

# Webinar

Financing CHP at Wastewater
Treatment Facilities with Clean Water
State Revolving Fund Resources

# Webinar Overview

- Welcome and Introduction
  - Neeharika Naik-Dhungel, U.S. EPA CHP Partnership Program
- SRF Overview and Regional Role
  - Emily Nicasio, U.S. EPA Clean Water State Revolving Fund (CWSRF)
     Program
  - Magdalene Cunningham, CWSRF Coordinator, U.S. EPA Region 3, Water Protection Division
- Delhi Charter's Experience with CWSRF to install CHP
  - Sandra Diorka, Director of Public Services, Delhi Charter Township, Michigan
- CHP Technical Assistance Through the U.S. DOE CHP Technical Assistance Programs (TAP)
  - Patti Garland, Oak Ridge National Laboratory, US DOE CHP Technical Support Coordinator
- Questions and Answers Session



# **Resources for WWTF**

- WWTF Sector Resources
  - Resource on how CHP can be funded through CWSRF (2014)
     http://epa.gov/chp/documents/CHPCleanWaterStateRevolvingFundFactSheet-102014.pdf
  - A report on the CHP potential in the WWTF sector (2011)
     http://epa.gov/chp/documents/wwtf\_opportunities.pdf
  - A Catalog of CHP Technologies (2014)
     http://epa.gov/chp/documents/catalog\_chptech\_full.pdf
- Project Development Resources
  - Spark Spread Estimator
     http://epa.gov/chp/documents/spark\_spread\_estimator.xlsm
  - Project Development Handbook
     http://epa.gov/chp/documents/chp\_handbook.pdf
  - Local Government Climate and Energy Strategy CHP Guide http://epa.gov/statelocalclimate/documents/pdf/CHPguide508.pdf

# Financing CHP with Clean Water State Revolving Funds

March 16, 2015

Emily Nicasio
U.S. EPA
Office of Wastewater Management
May 16, 2014





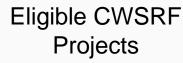
# What is the SRF?

- The SRFs are federally capitalized, state-run water infrastructure banks
  - Provide billions annually
  - Offer low interest rates, flexible terms
  - Offer "additional subsidization" in the form of principal forgiveness, negative interest rates, or grants
  - Borrowers include municipalities, businesses, non-profits, and individuals



Federal capitalization provides initial funding



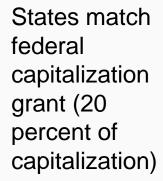


















Bond holders provide additional funding



# Clean Water SRF

- Created in 1987 when Congress amended the Clean Water Act
- Replaced the existing Construction Grants program
- Clean Water SRF programs can fund many types of projects:
  - Projects that address municipal wastewater and stormwater pollution
  - Projects that address nonpoint source pollution
  - Projects that address water pollution in estuaries



# Clean Water SRF

- The Clean Water Act was amended again in 2014 by the WRRDA
  - Added new eligibilities
  - Changed additional subsidization requirement
  - Increased the allowable loan term
  - Created new requirements of cost and effectiveness and fiscal sustainability planning
  - Codified existing requirements like Davis Bacon and AIS
  - Did not codify GPR



# **CHP** Eligibilities

- At POTWs, CWSRFs can fund:
  - Planning and design
  - Capital costs associated with CHP systems
- Capital costs include
  - Digesters
  - Pretreatment equipment and compressors
  - Engines/microturbines
  - Pumps and pipes
  - Other necessary retrofits or upgrades



# **CHP** Eligibilities

- Privately-owned WWTFs might be eligible to receive CWSRF financing in certain cases
  - If the project implements a State's nonpoint source management plan under 603(c)(2)
  - If the privately-owned facility is in a national estuary and the project implements a Comprehensive Conservation and Management Plan under 603(c)(3)



# **CHP** Eligibilities



Eligibility criteria are nuanced and the eligibility of a specific project may depend on ownership, permit status, the State, and other factors



