



T-RECs **Enterprise Fund**

*Helping to Finance Modern Wood
Heating Systems in New Hampshire*

Ask Yourself 3 Questions

1. Are you *looking for a creative new way to help finance* your modern wood heating system?
2. Are you aware of New Hampshire's "first-in-the-nation" thermal renewable energy certificates, a *new incentive that pays you \$ as you make heat from wood*?
3. Do you want to *turn your qualification for this powerful incentive into upfront cash* to reduce your capital cost, before you begin construction?

If the answer to these questions is yes, please consider the

New Hampshire T-RECs Enterprise Fund.

This fund pays you upfront cash to help finance the capital cost of modern wood heating systems.



T-RECs Enterprise Fund

- A project of the U.S Endowment for Forestry & Communities
- Uses New Hampshire's unique Thermal Renewable Portfolio Standard to help provide capital for qualified biomass heating projects
 - Converts a performance incentive into a capital incentive through the pre-purchase of Thermal Renewable Energy Certificates (T-RECs)
- Biomass thermal competes well against fossil fuels on a heat-cost basis – wood fuel often costs half of what heating oil does on a BTU basis. The barrier to greater deployment of biomass systems is the relatively high capital cost.
 - The **T-RECs Enterprise Fund** helps address this challenge



NH's Renewable Portfolio Standard

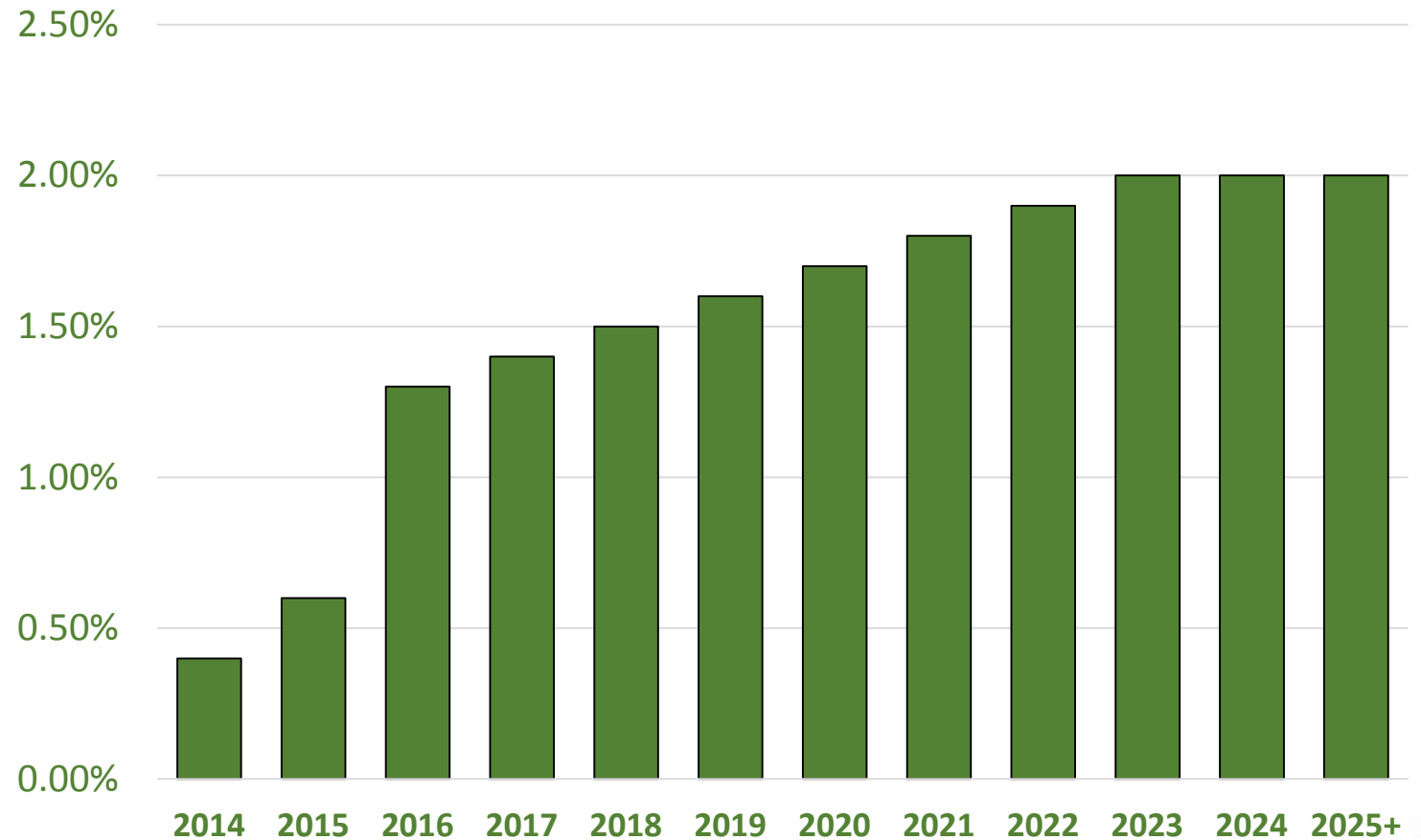
- New Hampshire is the first state to incorporate thermal energy (heat) into its Renewable Portfolio Standard (RPS) in a comprehensive and technology-neutral manner.
- Like most states, New Hampshire has a RPS that mandates a certain amount of electricity be purchased from qualifying renewable generators.
 - In addition to electricity, **New Hampshire's RPS now includes a carve-out for renewable thermal energy** (e.g., heat produced using biomass, solar and geothermal).
- NH utilities are required to encourage development of renewable generation through the purchase of Renewable Energy Certificates (RECs) from qualifying generation.
 - These RECs are generated concurrent with the generation of energy (electricity or thermal energy), but can be traded independently for compliance purposes (e.g., a school can use its heat and sell its thermal RECs).



