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FOR IMMEDIATE RELEASE

New Combined Heat and Power Plant Debuts at Texas Medical Center: *IDEA heralds accomplishment as sign of CHP's national potential*

HOUSTON, AUG. 25, 2010 – A sweltering August day in Houston, Texas, provided the perfect backdrop for yesterday's dedication of Thermal Energy Corporation's (TECO) new combined heat and power plant (CHP) serving institutions at the Texas Medical Center, the largest and one of world's most prestigious healthcare campuses.

The new 48 MW CHP plant enables TECO – an International District Energy Association (IDEA) member – to meet the heating and cooling needs of its mission-critical customers without tapping the electric grid.

“On Aug. 23, demand on the Texas electric grid hit nearly 66,000 MW, an all-time record,” says TECO President and CEO Stephen K. Swinson. “The result was that electricity prices soared to approximately \$2,200 per megawatt-hour, compared to the \$50 per megawatt-hour average. The good news is that during that period of peak demand, TECO didn't have to buy any power from the grid. So we avoided the extreme price peaks – all because our new combined heat and power plant is now on line.”

The new plant is not only cost-effective, but offers the highest-possible service reliability and energy efficiency – even at peak conditions – and reflects the company's environmental stewardship. Burns & McDonnell, which provided design-build services for the project, and GE Power & Water, which supplied the CHP plant's LM6000 PD Sprint[®] gas turbine, also are IDEA members.

Combined heat and power technology dramatically increases power plant efficiency. Electricity and waste heat from TECO's new plant will be used to produce steam and chilled water, which will be piped underground through TECO's district cooling and heating network to more than 16 million sq ft of customer buildings for air conditioning, space heating, dehumidification, sterilization, kitchen and laundry processes, and domestic hot water use. The CHP plant will operate at 80 percent efficiency, cutting carbon dioxide emissions by more than 305,000 tons per year, the equivalent of taking 53,000 cars off the road.

“TECO's new CHP plant demonstrates the immediate potential that combined heat and power holds, not just for the Texas Medical Center, but for the rest of the nation,” says Robert P. Thornton, president and CEO of the International District Energy Association. “Clearly, the \$10 million that the U.S. Department of Energy allocated to TECO's \$ 370 million district energy/CHP

project was an excellent investment, helping to generate more than 400 jobs in the process. On behalf of TECO and the rest of the industry, I sincerely thank DOE.

“There are hundreds more U.S. cities and campuses ready right now to expand and renew their district energy and CHP systems too. The extensive energy, environmental and economic benefits realized through TECO’s CHP project are evidence we shouldn’t wait a minute longer to help other systems put combined heat and power to work.”

There is tremendous interest in expanding the use of district energy and combined heat and power in the U.S. In 2009, DOE announced a funding program for district energy, combined heat and power and waste heat recovery through the American Recovery and Reinvestment Act. The program attracted more than 370 proposals with a total value of \$9.2 billion, seeking to leverage \$3.4 billion in federal funds with industry pledging \$5.8 billion. At a funding level of only \$156 million, the DOE CHP program was oversubscribed by a ratio of 25:1. This demonstrates pent-up market demand for proven clean energy technologies like CHP that can be immediately deployed in cities, universities, and healthcare campuses to increase energy efficiency, cut emissions, strengthen the grid and reduce dependence on foreign oil.

IDEA and the U.S. Department of Energy Regional Clean Energy Application Centers are working together to double the amount of electricity generated from CHP in the U.S., from 9 percent of all electricity generated today to 20 percent of all electricity generation by 2030. If CHP can reach the 20 percent threshold, it will save 5.3 quadrillion Btus of energy annually and cut emissions by 848 million metric tons, the equivalent of taking 154 million cars off the road.

“The impediments to CHP reaching a 20 percent market share in the U.S. are not technical,” says Thornton, “but related to regulatory policy gaps, uncertainty about carbon regulations and a lack of awareness of CHP’s benefits. Near term, CHP can achieve significant emissions reductions coincident with steep gains in energy efficiency and can be brought on line to deliver benefits long before technologies like carbon sequestration or nuclear. CHP is the low-hanging fruit of energy efficiency.”

In July, Sen. Al Franken, D-Minn.; Sen. Kit Bond, R-Mo.; and Rep. Betty McCollum, D-Minn., introduced bi-partisan energy legislation called the Thermal Renewable Energy and Efficiency Act (TREEA – S. 3626, H.R. 5805). TREEA would provide a production tax credit for renewable thermal energy; allow tax-exempt bonds to finance renewable thermal energy, CHP and other district energy production facilities; and modify the Energy Sustainability and Efficiency Grants for Institutions program to provide larger and more flexible grants to colleges, universities, cities, municipal utilities and public school districts.

“We encourage the Administration, Congress and the U.S. Department of Energy to focus more resources on district energy/CHP projects like TECO’s, which can quickly use U.S.-based technologies,” says Thornton. “Combining heat and power generation will dramatically increase energy efficiency, reduce greenhouse gas emissions, strengthen the power grid and enhance the reliability of energy supply to mission-critical customers like the M. D. Anderson Cancer Center. IDEA applauds the DOE, Thermal Energy Corporation, GE Power & Water, Burns & McDonnell and the Texas Medical Center for moving forward together toward a more efficient and reliable energy future.”

About IDEA – IDEA serves as a vital information hub for the district energy industry and combined heat and power industries, connecting industry professionals and advancing the technology around the world. With headquarters just outside of Boston, Mass., the 1,200-member

IDEA was founded in 1909 and comprises district heating and cooling system executives, managers, engineers, consultants and equipment suppliers from 25 countries. IDEA supports the growth and utilization of district energy as a means to conserve fuel and increase energy efficiency to improve the global environment. For more on IDEA, go to www.districtenergy.org, or visit <http://tinyurl.com/IDEAvideo> for more about the district energy and CHP technologies.

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PHOTO CAPTION: Present at Tuesday’s dedication of Thermal Energy Corp.’s (TECO’s) new combined heat and power plant on the Texas Medical Center campus in Houston were (from left) Greg Graves, CEO, Burns & McDonnell Corp.; Paul G. Bell, Jr., chairman, TECO’s board of directors; Stephen K. Swinson, TECO’s president and CEO; Richard E. Wainerdi, Ph.D., president, CEO and COO of the Texas Medical Center; Bob Gemmer, U.S. Department of Energy; and Darryl Wilson, vice president and general manager, GE Aeroderivative Gas Turbines. The 48 MW plant shown here in background is expected to operate at 80 percent efficiency, cutting carbon dioxide emissions by more than 305,000 tons per year, the equivalent of taking 53,000 cars off the road. Courtesy GE Power & Water. Woodallen Photography.



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