

Pennsylvania commercial, industrial, governmental, and institutional customers of FirstEnergy's Pennsylvania utilities (Met-Ed, Penn Power, Penelec, West Penn Power) may apply for energy efficiency rebate incentives for qualifying Combined Heat and Power (CHP) projects under the Custom Program.

## Eligible Measures

Eligible CHP projects must meet the following requirements:

- Generators will be driven by turbines or internal combustion engines coupled to generators, where waste heat is used to support the customer's process.
- The thermal output must be used within the customer's process and/or building systems. The design of the system shall take into consideration the application of a technology (e.g. absorption chillers) that will use the thermal output to further reduce the customer's electric load.
- CHP design must achieve at least 65 percent operating efficiency (relationship of useful electric and thermal output verses the fuel input- higher heating value). The customer must install the required metering (kWh, MMBTU/hr, fuel consumption/hr) to support the measurement and verification process for the project (i.e., to assess electric energy output and annual performance).
- The preferred fuel source is natural gas or biogas.
- All CHP electricity generated is intended solely for on-site use by the customer.
- Incentives are not available to CHP systems that serve off-site customers, export to the grid, or are not located on the customers property.
- All installations must be determined to be cost effective, with a score greater than 1.0 using the Total Resource Cost (TRC) test.
- The design of the system shall be such that the generation equipment is controlled to meet the on-site energy requirements, thus providing no continuous or incidental electrical energy export. The recommended design would be that the CHP system is designed to not exceed the annual average facility's electrical energy usage requirements. Energy generated by CHP system that exceeds the customer's facility usage (net metered) will not be eligible for incentives.
- All installations must meet all appropriate environmental regulations, and owner must attest that the facility is compliant with all local, state and federal regulations.
- Project incentive savings calculations will be conducted only for a CHP project that has physical connection at customer service location; aggregated accounts or

virtual metered accounts will not be included in incentive savings calculations.

- Customers with CHP projects classified as Merchant or Wholesale are ineligible to participate.
- CHP project size may be limited by terms of FirstEnergy Pennsylvania Utilities retail tariff(s), including interconnection and net metering requirements.

## Pre-Approval Requirements

All Combined Heat and Power (CHP) projects must receive pre-approval prior to purchase and/or invoicing of any equipment to ensure that the proposed project meets the Company's Custom program eligibility requirements.

FirstEnergy's Pennsylvania utilities may consider CHP projects that are completed, which have been placed into operation not more than 180 days prior to the application.

A Retail Interconnection Agreement must be submitted and approved by FirstEnergy Pennsylvania Utilities prior to making application for a CHP project.

FirstEnergy Interconnection Agreement can be found at: [Pennsylvania Interconnection \(firstenergycorp.com/feconnect/pennsylvania\)](https://pennsylvania.feconnect.com)

## Effective Dates

To qualify for incentives for a CHP project through the Custom Program, equipment must be new and installed on or after June 1, 2021, only after receipt of the formal pre-approval letter from the Program Administrator. All qualifying, pre-approved CHP projects must be fully installed, commissioned and operational no later than May 31, 2026.

## Incentives

Incentives are paid at 3¢ per kWh for energy usage displaced at customer's facility. Incentives are capped at 50 percent of project cost, up to \$500,000.

## How do I apply?

### Step 1

The participant should complete and submit a Combined Heat and Power Incentive application online and upload required documents through the application portal.

The following documents are required for a pre-approval:

- Completed and signed W-9 tax form for the incentive payee. The W-9 form must be current and dated within the last 24 months.
- Copy of utility bill to confirm account number and service address. If desired, the participant may obscure all cost and rate related information. (Utility bill should be from within the last three months.)
- Executive summary of project, which is to include project scope, intended use for heat output, project costs and all other relevant project related details pertaining to FirstEnergy's Pennsylvania utilities' tariffs or policies.
- Pre and post-installation equipment specifications and operating assumptions, including replaced heating equipment as well as proposed backup boiler and fuel conditioning equipment.
- All energy calculations associated with the project, including hourly heat and electric load analysis for the facility.
- Manufacturer's specification cut sheets to verify size, technology and efficiency levels of proposed/installed equipment including generator, engine, and backup heating/fuel conditioning
- Please include a checklist of the following key information provided, along with location (e.g., file name or page):
  - Executive summary
  - Facility hourly load analysis
  - Calculation of annual proposed, gross generation (kWh)
  - Calculation of annual auxiliary equipment usage such as heat rejection, gas conditioning and backup systems (kWh)
  - Calculation of annual generation to be used on site (kWh)
  - Estimated coincident peak kW offset at the facility. Coincident peak kW savings are defined as the facility load offset during the hours from 2:00 to 6:00 p.m. during all days from June 1 through August 31, not including holidays or weekends.
  - Manufacturer's specification cut sheets

### Step 2

The Program Administrator will notify the applicant via email when the application review is complete, and the application is pre-approved.

### Step 3

During construction and prior to commissioning of the CHP project, a pre-inspection will be conducted.

### Step 4

Upon completion of CHP system construction, participants should review pre-approved project application and submit the following documents to the Program Administrator for review:

- Document listing any changes to project scope of work during construction
- Revised engineering and related energy savings analysis/calculations (if changes were made during construction)
- Detailed, itemized invoices or proofs of purchase for the equipment installed. (Separating material and labor costs)
- Completed letter of attestation on customer letterhead, signed (wet signature) by the customer

### Step 5

After CHP project is commissioned:

- The Program Administrator is to be notified by the applicant advising CHP project is commissioned and ready for commercial operation. The M&V plan will include, but not limited to, a predetermined time period collection of metered data (kWh, MMBTU/hr, fuel consumption/hr—Minimum of six months) and any other operational data required to verify the energy efficiency performance of the new CHP system.
- Supporting technical documentation will be reviewed by the Program Administrator, and an on-site inspection to verify the installation and operation may be conducted.
- Upon receipt and verification of all required documentation and energy efficiency performance of the new CHP system, the incentive check will be processed and mailed to the applicant or to an authorized representative, if requested as part of the application process.