

## Combined Heat and Power Application

Baltimore Gas and Electric Company (BGE) offers incentives for qualified Combined Heat and Power (CHP) projects through the BGE Smart Energy Savers Program® to help commercial, industrial, government, institutional and non-profit electric service customers offset the upfront costs for energy-efficient improvements. Combined Heat and Power (CHP) is a form of distributed generation which involves the simultaneous production of electricity and heat. CHP Systems typically operate at a high efficiency, lower energy costs and are connected in parallel or independent of the electric grid.

## Application and Instructions

### Eligible Participants

Incentives are available to non-residential, commercial, industrial, government, institutional and non-profit electric service customers within the BGE service territory that fall under rate schedules G, GS, GL, P or T.

### Eligible Projects

Eligible CHP projects can be driven by either a reciprocating engine or a gas turbine and must operate at a minimum of 65% efficiency (Higher Heating Value) on an annual basis. Eligible CHP systems must be sized to meet all or a portion of the customer's on-site load, not to exceed 100% of most recent historical annual consumption or peak demand.

Incentives are not available for CHP systems that serve off-site customers, exports to the grid, or are not located on the customer's property. Fuel cell with heat recovery driven CHP projects will be considered on a case-by-case basis.

Eligible projects may include retrofits, new construction and major renovations. All projects must be pre-approved by December 31, 2023.

### Program and Incentives Details

Details of the program and technical requirements are subject to change without prior notice. You may go to [BGESmartEnergy.com/CHP](https://BGESmartEnergy.com/CHP) to get the most current program information, or you may call 410.290.1202.

All qualified projects are eligible to receive the following:

Incentives under the program are calculated by the system capacity and three payments are comprised of a Design Incentive, Commissioning Incentive, and a Production Incentive.

**Incentive Amount:** Less than or equal to 50kW - \$2,000 per kW; Between 51kW and 200kW - \$1,600 per kW; Between 201kW and 1MW - \$1,200 per kW; Greater than 1MW - \$800 per kW. Incentives are tiered, which means the incentive levels vary based upon the installed rated capacity. For example, a 500 kW CHP system would receive \$2,000/kW for the first 50kW, \$1,600/kW for the next 150kW, and \$1,200/kW for the remaining 300kW; for a total incentive of \$700,000.

**1. Design Incentive:** 10% of total incentive at project approval, subsequent to signed commitment letter and acceptance of minimum requirements document. Along with the following documentation: written confirmation verifying adequate natural gas capacity and pressures at site (or executed agreement to upgrade gas service capacity

as needed), schedule and copies of required permits and certificates, and signed Interconnection Service Agreement.

**2. Commissioning Incentive:** 30% of total incentive after installation is complete, subsequent to commissioning of the CHP system and BGE inspection.

**3. Production Incentive:** 60% of total incentive after receiving 12 contiguous months of actual kWh generation received within 24 months of project installation, subsequent to review of metering data. Payment will be prorated, based on kWh actual generation and will be capped at 60% of total incentive. For example, if the actual kWh generation is 80% of estimated, the Production Incentive will be decreased by 20%.

**Project Caps:** Incentives are capped at \$2.5 million. A limit of one project per customer site every 3 years applies.

### Project Timelines

Projects must be pre-approved and be completed within eighteen (18) months of the pre-approval date. BGE may disqualify any application without liability if the Customer has (a) not installed the approved project and (b) has not applied to BGE for a project extension within the eighteen month project installation stage. Extensions can be granted if significant progress can be clearly demonstrated and/or identified corrective actions have been implemented.

### Participation Instructions

**Step 1:** Verify that your project meets the eligibility requirements specified in the CHP Program Manual. Visit the program website [BGESmartEnergy.com/CHP](https://BGESmartEnergy.com/CHP) and contact us at 410.290.1202 before proceeding.

**Step 2:** Complete CHP Project submissions are comprised of:

1. CHP Application
2. CHP Feasibility Study
3. The Total Resource Cost (TRC) calculator
4. Copy of Maryland Energy Administration (MEA) Grant application, if applicable

Go to [BGESmartEnergy.com/CHP](https://BGESmartEnergy.com/CHP) to download and complete the CHP Application and TRC Calculator and view a sample outline of the Feasibility Study in the CHP Program Manual. Ensure all required information is addressed in your Feasibility Study.

Complete CHP project submissions may be submitted by U.S. mail, fax, or email.

