Southeast CHP Roadmap Workshop

CHP Market Review

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Bruce Hedman
Energy and Environmental Analysis
703-373-6632
Energy and Environmental Analysis

- Professional services company focusing on energy markets and technologies
- Energy supply and demand modeling and forecasting
- Technology and market analysis
- Environmental policy analysis
- Distributed generation and CHP
Agenda

- Review Existing CHP
- Compare the region to the national picture
- First-cut look at the potential for additional CHP in the Region
- Review Regional Market Factors
The National Goal – 92 GigaWatts by 2010
Progress – 66 GW in 2000…
Progress – 82.4 GW in 2005
Installed CHP in 2004

- 82,411 MW at 2960 sites
- Average capacity is 27.8 MW
- Median capacity is 2.2 MW
Industrials Represent Close to 90% of Existing CHP

- Existing CHP Capacity (2005): 82,411 MW

Source: EEA
But Over 50% of the Installations are Commercial/Institutional

- Existing CHP Capacity (2005): 2,960 sites

Source: EEA
Natural Gas Is the Preferred Fuel

- **Existing CHP Capacity (2005):** 82,411 MW

Source: EEA
Gas Turbines Represent Almost Two Thirds of the Capacity

- Existing CHP Capacity (2005): 82,411 MW

Source: EEA
Recip Engines Represent 46% of the Sites Nationwide

- Existing CHP Capacity (2005): 2,911 sites

Source: EEA
Large Systems (>100 MW) Represent almost Two Thirds of the Nation’s CHP Capacity

- Existing CHP Capacity (2005): 82,411 MW
The Southeast Represents 15% of Existing CHP Capacity

U.S. = 82,411 MW  
2,911 sites

Southeast = 12,532 MW  
265 sites

Source: EEA
Commercial/Institutional Represents 10% of Existing CHP in the Region

- **Existing CHP Capacity (2005): 12,532 MW**
Paper, Chemicals and Food Industries Represent 72% of Existing CHP in the Region

- Existing CHP Capacity (2005): 12,532 MW

Source: EEA
The Southeast Has a Diverse Fuel Mix

- Existing CHP Capacity (2005): 12,532 MW

Source: EEA
Boiler/Steam Turbines Represent Over 50% of CHP Capacity in the Region

- Existing CHP Capacity (2005): 12,532 MW

Source: EEA
Boiler/Steam Turbines Represent 60% of CHP Systems in the Region

- Existing CHP Sites (2005): 265

Source: EEA
The CHP Profile in the Southeast is Unique

- The existing CHP systems are larger than the national average (47 MW vs 28 MW)
- Much of the existing capacity is solid fuel based (coal, waste, biomass/wood)
- The region has relied heavily on boiler/steam turbine systems
- However, over 2,200 MW of new capacity installed between 2000 and 2005 has been at five combined cycle merchant plants in Alabama (3), Florida and Mississippi.
What’s the Potential for Additional CHP in the Southeast? - A First-Cut Estimate

- Technical potential only – no economic screening
- Existing commercial and industrial sites with thermal and electric loads conducive to CHP
- Within-the-fence systems – sized to meet thermal loads with no power exports
- Does not consider economic growth for target markets or potential for retrofit/upgrade of existing CHP
The Potential for Additional CHP in the Southeast (first cut estimate)

<table>
<thead>
<tr>
<th>State</th>
<th>Commercial (MW)</th>
<th>Industrial (MW)</th>
<th>Total (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas</td>
<td>410</td>
<td>1,127</td>
<td>1,537</td>
</tr>
<tr>
<td>Alabama</td>
<td>572</td>
<td>2,996</td>
<td>3,568</td>
</tr>
<tr>
<td>Florida</td>
<td>3,140</td>
<td>1,019</td>
<td>4,159</td>
</tr>
<tr>
<td>Georgia</td>
<td>1,481</td>
<td>3,830</td>
<td>5,311</td>
</tr>
<tr>
<td>Kentucky</td>
<td>529</td>
<td>3,390</td>
<td>3,919</td>
</tr>
<tr>
<td>Mississippi</td>
<td>353</td>
<td>1,017</td>
<td>1,370</td>
</tr>
<tr>
<td>North Carolina</td>
<td>1,601</td>
<td>2,830</td>
<td>4,431</td>
</tr>
<tr>
<td>South Carolina</td>
<td>732</td>
<td>3,254</td>
<td>3,986</td>
</tr>
<tr>
<td>Tennessee</td>
<td>618</td>
<td>3,104</td>
<td>3,722</td>
</tr>
<tr>
<td></td>
<td>9,436</td>
<td>22,564</td>
<td>32,000</td>
</tr>
</tbody>
</table>
The Potential for CHP at Industrial Facilities is over 22,000 MW

