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## **Capturing energy waste can save billions of dollars** Report recommends central role for combined heat and power in Ohio

The use of combined heat and power technologies in Ohio could save billions of dollars currently lost in the state's inefficient electric system, according to a report released today by Policy Matters Ohio.

Combined heat and power, also known as cogeneration, produces power by capturing and recycling heat that would otherwise be wasted. Ohio's electric power industry, the biggest source of the state's energy waste, squanders nearly one-third of all energy consumed in the state.

"This is a waste of both scarce resources and money, and results in large amounts of unnecessary toxic and carbon emissions," said Amanda Woodrum, Policy Matters researcher and report co-author. "Ohio lags behind other states in the bang it gets from its energy bucks. New York state gets more than twice as much output from the energy it consumes."

Ohio Gov. John Kasich has rightly made CHP one of the ten pillars in his energy policy, the full details of which are likely to be released next week.

A strong role for CHP makes sense. Ohio has the potential to generate a quarter of its electricity from CHP, but current CHP generation is less than 2 percent of capacity, according to the report, *Capturing energy waste in Ohio: Using combined heat and power to upgrade electric system*. A 10 percent increase in CHP's share of total electric power capacity (a boost of 3.6 gigawatts), would create \$1.3 billion in annual energy savings while reducing emissions by 13 million metric tons – the equivalent of taking 2.3 million cars off the road, nearly 30 percent of passenger vehicles registered in Ohio.

"Ohio currently ranks in the top five states for potential use of CHP technology, but we rank 44<sup>th</sup> in the nation for actual adoption," said Randy Schutt, report co-author. "A lack of cooperation from electric utilities and complicated rate structures that discourage CHP adoption have been a major impediment. We've got to knock down some of these barriers to energy savings."

"Apart from the environmental benefits of less carbon pollution, these improvements will make American manufacturing more competitive globally and aid in the U.S. transition to a clean energy economy," said Lee Geisse, regional program manager for the BlueGreen Alliance in Ohio. "Even more important, putting this technology to work will give Ohio a competitive edge by creating hundreds of new jobs."

### **Recommendations**

The state should support local efforts by creating an implementation schedule for existing CHP requirements under Ohio's alternative energy standard, with specific annual targets.

Ohio cities should provide "green incentives" to manufacturers as an economic development tool. Ohio manufacturers pay seven times more for energy than they do for state and local taxes. Green incentives – access to cheap and clean light, heat, and power – can help improve a company's energy productivity without the negative impact tax incentives would have on already-strained state and local budgets.