**Mail:** BGE Smart Energy Savers Program®  
ICF International  
7125 Thomas Edison Drive, Suite 100  
Columbia, MD 21046

**Fax:** 410.290.0861

**Email:** [Business@BGESmartEnergy.com](mailto:Business@BGESmartEnergy.com)

### Step 3

All project submissions will be reviewed for eligibility and completeness. Completed project submissions will be reviewed in the order received. Applicants who submit incomplete project submissions will be notified of deficiencies. BGE and the Customer will develop a Minimum Requirements Document (MRD) specifying project-specific incentive offer conditions such as milestones, measurement & verification, interconnection and permitting plans and operational requirements along with any additional required documentation. The Customer will be required to sign a Customer Pre-Approval Letter from BGE and provide written verification of natural gas capacity and pressure at the project site (if applicable). Upon receipt of the signed letter, BGE will disburse the Design Incentive.

**Step 4**

The Customer will be required to submit monthly progress reports detailing key project activities and milestones for each month up until the final inspection of the project by BGE. Monthly progress reports are due on the 10<sup>th</sup> day of the month and must cover the entire previous month.

**Step 5**

Upon design, construction and commissioning of the CHP project, BGE will conduct an inspection. Unless there are significant issues, BGE will disburse the Installation Incentive or revise the incentive, as applicable.

**Step 6**

The performance period may last up to 24 months from the date of final system inspection by BGE. Applicants must adhere to the agreed upon M&V plan as stated in the MRD. Unless there are significant issues, BGE will disburse the Production Incentive based on review of the contiguous 12-months of performance data submitted.

**Questions**

If you have questions about the program, call 410.290.1202, email [Business@BGESmartEnergy.com](mailto:Business@BGESmartEnergy.com) or visit [BGESmartEnergy.com/CHP](http://BGESmartEnergy.com/CHP).

<b>I. CUSTOMER INFORMATION</b>	
Application Date _____	Expected Operational Date _____
Company Name _____	BGE Electric Account # _____
Street Address (of the facility) _____	
City _____	State _____ Zip _____
Mailing Address (if different) _____	
City _____	State _____ Zip _____
Contact Person _____	Title _____
Telephone No. _____	Email _____
Business Type (if applicable)	
<input type="checkbox"/> Minority-Owned Business <input type="checkbox"/> Woman-Owned Business <input type="checkbox"/> Veteran-Owned Business	
Sector Type (select one)	
<input type="checkbox"/> Education <input type="checkbox"/> Government <input type="checkbox"/> Healthcare <input type="checkbox"/> Hospitality <input type="checkbox"/> Industrial	
<input type="checkbox"/> Nonprofit <input type="checkbox"/> Property Management <input type="checkbox"/> Retail <input type="checkbox"/> Other	
Building Type (select one)	
<input type="checkbox"/> Office <input type="checkbox"/> Retail <input type="checkbox"/> School <input type="checkbox"/> University <input type="checkbox"/> Religious Facility <input type="checkbox"/> Grocery	
<input type="checkbox"/> Lodging <input type="checkbox"/> Industrial <input type="checkbox"/> Warehouse <input type="checkbox"/> Health Facility <input type="checkbox"/> Multifamily <input type="checkbox"/> Restaurant <input type="checkbox"/> Other _____	
Project Type (select one)	
<input type="checkbox"/> New Building <input type="checkbox"/> Addition/Renovation <input type="checkbox"/> Change of Building Use <input type="checkbox"/> Retrofit/Equipment Replacement <input type="checkbox"/> New Equipment	
<input type="checkbox"/> Existing Facility <input type="checkbox"/> Other _____	
Square footage covered by application: _____	

<b>II. CONTRACTOR/VENDOR INFORMATION</b>	
Company Name _____	
Street Address _____	
City _____	State _____ Zip _____
Mailing Address (if different) _____	
City _____	State _____ Zip _____
Contact Person _____	Title _____

Telephone No. \_\_\_\_\_ Email \_\_\_\_\_

Certified Business Type (if applicable)  Minority-Owned Business  Woman-Owned Business  Veteran-Owned Business

## II. PAYMENT INFORMATION

Payment to:  Customer  Contractor

Name \_\_\_\_\_ Title \_\_\_\_\_

Customer Signature (if payment to Contractor) \_\_\_\_\_ Date \_\_\_\_\_

## III. ADMINISTRATIVE USE ONLY

Date Received \_\_\_\_\_ Project # \_\_\_\_\_ Program Rep. \_\_\_\_\_

Pre-approved Date \_\_\_\_\_ Program Manager \_\_\_\_\_ Pre-approval Incentive \$ \_\_\_\_\_

Final Approval Date \_\_\_\_\_ Program Manager \_\_\_\_\_ Final Incentive \$ \_\_\_\_\_

## IV. PROJECT SUMMARY

Use the section below to summarize the project.

