Encouraging Combined Heat & Power and Distributed Generation

Indiana’s Experience
What was done in the past

• NOx SIP Call
  – New CHP EGUs (60% rated energy efficiency)
    • Allocations based on 0.15 lb/mmBtu rather than the permitted emission rate
    • One CHP EGU permitted at 0.012 lb/mmBtu
  – Did not include similar language for possible nonEGU CHP units
  – EE/RE set-aside
    • Category included for CHP/DG
    • Allocations based on electrical generation/thermal output
What is ahead

• CAIR
  – New EGUs
    • Using EPA/STAPPA models as starting point
    • Proposed using fuel neutral approach
    • Altered conversion factors
  – Adverse comments received concerning fuel neutral approach, but not conversions
What is ahead (continued)

• CAIR
  – Proposed to continue summer EE/RE set-aside with CHP/DG provisions
  – Proposed to include an EE/RE set-aside in the NOx annual program with CHP/DG provisions
  – Proposed to sell unallocated allowances for grant program to fund smaller projects not meeting the one ton of NOx threshold
Lessons Learned

• Must actively market the program
• Be sure to get as many agency partners on board as possible
• Proposals to sell allowances to fund grant programs may involve many hurdles
• Other state policies/regulations may be obstacles to encourage CHP/DG
More Information

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