

# **CHPQA-Overview and Recent Developments**

**CHPQA Seminar - Malmaison  
Hotel, Manchester  
27 March 2007**

# **CHPQA-Overview and Recent Developments**

**Mahmoud Abu-Ebid**

**CHPQA Programme Manager**

**on behalf of Defra**

# Talk Coverage

- Quick Overview
- Status Report
- Recent Developments



# Benefits for Good Quality CHP



- CCL Exemption on **both fuel input and electricity output**
- Business Rates Exemption
- Access to Enhanced Capital Allowance
- ROCs for Waste-to-Energy CHP-Recent Development
- Oil Duty relief –1<sup>st</sup> Year 2006
- Carbon Allocation under EU-ETS Phase II) –Separate CHP Sector (~95% allocation for incumbent schemes)



# New Responsibilities

- EU-ETS Verification for New and upgraded GQCHP will be carried out by CHPQA

# Current Status

## Certified Schemes in 2002-2006

	Number of Schemes	CHP <sub>TPC</sub> (MWe)	CHP <sub>QPC</sub> (MWe)	CHP <sub>TPO</sub> (MWh)	CHP <sub>QPO</sub> (MWh)	CHP <sub>TFI</sub> (MWh)	CHP <sub>QFI</sub> (MWh)
<b>Certified in 2002</b>	907	8,231.3	4,857.3	49,278,284	28,294,280	166,445,121	155,217,190
<b>Certified in 2003</b>	897	8,366.7	5,071.6	49,833,175	29,548,495	166,868,404	158,689,881
<b>Certified in 2004</b>	899	8,321.1	5,056.4	51,286,065	29,685,191	168,756,360	161,252,757
<b>Certified in 2005</b>	895	8,836.2	5,648.4	50,675,520	29,120,479	167,949,949	161,477,315
<b>Certified in 2006</b>	949	9,214.3	5,812.8	52,340,763	30,999,104	174,021,997	165,148,729

Some of these a result of EU-ETS Ph2

LECs Worth about £133 million/year

# Latest Developments (Issues & Clarifications)

- Access to Enhanced Capital Allowance
- Heat Monitoring Requirements
- QPO analysis for Schemes with  $TPC < 2MWe$  -background



# Access to Enhanced Capital Allowance for CHP

- Defra is responsible for testing Eligibility before issuing an Energy Efficiency Certificate.

## Eligibility Criteria:

- *”main intended business will be to provide heat and power for **clearly identified users on site or to known third parties**, and not to generate power for sale to or via unspecified third parties”*
- *“all companies **except those whose core business is electricity production**, insofar as they use the CHP system to produce electricity to be sold to unknown end users.”*



# New developments in ECA for CHP

## ➤ ECA in the recent budget:

1. Extension to CHP boundary to include Refuse Derived Fuel (RDF) equipment. (The Government announced that it intends to review the classes of equipment that can qualify for ECAs for good quality CHP to ensure that the scheme includes all necessary equipment for CHP facilities to use solid refuse fuel)
2. the Government will re-apply for State aid clearance and, subject to that, will introduce a 100 per cent first-year allowance for biofuels plant that meet certain qualifying criteria
3. the Government will also introduce a payable enhanced capital allowance for companies not in taxable profit to ensure both profit and loss making firms have an incentive to invest in the cleanest biofuels plant and energy saving technologies

# Heat Monitoring Requirement for this year's submission (2006 data)

- All Schemes are required to monitor the useful heat supplied (*except Schemes <2MWe with no heat rejection facility*).
- If you don't have 12 months of monitored data for 2006, estimates should not be used for the missing months instead assume 0MWh
- Only actual monitored heat data can be used.
- What else to consider? See next slide:

# Two Options if <12 months of heat data

- Option 1: Use monitored heat, electricity and gas figures available for the whole year (thus zero heat for some months).
- Option 2: Use monitored heat, electricity and gas figures available for the same period (thus only months where actual monitored heat data).
- For guidance on how to monitor heat see CHPQA [GN13](#) (section 13.11) and [GN16](#) (sections 16.12-16.19).

# Heat monitoring not yet installed?

- These schemes are non-compliant.
- Have no entitlement for CHPQA associated fiscal benefits for 2006 and beyond
- Can be re-certified once a heat monitoring system is installed.
- Would then need to obtain new SOS certificate before start claiming CCL exemption.

# Plan to install heat monitoring system in 2007?

- These schemes are non-compliant.
- Can be re-certified once the heat monitoring system is installed.
- Submission based on actual 2006 fuel and electricity data and *zero heat*.
- Need to obtain new SOS certificate before start claiming CCL exemption.
- Can only claim CCL exemption from the date of new SOS certificate

## QPO analysis for schemes with $TPC < 2MWe$

- If a Scheme achieves a  $QI < 100$ , will have to calculate QPO for the whole year. *{CHPQA forms have been modified to allow for this}*
- If  $QPO < TPO$  you will have to pay CCL on the difference.
- Need to Contact HMRC

# Impact of EU-Directive on CHPQA

*Full presentation in the  
afternoon.....*

# Where do you go from here?

- All CHPQA Certificates issued in 2006 have now expired
- SOS certificates are open ended
- entitling Schemes to continue claiming exemption, provided
- that a valid CHPQA certificate is presented to Defra by the end of June 2007

# Where do you go from here?(cont.)

- New applications should be submitted to the CHPQA Administrator by **end of March 2007**
- Based on 2006 actual data:
  - Electricity generated
  - Heat utilised (actual)
  - Fuel used
- If all is in order new certificate will be issued no later than **middle of June 2007**

# Electronic CHPQA Submission

- Remember you can send in your CHPQA Forms via the internet



*chip* QA

# Help & Advice



**defra**  
Department for Environment  
Food and Rural Affairs

# Finally

- ✓ Submit your CHPQA Forms before end of March 2007
- ✓ We endeavour to issue you new CHPQA certificate by the middle of June.
- ✓ You then have to inform Defra, by the end of June 2007, to maintain the validity of your SOS certificate
- ✓ If you have CHP and have not yet applied to the CHPQA programme, act now
- ✓ You should now have sorted out the heat monitoring issue.