Source: EEA
The Potential for CHP at Commercial and Institutional Facilities is over 9,000 MW

Source: EEA
Almost 50% of the Potential Is Below 5 MW in Size

<table>
<thead>
<tr>
<th></th>
<th>CHP Potential, MW</th>
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<tbody>
<tr>
<td></td>
<td>&lt; 1MW</td>
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<tr>
<td>Commercial</td>
<td>4,842</td>
</tr>
<tr>
<td>Industrial</td>
<td>1,984</td>
</tr>
<tr>
<td></td>
<td>6,826</td>
</tr>
</tbody>
</table>
Will This Potential Be Developed?

- The additional potential is much different than the existing capacity – smaller, within-the-fence, new applications.

- Success depends on further technology development (integration of absorption cooling, etc).

- Success depends on actions at the state and regional level.
The Regional Environment for CHP: The Bad News

- Regional electric prices relatively low compared to national picture (coal-based)
- No political pressure for competitive electricity markets
- Natural gas prices are high
Southeast Has Relatively Cheap Power

Health risk from coal fired power plant caused particulates

Source: Clean Air Task Force
The Regional Environment for CHP: The Good News

- Coal prices are increasing
- The region will rely more heavily on gas-fired generation in the future
- More user interest in waste/biomass fuels
- Increasing awareness of power reliability and security issues
- New products incorporating thermally activated cooling and dehumidification
## Average Electric Prices and Reliance on Gas-Fired Generation

<table>
<thead>
<tr>
<th></th>
<th>Commercial (cents/kWh)</th>
<th>Industrial (cents/kWh)</th>
<th>Nat Gas/Dual Fuel Gen Capacity (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas</td>
<td>7.19</td>
<td>4.13</td>
<td>35.7</td>
</tr>
<tr>
<td>Alabama</td>
<td>5.65</td>
<td>3.93</td>
<td>25.4</td>
</tr>
<tr>
<td>Florida</td>
<td>7.63</td>
<td>5.78</td>
<td>52.5</td>
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<tr>
<td>Georgia</td>
<td>6.94</td>
<td>4.21</td>
<td>32.8</td>
</tr>
<tr>
<td>Kentucky</td>
<td>5.39</td>
<td>3.07</td>
<td>20.8</td>
</tr>
<tr>
<td>Mississippi</td>
<td>7.82</td>
<td>4.65</td>
<td>69.2</td>
</tr>
<tr>
<td>North Carolina</td>
<td>6.62</td>
<td>4.68</td>
<td>22.2</td>
</tr>
<tr>
<td>South Carolina</td>
<td>7.13</td>
<td>4.44</td>
<td>16.4</td>
</tr>
<tr>
<td>Tennessee</td>
<td>6.82</td>
<td>3.93</td>
<td>20.0</td>
</tr>
</tbody>
</table>

Source: EIA - State averages from May 2003 to May 2004
Opportunities

- Exploit wood/biomass resource in the region
- Work with municipal utilities that are more open to CHP
- Look for applications of integrated CHP/thermally activated cooling and dehumidification
- Promote enhanced power reliability benefits
- Target specific “high price” states/areas (gas on the margin)
- Promote demonstrations/implementation at federal and state government facilities
Questions?

Bruce Hedman
Energy and Environmental Analysis, Inc.
1655 North Fort Myer Drive
Arlington, VA  22209
703-373-6632
Bhedman@eea-inc.com
www.eea-inc.com