# **Energy Resources**

# Energy Efficiency

- Energy Efficiency for Water and Wastewater Utilities
- Energy Self-Assessment Tools and Energy
   Audits for Water and Wastewater
   Utilities
- Ensuring a Sustainable Future: An Energy Management Guidebook for Wastewater and Water Utilities

### CHP

- CHP for Municipal Wastewater Treatment
   Facilities
- Evaluation of Combined Heat and Power
   Technologies for Wastewater Treatment
   Facilities
- Opportunities for and Benefits of Combined
   Heat and Power at Wastewater Treatment
   Facilities



### **Emily Nicasio**

U.S. EPA 202-564-9220

nicasio.emily@epa.gov



# Financing Combined Heat & Power Clean Water State Revolving Fund Region's Role March 16, 2015

Magdalene Cunningham, CWSRF Coordinator
U.S. Environmental Protection Agency,
Region 3, Water Protection Division



# States' Role

- Borrowers Submit Applications to State
- Reviews & Ranks Project Applications
- Prepares Project Priority List (PPL)
- Prepares Intended Use Plan (IUP)
- Public Review & Comment of IUP/PPL
- Executes Loans for Projects on IUP



# State's Role

- Ensure Projects comply with all requirements
- Periodically inspects projects as built
- Reviews Borrower Invoices
- Pays invoices during construction
- Collects Repayments begins within 1 year.
- Reports annually to EPA



# EPA Region's Role

- Review Priority Ranking Systems when revised
- Review Project Priority Lists and Intended Use Plans
- Award annual Federal Appropriations to States
- Technical Assistance to States
  - Address eligibility questions
  - Explain policy and guidance
- Conduct annual review of State program
  - Oversight of compliance with program requirements
  - Make recommendations for future improvements



# Regional & State Contacts

To find your Regional or State CWSRF Contact. . .

http://water.epa.gov/grants\_funding/cwsrf/contacts.cfm





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### Clean Water State Revolving Fund Regional and State Contacts

or a CWSRF program representative in your region or state, select from the following:

- CWSRF Regional Office Contact Information (PDF) (1pp, 14.5KB, about PDF) CWSRF State Office Contact Information (PDF) (30pp, 49.7KB about PDF)
- To view a specific state's financial / CWSRF assistance website, select from the following list EXIT Disclaimer:

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Connecticut	Maryland	North Carolina	Vermont
Delaware	Massachusetts	North Dakota	Virginia
Florida	Michigan	Ohio	Washington
Coorgia	Minnosota	Oklahoma	Wost Virginia



### U. S. EPA **CWSRF Regional Office Information**

Region I: (CT, ME, MA, NH, RI, VT)

U.S. EPA

One Congress Street, Suite 1100

JFK Federal Building

Boston, MA 02114-2023

CWSRF Contact: Jamie Bourne

(617) 918-1610

(617) 918-1505 (fax)

Region III: (DE, MD, PA, VA, WV, DC)

U.S. EPA

1650 Arch Street, (3WP50)

Philadelphia, PA 19103

CWSRF Contact: Magdalene Cunningham

(215) 814-2338

(215) 814-2782 (fax)

Region V: (IL, IN, MI, MN, OH, WI)

U.S. EPA

Region II: (NJ, NY, Puerto Rico, U. S. Virgin Islands)

U.S. EPA

290 Broadway, 24th Floor

New York, NY 10007-1866

CWSRF Contact: Steve Vida

(212) 637-3862

(212) 637-3889 (fax)

Region IV: (AL, FL, GA, KY, MS, NC, SC, TN)

U.S. EPA

61 Forsyth Street, SW., 16th Floor, (9T25)

Atlanta, GA 30303-8960

CWSRF Contact: Gracy Danois

(404) 562-9119

(404) 562-9728 (fax)

Region VI: (AR, LA, NM, OK, TX)

U.S. EPA

77 West Teelman Divid (WC 15T) U.S. ENVIRONMENTAL PICTOR MORNING Contra 1200 (CWO AD)



### Clean Water SRF Agencies - Names, Locations, and Contacts

### Connecticut

Lead State Agency: Department of Environmental Protection

Type of Agency: Environmental

Mailing Address:

City: Zip Code:

 Street Address:
 79 Elm Street

 City:
 Hartford

 Zip Code:
 08108-5127

 Director:
 Betsey Wingfield

Director's Title: Bureau Chief Phone Number: (860) 424-3704 Fax Number: (860) 424-4067

E-mail Address: betsey.wingfield@po.state.ct.us

Contact Person: Phone Number: Fax Number: Email Address: Secondary Agency: Type of Agency: Office of the Treasurer - Debt Management

Financia

Mailing Address:

City: Zip Code:

 Street Address:
 55 Elm Street

 City::
 Hartford

 Zip Code:
 08106-1773

Director: Sarah K. Sanders

Director's Title: Asst. Treasurer for Debt Management

 Phone Number:
 (860) 702-3134

 Fax Number:
 (860) 702-3034

 E-mail Address:
 sharon.peay@ct.gov

 Contact Person:
 Sharon Dixon Peay

 Phone Number:
 (880) 702-3134

 Fax Number:
 (880) 702-3034

 Email Address:
 sharon.peay@ct.gov

### Delaware

Lead State Agency: Department of Natural Resources and Environmental Control

Type of Agency: Environmental

Mailing Address: 5 East Reed Street, Suite 200

City: Dover Zip Code: 19901

Street Address: 5 East Reed Street, Suite 200

City: Dover Zip Code: 19901

Director: Terry Deputy

Director's Title: Administrator, Financial Assistance Branch

Phone Number: (302)-739-9941 Fax Number: (302) 739-2137

E-mail Address: terry.deputy@state.de.us

Contact Person: Frank Paquette Phone Number: (302) 739-9941 Fax Number: (302) 739-2137

Email Address: frank.paquette@state.de.us





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Arizona	Kansas	New Hampshire	South Dakota
Arkansas	Kentucky	New Jersey	Tennessee
California	Louisiana	New Mexico	Texas
Colorado	Maine	New York	Utah
Connecticut	Maryland	North Carolina	Vermont
Delaware	Massachusetts	North Dakota	Virginia
Florida	Michigan	Ohio	Washington
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FY 2015 Annual Solicitation

Stormwater Funding Programs

Virginia Department of

### Clean Water Financing & Assistance

### **Programs Overview**

The Virginia Clean Water Revolving Loan Fund (VCWRLF), previously known as the Virginia Revolving Loan Fund, was created in 1987. The Department of Environmental Quality, on behalf of the State Water Control Board (SWCB), manages the VCWRLF, administering the policy aspects of the Fund, receiving applications and providing funding recommendations to the SWCB. The Virginia Resources Authority (VRA) serves as the financial manager of the Fund.

Initially, the VCWRLF included a single program which was established to provide financial assistance in the form of low-interest loans to local governments for needed improvements at publicly-owned wastewater treatment facilities and/or collection systems. In 1999, 2001 and 2003 the scope of VCWRLF activity was expanded by the State Water Control Board and DEQ implemented additional programs to provide low interest loans related to agricultural and other non-point source water quality issues. The following loan programs are now operated within the Virginia Clean Water Revolving Loan Fund.

### Wastewater Loan Program

### **SLAF Solicitation**

The Department of Environmental Quality (DEQ) is pleased to announce the

FY15 grants authorized for the Stormwater Local Assistance Fund (SLAF). Grants totaled about \$21.5 million and cover 64 projects in 25 localities. Here is the Director's Authorization Memo explaining the process and the list of the projects selected.