**Project Overview** : Include site details, primary business function, hours of operation (weekday and weekend)

**Baseline Summary** : Include actual or estimated electricity consumption, gas use, heating and cooling loads – minimum, average and maximum, existing unit price of electricity (\$/kWh) and unit price of gas(\$/MMBtu)

**Proposed System Summary** : Include CHP technology details – prime-mover (engine or turbine), capacity, manufacturer and model number, waste heat utilization source (heating and/or cooling), CHP operating schedule

**Proposed Project Financials** : Include Existing Unit Electricity and Gas Costs, Estimated Annual \$ savings, Anticipated Cost of the Project and Anticipated Incentive

**CHP Efficiency Calculation (HHV Basis)**

$$\text{CHP Efficiency (\%)} = \frac{\text{Annual Electricity production (Btu)} + \text{Annual Waste Heat Captured (Btu)}}{\text{Annual CHP Fuel Consumption (Btu)}}$$

**V. PROPOSAL CHECKLIST**

Please include the following items:

- Complete & Signed CHP Application
- CHP Feasibility Study
- Completed TRC Calculator Spreadsheet

**VI. CUSTOMER ACKNOWLEDGMENT**

By signing below, I hereby certify that all statements made on this application are correct to the best of my knowledge and that I have read and agree to the **Terms & Conditions** on page 5.

Authorized Representative (*please print*) \_\_\_\_\_ Title \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Note: Upon completion of project, BGE customer of record must sign and return the written pre-approval letter and provide paid invoices for all energy efficiency measures.

For more information about the program, go to [BGESmartEnergy.com/CHP](http://BGESmartEnergy.com/CHP) or call 410.290.1202.  
Mail to: BGE Smart Energy Savers Program®, c/o ICF International, 7125 Thomas Edison Drive, Suite 100, Columbia, MD 21046.

