

CHP Incentives and Technical Support Programs Available in New York as of February 2020*

*Programs may change; check with the incentive/technical support provider for up-to-date information.

Why CHP?

A combined heat and power (CHP) system is an engine that generates two or more forms of energy (most commonly electricity and thermal energy) through the combustion of one fuel source. For customer-sited CHP systems, the generated electricity is used to meet on-site electric needs, while waste heat is repurposed for use in industrial processes, water and space heating, and refrigeration or space cooling through an absorption chiller. CHP (also known as cogeneration, or cogen) systems reduce energy costs throughout the year while also bolstering site resiliency and providing backup power during grid outages more reliably than a traditional diesel emergency generator. Depending on how a CHP system is designed and operated, and the generation mix of the grid, these systems can also reduce greenhouse gas (GHG) emissions system-wide. Furthermore, if renewable natural gas (biogas derived from organic waste material) can be acquired, GHG emissions can be further reduced.

With the help of the NYSERDA CHP Program and PON 2568, the market for CHP in New York State has gained considerable traction over the past few years. While PON 2568 funding has been fully committed, CHP remains an excellent opportunity for potential end users in New York.

By implementing more projects, CHP vendors have refined their offerings, navigated permitting processes, and developed relationships with utilities and building departments across the state. This experience and know-how allow for shortened project timelines and reduced costs. The role of prior NYSERDA incentives to drive this kind of learning has been achieved and, therefore, the incentive program has sunset. Future end users will benefit from the program's legacy of CHP vendor experience and expertise.

CHP Process Flow Diagram

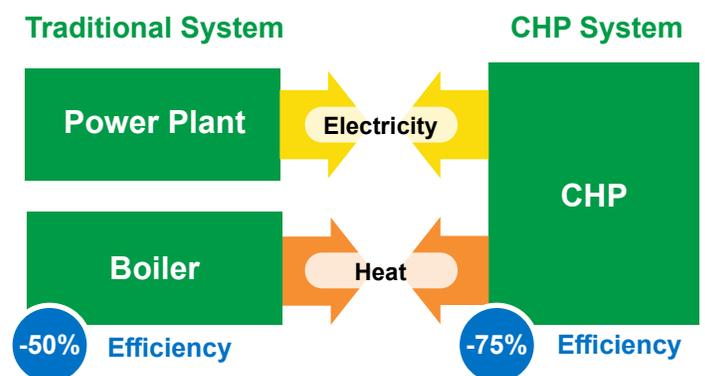


Image: US DOE



Con Edison Neighborhood Program CHP Compensation

Con Edison will provide up to \$1,800 per kW of installed capacity, with an award cap of \$1.5 million. More information is available on the [Con Edison Neighborhood Program website](#).

Eligibility requirements are as follows:

- Properties must fall within electric networks included in Con Edison’s Neighborhood Program (Crown Heights, Richmond Hill, and Ridgewood) or the Williamsburg or Prospect Park networks.
- Black-start capability is encouraged but not required.

Installation deadline: May 1, 2020

The award will be paid in two installments:

- 50% paid out after the system is fully commissioned and operational, which includes providing operation and reporting data to the [publicly available DER data website](#) administered by NYSERDA (by September 2020).
- Remaining balance paid out after summer 2020, based on the performance factor of the system.



Image: Con Edison

NYC Small Business Services (SBS) Energy Cost Savings Program (ECSP)

The ECSP can reduce regulated energy costs by up to 45% and regulated natural gas costs by up to 35% for eligible businesses. The ECSP also offers 4.44 cents per kWh of generation for businesses that install a CHP system. The benefits associated with the ECSP last for eight years, followed by a four-year phase-out during which benefits are decreased by 20% per year.

The following businesses are eligible for ECSP benefits:

- Businesses moving from outside New York City – or from designated areas of Long Island City (Queens) and Fulton Ferry (Brooklyn) – to all areas of the city other than south of 96th Street in Manhattan, Long Island City, and Fulton Ferry.
- Businesses moving from Manhattan south of the center line on 96th Street to Manhattan north of the center line on 96th Street or one of the other four boroughs.
- Businesses making investments in real property that will improve such property by at least 30% of the assessed value, and businesses that will be approved for benefits through the NYC Industrial and Commercial Abatement Program (ICAP).
- Businesses that will be approved for benefits through the New York City Industrial Development Agency (NYCIDA), or businesses that manage and/or operate in a building owned by the City of New York or Empire State Development Corporation, where the property will be improved by at least 10% of the property’s assessed value.
- **Applicants must submit an ECSP application prior to signing a lease for their new location.**

Applications must be submitted before 6/30/2020. Benefits are annually capped at \$10,000 per employee.

ADDITIONAL RESOURCES TO HELP CUSTOMERS PURSUE CHP SYSTEMS

- The US Department of Energy (DOE) recently launched the Combined Heat & Power eCatalog, a database of competent solution providers who have quality equipment offerings. The database can be filtered by site location, packaged system footprint, and fuel type, among other criteria, and it can help customers identify which systems best meet their needs. The eCatalog can be accessed here: <https://chp.ecatalog.lbl.gov/>.
- NYSERDA maintains a database of distributed energy resources (DERs) that have been installed in NYS with the assistance of NYSERDA programs, including solar, energy storage, and fuel cells. Customers can explore performance data from CHP systems installed at peer sites around the state at www.der.nyseda.ny.gov.



For Customers with Tax Burdens

Federal Investment Tax Credit (ITC)

The federal government is offering a tax credit of 10% of CHP project costs, with no maximum limit stated. To be eligible, systems must be smaller than 50 MW and achieve greater than 60% energy efficiency. The CHP system must be operational in the year in which the credit is taken. The credit will be available until December 31, 2021. More information is available on the [DSIRE website's "Business Energy Investment Tax Credit \(ITC\)" webpage](#).

Modified Accelerated Cost-Recovery System (MACRS)

Under the MACRS federal program, businesses can recover the cost of a CHP system through depreciation deductions. CHP systems are eligible for bonus depreciation, which enables customers to deduct 100% of the net capital cost of the CHP system (i.e., costs after any applied allowances) from their income tax the year the investment was made. More information is available on the [DSIRE website's "Modified Accelerated Cost-Recovery System \(MACRS\)" webpage](#).

NWS Areas, Opportunity Zones, and Other Revenue Opportunities

Through non-wires solutions (NWS) programs, some utilities offer additional compensation for load reduction projects in overstrained networks to help defer costly infrastructure upgrades. Con Edison's Brooklyn Queens Demand Management (BQDM) is one such example. Check with your local electric utility to determine if they are requesting load reduction through a non-wires solutions program and if they are supporting CHP as part of the effort.

Check with your local utility representatives for any upcoming CHP support programs for commercial and industrial customers. In addition, some utilities offer reduced gas rates for use in CHP systems. For information about potential CHP incentives from NYSEG/RG&E's Commercial & Industrial Rebate Programs, call 888-316-8023 or e-mail cienergysavings@franklinenergy.com. Information about O&R's Commercial and Industrial incentive programs can be accessed [on their website](#).

The Opportunity Zone Program, offered through the Tax Cuts and Job Acts of 2017, is a federal program that encourages private investment in low-income urban and rural communities across the US. In New York State, [514 census tracts](#) have been designated as Opportunity Zones (OZs). Through December 2026, private capital investments made in OZs can receive specific, attractive tax benefits. Sites in OZs looking to install CHP should contact a [Qualified Opportunity Fund \(QOF\)](#) to determine if OZ funding could be put toward the project.



NYSERDA

CHP PROGRAM CONTRACTOR