### **CWFAP Notifications**

To improve communication, efficiency and timeliness, sign up HERE to receive e-mail notifications on the funding opportunities available through the Clean Water Financing and Assistance Program to include





## **EPA-CWSRF Contacts**

Magdalene Cunningham

Office of Infrastructure and Assistance

Region 3 Environmental Protection Agency

1650 Arch Street

Philadelphia, PA 19103

Phone: 215-814-2338

Email: <a href="mailto:cunningham.magdalene@epa.gov">cunningham.magdalene@epa.gov</a>

CWSRF Website Homepage:

http://water.epa.gov/grants\_funding/cwsrf/cwsrf\_index.cfm

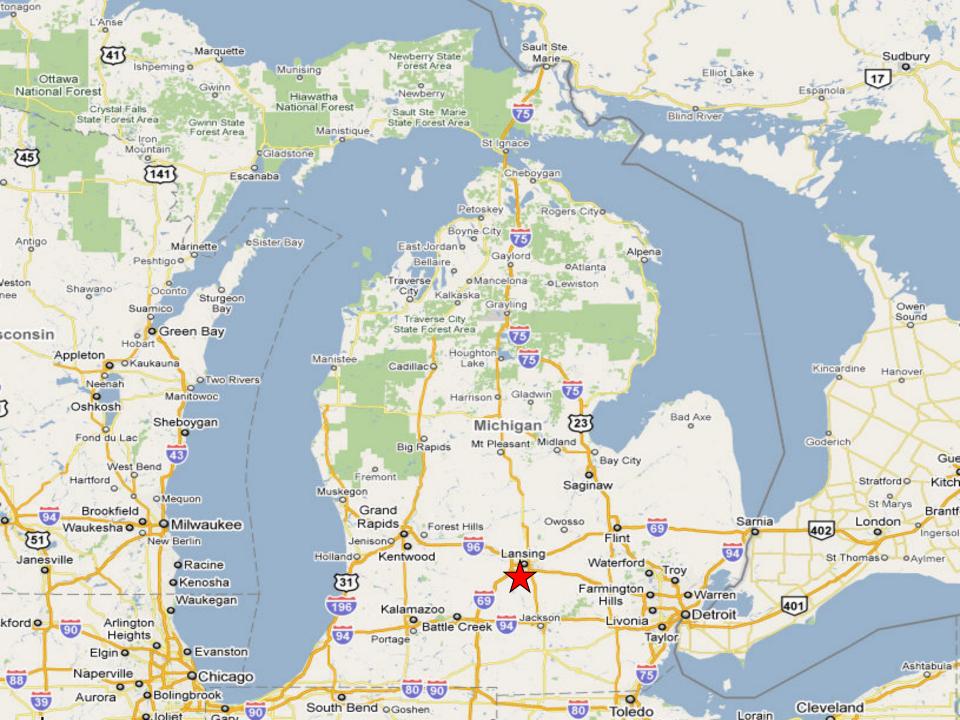


# Delhi Charter Township

Combined Heat and Power Project

Clean Water State Revolving Fund in Action

Sandra Diorka, Director of Public Services
Delhi Charter Township



- 1962 first primary treatment facility was built and it included two anaerobic digesters
- 1978 secondary treatment was added to the plant and two new larger digesters were added
- 1978 boiler was plumbed to utilize biogas
- ~1984 boilers failed due to sulfuric acid damage from digester gas

- From 1984 on, all digester gas was wasted to a flare
- 2004 Master Plan indicated an increase in solids handling capacity was needed ASAP
- Design for new class B mesophilic digesters was fairly close to completion when Delhi was approached about partnering in a 21<sup>st</sup> century jobs fund grant application

- Project involved installing two phase anaerobic digestion (Thermophilic/Acid Phase – Mesophilic/Gas Phase) producing class A biosolids instead of class B
- Grant money would fund two micro turbine generators to produce electricity from methane
- Generator exhaust heat would be used to heat the process

- Delhi did not get the grant however; the Delhi Board liked the project so much they voted to build it without the grant
- Delhi's engineering firm Hubbell, Roth and Clark, Incorporated suggested applying for a State Revolving Fund loan
- Delhi had never considered this funding mechanism, believing it was difficult to obtain and came with too many strings

# **SRF** Decision Process

- The Manager's ears perked up when the interest rate was mentioned
- An S2 grant was available to fund the required SRF Plan and design engineering
  - "The S2 Grant Program was specifically created with the intent of accelerating the progress of water pollution control efforts and stimulating the use of the revolving fund programs."