## VII. TERMS & CONDITIONS

- 1. Eligibility:** BGE incentives are available to industrial, commercial, government and institutional electric service Customers for the purchase and installation of qualifying energy-savings measures in the BGE service territory. BGE reserves the right to deny any application that may result in BGE exceeding its program budget. Incentives are offered on a first-come, first-served basis and are subject to project and Customer eligibility, availability of funds and distribution of incentives across BGE Customer base. Total incentives for are capped at \$2,500,000.
- 2. Approval and Verification:** Pre-approval is required for all CHP projects. No project may be contracted for, purchased or installed prior to the date of BGE's pre-approval. BGE reserves the right to verify sales transactions and to have reasonable access to your facility to inspect and monitor the project installed under this initiative, prior to issuing incentives. In particular, BGE is not obligated to pre-approve any application for an incentive that may result in BGE exceeding its program budget. BGE reserves the right to exclude any proposed energy saving measures based on engineering analysis.
- 3. Compliance:** All projects must comply with all federal, state and local codes. All equipment must be new. Used or rebuilt equipment is not eligible for incentives. Existing equipment must be removed and disposed of in a proper and legal manner. BGE encourages that equipment is disposed of and/or recycled in an environmentally friendly manner. Existing equipment must meet specification requirements and be purchased and operating prior to submitting the application form. Only one incentive will be granted for each project. Incentives granted to contractors, distributors or other market providers cannot also be claimed by end-use Customers.
- 4. Payment:** BGE will authorize payment upon the application's review and approval. The incentive checks will be mailed 6-8 weeks after each of the slated phases. Incomplete applications will be returned. The Customer may assign the incentive payment to a qualified contractor (if allowed). The benefits/payments conferred upon the Customer or their designated contractor through participation in this program may be taxable by the federal, state and local government. The Customer or its designated contractor is responsible for declaring and paying all such taxes.
- 5. Inspection:** BGE staff or its representatives may conduct inspections of the facility to survey the installed projects.
- 6. Publicity:** BGE reserves the right to publicize your participation in this program.
- 7. BGE/Program Logo:** Customers or market providers may not use the BGE or Program name or logo in any marketing, advertising or promotional materials without BGE's prior written permission.
- 8. Disclaimers:** BGE does not endorse any particular market provider, manufacturer, product, labor or system design by offering this program; will not be responsible for any tax liability imposed on a Customer as a result of the payment of incentives; does not expressly or implicitly warrant the performance of installed equipment or contractor's quality of work (contact your contractor for detailed warranties); is not responsible for proper and legal disposal/recycling of any waste generated as a result of this project; and is not liable for any damage caused by the installation of the equipment or for any damage caused by the malfunction of the installed equipment.
- 9. Verification:** Any Customer receiving an incentive check may be contacted by an evaluator to verify service/equipment installation or be asked to complete a written, oral or electronic Customer survey.
- 10. Forfeiture of Incentives Paid to Customer:** The incentives paid to the customer prior to final inspection shall be repaid by the customer to BGE under the following conditions:
  - A. The final design is never completed – The Design Incentive is paid after BGE issues the Pre-Approval Letter. After this Letter is issued, BGE and the customer shall agree on a date by which the customer must deliver to BGE the final design for the CHP system. If the customer fails to provide BGE with a complete design by the agreed to date, the customer must immediately refund the Design Incentive to BGE. The project may be re-submitted at a later date at the discretion of BGE. Customers who are allowed to resubmit a project are still subject to the same requirements for initial project submittals.
  - B. The Commissioning of the CHP system is not completed properly – If the system fails to become operational the customer will repay the Design Incentive to BGE.
- 11. Incentive Repayment:** Any CHP project that exhibits significant delays in achieving project milestones as stated in the MRD may be disqualified. The applicant will need to return design incentives and forfeit any incentive claims for the project. Projects that are commissioned, but do not achieve an annual efficiency of 65% (HHV) may be deemed ineligible to receive performance payments.
- 12. Application Does Not Entitle Customer to Participate:** The program described in this application may be altered, suspended or canceled by BGE at any time without prior notice. Under such circumstances, the Customer is not entitled to any program benefits in excess of those approved prior to such action by BGE. Submission of a completed application does not entitle the Customer to program participation. Entitlement to program participation can only occur after BGE has signed a copy of the application and granted pre-approval if required by BGE.
- 13. Removal of Equipment:** The Customer agrees, as a condition of participation in the program, to remove and dispose of the equipment being replaced by project in accordance with all legal requirements. The Customer agrees to not install any of this equipment in the BGE service territory.
- 14. Evaluation Follow-up Visits:** The Customer agrees, for a period of three (3) years after the final incentive payment, to allow BGE or its assigned contractor to conduct on-site inspections to verify that the qualified measures are installed and to conduct other measurement and verification activities to assess the amount of energy savings achieved. Such activities may require the installation of energy monitoring equipment.
- 15. Changes to the Program:** BGE may change the program and the Terms & Conditions at any time without notice. Pre-approved applications, however, will be processed to completion under the Terms & Conditions in effect at the time of the pre-approval by BGE.
- 16. No Warranties:** BGE does not endorse, guarantee or warrant any particular manufacturer or product, and BGE provides no warranties, expressed or implied, for any products or services. The Customer's reliance on warranties is limited to any warranties that may arise from, or be provided by contractors, vendors, etc. The Customer acknowledges that neither BGE nor any of its consultants are responsible for assuring the design, engineering and construction of the Facility, or that the installation of the energy-savings measures is proper or complies with any particular laws (including patent laws), codes or industry standards. BGE DOES NOT MAKE ANY REPRESENTATIONS OF ANY KIND REGARDING THE RESULTS TO BE ACHIEVED BY THE ENERGY-SAVINGS MEASURES OR THE ADEQUACY OR SAFETY OF SUCH MEASURES, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
- 17. Limitation of Liability:** BGE's sole liability is limited to paying the properly qualified incentives specified herein. Neither BGE nor any of its affiliates shall be liable to the Customer or any other party for any indirect, consequential or incidental damages, regardless of the theory of recovery, caused by or arising from any activities associated with this program.
- 18. Vendor Selection:** BGE acknowledges that the Customer may select any vendor or contractor to perform the work contemplated by this Application, even after the Application is submitted for pre-approval by BGE. Notwithstanding the foregoing, the Customer acknowledges that BGE has the right to prohibit specific vendors or contractors from program participation for any reason or no reason.
- 19. Obligations Between the Parties:** Customer acknowledges that any contractor selected by the Customer is not an agent, contractor or subcontractor of BGE. BGE shall have no obligation to maintain, remove or perform any work whatsoever on the energy-savings measures installed. BGE shall have no liability for contractor's failure to perform, for failure of the energy-savings measures to function, for any damage to the Customer's premises caused by the contractor or for any and all damages to property or injuries to persons caused by the energy-savings measures.
- 20. Energy Benefits:** BGE is entitled to 100% of the energy benefits associated with the energy-savings measures, excluding the value of energy cost savings realized by the Customer, but including all rights to all associated PJM Energy, Capacity and Reserves Products, and the Customer agrees to provide BGE with such further documentation as BGE may request to confirm its ownership of such benefits and products.
- 21. Customer's Certification:** Customer certifies that he/she has purchased and installed the equipment listed above at the defined location. Customer agrees that all information is true and that he/she has conformed to all program and equipment requirements listed. Customer has verified that the units listed above have been installed correctly. Customer or Customer's representative has been instructed on how to operate and maintain this equipment and has received all necessary operation and maintenance manuals.

EmPOWER Maryland programs are funded by a charge on your energy bill. EmPOWER programs can help you reduce your energy consumption and save you money. To learn more about EmPOWER and how you can participate, go to [BGESmartEnergy.com](http://BGESmartEnergy.com).