Medical Center (TMC) – the largest medical center in the world, with over 50 hospitals and institutions – installed a CHP system in 2010 for reliability, energy security, and environmental benefits. The 48 MW gas turbine, run by Thermal Energy Corp. (TECO), reduces CO<sub>2</sub> emissions by 305,000 short tons a year and generates annual energy savings ranging from \$6-12 million. The steam and chilled water is distributed to roughly 85% of the medical center, and comprises the largest district cooling system in the U.S.

**Solvay Specialty Polymers (Marietta, OH):**<sup>10</sup> Searching for a replacement for its thermal energy source, Solvay Specialty Polymers installed an 8 MW gas turbine CHP system in 2015, which provides 100% of steam needs and 97% of the electrical load for the 24/7 chemical processing facility. Built, owned, operated, and maintained by DTE Energy services, the CHP system is expected to produce energy savings exceeding its installation costs by \$6 million. The CHP plant not only preserved 350 jobs in the existing area, but also created new manufacturing jobs.



*Solvay Specialty Polymers*

<sup>1</sup> U.S. EIA, January 2017, “Energy Consumption Estimates by Sector” <https://www.eia.gov/consumption/>

<sup>2</sup> U.S. EPA, Combined Heat and Power Partnership, “CHP Benefits” <https://www.epa.gov/chp/chp-benefits>

<sup>3</sup> U.S. DOE, March 2016, “Combined Heat and Power Technical Potential in the United States

<https://www.energy.gov/sites/prod/files/2016/04/f30/CHP%20Technical%20Potential%20Study%203-31-2016%20Final.pdf>

<sup>4</sup> Based on a national average power plant capacity of 500 megawatts (MW)

<sup>5</sup> ICF, March 2015, “Waste Heat to Power Market Assessment” <http://www.heatispower.org/wp-content/uploads/2015/02/ORNL-WHP-Mkt-Assessment-Report-March-2015.pdf>

<sup>6</sup> Alliance for Industrial Efficiency (AIE), September 2016, “National Factsheet AIE State Ranking Report”

<http://alliance4industrialefficiency.org/wp-content/uploads/2016/09/National-Factsheet-AIE-State-Ranking-Report.pdf>

<sup>7</sup> U.S. EPA, January 2017, “Greenhouse Gas Equivalencies Calculator” <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

<sup>8</sup> In 2015, EIA data shows average annual electricity consumption for a U.S. residential utility customer was 10.812 MWh.

<https://www.eia.gov/tools/faqs/faq.php?id=97&t=3>

<sup>9</sup> U.S. DOE, EPA, August 2012, “Combined Heat and Power: A Clean Energy Solution” [https://www.epa.gov/sites/production/files/2015-07/documents/combined\\_heat\\_and\\_power\\_a\\_clean\\_energy\\_solution.pdf](https://www.epa.gov/sites/production/files/2015-07/documents/combined_heat_and_power_a_clean_energy_solution.pdf)

<sup>10</sup> AIE, “Case Study: Energy Efficiency is Good for Business” [http://alliance4industrialefficiency.org/wp-content/uploads/2017/02/Solvay\\_case\\_study\\_FINAL.pdf](http://alliance4industrialefficiency.org/wp-content/uploads/2017/02/Solvay_case_study_FINAL.pdf)

<sup>11</sup> U.S. DOE SW CHP TAP, 2015, “Texas Medical Center and TECO”

[http://www.southwestchptap.org/data/sites/1/documents/profiles/Texas\\_Medical\\_Center-Project\\_Profile.pdf](http://www.southwestchptap.org/data/sites/1/documents/profiles/Texas_Medical_Center-Project_Profile.pdf)