# **SRF** Decision Process

- Delhi obtained the grant
- An SRF project was born in 2007
- Michigan's first Integrated Biomass to Energy System was finished in 2009

















# Project Finances

Option	Project Cost*	Present Worth Cost*	Annual Equivalent Cost*
Conventional Mesophilic Digestion	\$6,307,000	\$11,242,000	\$912,000
2PAD with CHP	\$7,113,000	\$11,263,000	\$913,000

<sup>\*</sup>Does not include \$500,000 SRF S2 Grant for Project Planning, Design and Revenue System Development received by the Twp.

# Project Finances

Final costs

SRF Plan
 \$131,023

Design/bid/legal \$727,319

Const. Eng. \$548,673

Construction \$9,242,475

Total Project \$11,533,714

SRF Loan \$9,850,000

- 1.625% (total interest paid will be roughly ½ market)
  - Delhi's own bond rate at that time was a variable interest rate of 1.1% - 3.65%

# **Metrics**

- Facility natural gas use reduced by 63% while producing class A sludge (~\$40,000 now less due to price)
- KWH produced (not sure of time frame): 336,177 equates to roughly \$30,256.
- Maximum generation around 10% of total facility usage
- KWH produced on peak: 192,586
- Used primarily during peak hours
- Heat exchanger NOT in service during cold months

# Lessons Learned

- Internal combustion engines produce more heat
- Do not locate units outside in a cold climate
- Do not mix thermo/acid phase gas with mesophilic gas
- Do not get a flare with a continuous burn pilot light
- ALWAYS treat boiler gas
- Monitor boiler exhaust temperature and clean boiler often
- Incorporate gas storage



# Thank you!

Sandra Diorka
Director of Public Services
Delhi Charter Township
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Holt, MI 48842

517-699-3874 <u>sandra.diorka@delhitownship.com</u> www.delhitownship.com

# U.S. Dept. of Energy's Combined Heat and Power (CHP) Deployment Program





CHP Technical Assistance through the U.S. DOE CHP Technical Assistance Partnerships (CHP TAPs)

3/16/2015

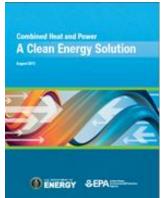
Patti Garland
Oak Ridge National Laboratory
U.S. DOE CHP Technical Support Coordinator

Claudia Tighe
U.S. DOE CHP Deployment Program Manager

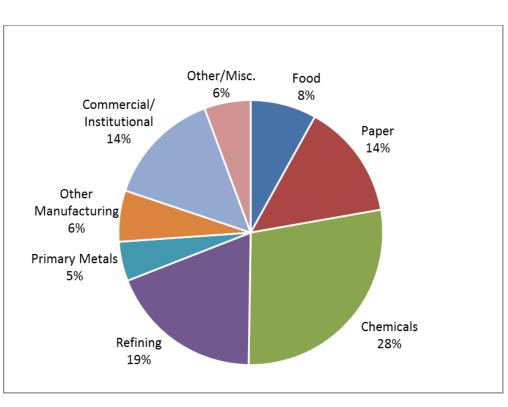
### President's Executive Order 13624: 40GW of new CHP by 2020

DOE's AMO CHP Deployment Program assists industrial, institutional, commercial, and multifamily facilities/buildings to accelerate investment in energy-efficient CHP thereby improving competitiveness, heightening energy security, and protecting our environment. The DOE CHP Technical Assistance Partnerships (CHP TAPs) provide:

- Regional CHP expertise
- Fact-based, un-biased information on CHP:
  - Technologies
  - Project development
  - Project financing
  - Local electric and natural gas supplier interfaces
  - State best practice policies
- Vendor, fuel, and technology neutral assessments of CHP viability



#### **U.S. CHP Installations**



Sources: DOE/ICF CHP Installation Database (U.S. installations as of December 31, 2013);

EIA <a href="http://www.eia.gov/todayinenergy/detail.cfm?id=8250">http://www.eia.gov/todayinenergy/detail.cfm?id=8250</a> Energetics, "US Manufacturing Energy Use and Greenhouse Gas Emissions Analysis, November 2012"

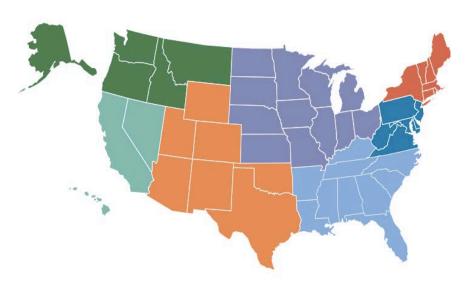
- 82.7 GW of installed CHP over
   4,300 industrial and commercial facilities
- 80% of capacity in industrial applications
- 70% of capacity is natural gas fired
- Avoids more than 1.8 quadrillion
   Btus of fuel consumption annually
- Avoids 241 million metric tons of CO<sub>2</sub> compared to separate production



### **DOE CHP Technical Assistance Partnerships (CHP TAPs)**

DOE's CHP TAPs promote and assist in transforming the market for CHP, waste heat to power, and district energy or microgrid with CHP throughout the United States. Key services include:

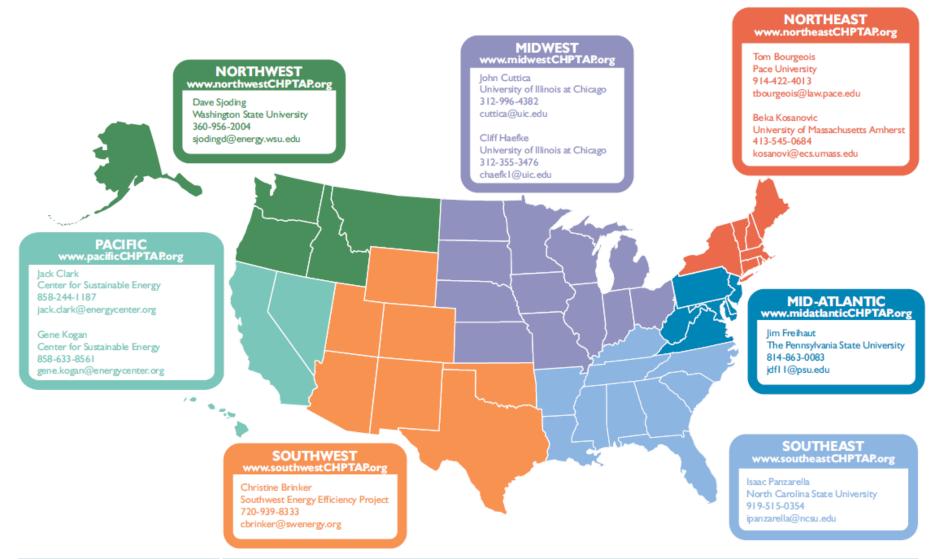
- Market Opportunity Analysis
   Supporting analyses of CHP market
   opportunities in diverse markets including
   industrial, federal, institutional, and
   commercial sectors
- Education and Outreach
   Providing information on the energy and non-energy benefits and applications of CHP to state and local policy makers, regulators, end users, trade associations, and others.
- Technical Assistance
   Providing technical assistance to end-users and stakeholders to help them consider CHP, waste heat to power, and/or district energy or microgrid with CHP in their facility and to help them through the development process from initial CHP screening to installation.



www.energy.gov/chp



#### **DOE CHP Technical Assistance Partnerships (CHP TAPs)**



DOE CHP Technical Assistance Partnerships (TAPs): Program Contacts Claudia Tighe
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Office of Energy Efficiency and
Renewable Energy
U.S. Department of Energy
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E-mail: daudia.tighe@ee.doe.gov

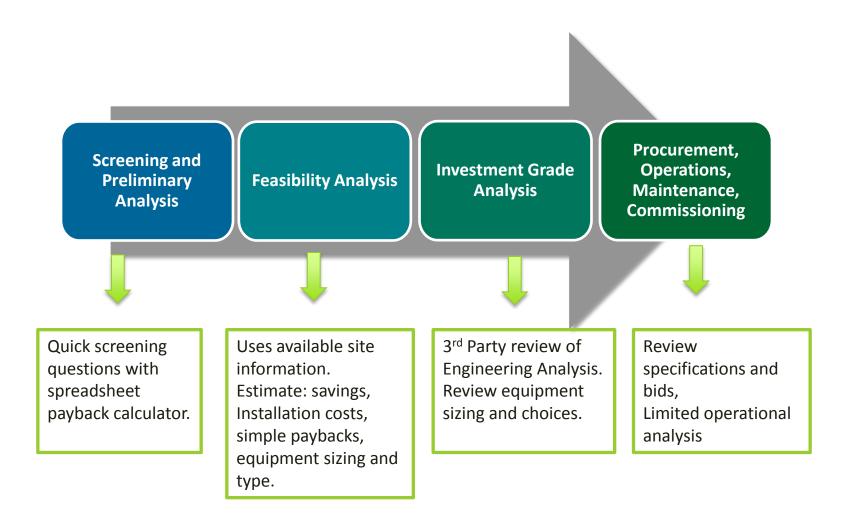
Project Officer, Golden Field Office Office of Energy Efficiency and Renewable Energy U.S. Department of Energy Phone: 720-356-1536 E-mail: jamey.evans@go.doe.gov

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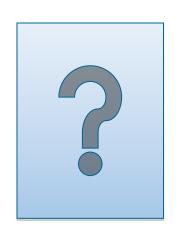
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## **CHP TAP Project Development Technical Assistance**



### **CHP TAP Site Qualification Process**

- Qualification Screenings
  - Minimal Inputs
  - Simple Payback
- Questionnaire for qualitative information





### **Example CHP System Highlights:**

# Downers Grove Sanitary District

**Downers Grove, IL** 

**Electrical Capacity: 280 kW** 

**Fuel: Biomass** 

**Prime Mover: Recip. Engines** 

Installed: 2014



Restaurant waste grease is used to produce the digester gas which fuels the 280 kW engine. This offsets 50% of the treatment plants energy consumption.

Source: http://www.baxterwoodman.com/projects/combined-heat-power-improvements/



### **Example CHP System Highlights:**

# Danville Sanitary District

Danville, IL

**Electrical Capacity: 150 kW** 

**Fuel: Biomass** 

**Prime Mover: Internal Combustion** 

**Engine** 

Installed: 2013



Solids collected by the sewers from the residential, industrial, and commercial districts are separated from the accumulated solids. The separated solids [sludge] are pumped into anaerobic digesters that produce gas to fuel the engine.

Source: http://www.midwestchptap.org



### **Parameters for CHP Success**

- CHP Champion on site
- Interaction and Relationship with local Utility
- System design
  - Collaborate with DOE CHP TAPs
  - Experienced project developer preferred
  - Biogas scrubbing a key balance of plant component
  - Using co-digestion: It can flip the economics positive (natural gas can supplement)
  - Visit DOE CHP Deployment website for project profiles
     http://www1.eere.energy.gov/manufacturing/distributedenergy/chp\_profects.html



# **Opportunities & Next Steps**

- Economic advantage make your own power for on-site use or sell it/wheel it
- A long-term power purchase agreement is helpful
- Quality design is essential
- Use the biogas efficiently maximize heat recovery
- DOE Services available to help with next steps
  - DOE CHP Qualification Screenings (go/no go scan of potential)
  - DOE CHP Technical Assistance

## Thank you!

Learn more about the DOE CHP Deployment Program and contact us:

www.energy.gov/chp



# **Questions**

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