Percentage Requirements

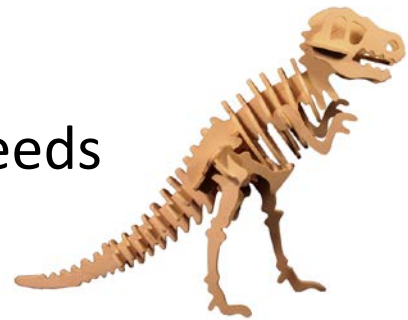
NH Class I Thermal RECs (NH RSA 362-F: 3)

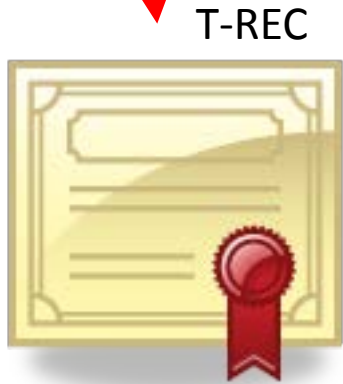
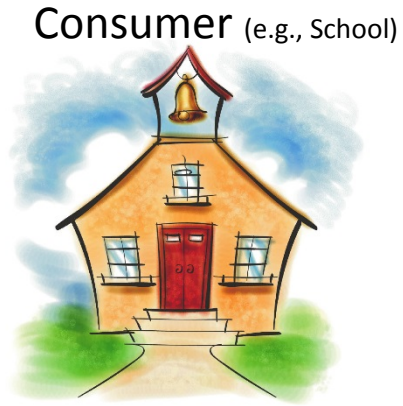
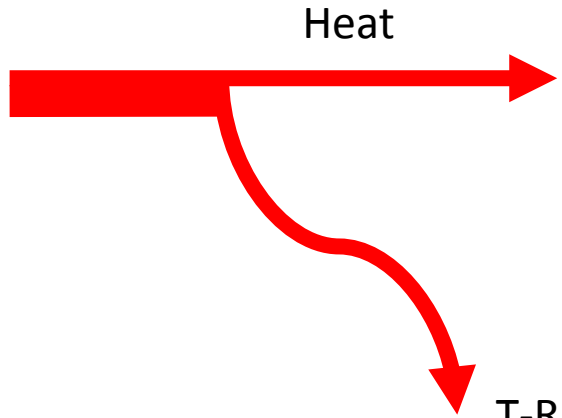
New Hampshire law requires competitive electricity suppliers to purchase a known and increasing number of T-RECs each year, based upon the amount of electricity that the competitive supplier sells.



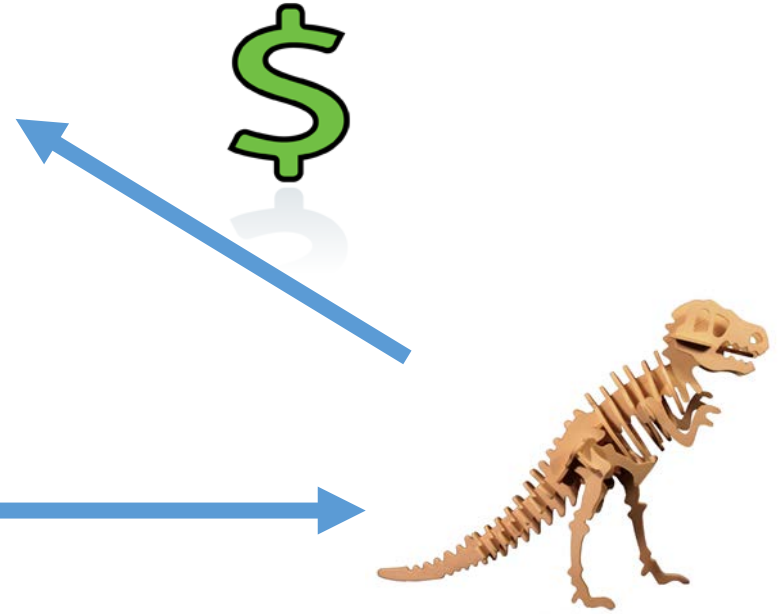
How it Works

- The **T-RECs Enterprise Fund** purchases T-RECs up to five years before they are generated.
 - This allows the project to have capital for construction, and helps expand biomass heating opportunities in New Hampshire
 - The **T-RECs Enterprise Fund** purchases future T-RECs at a discount to market, and accepts all risk related to future market conditions and market volatility
- Once the biomass heating project is constructed and operating, the **T-RECs Enterprise Fund** own the RECs as they are generated
 - The Fund then sells the T-RECs into the market, and retains the proceeds





T-RECs are generated at the same time heat is produced

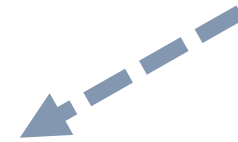
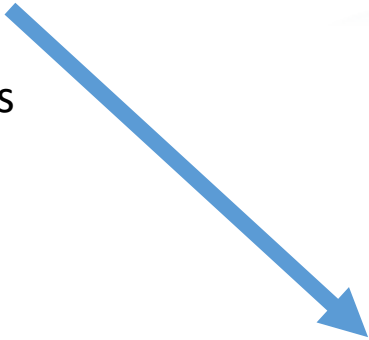
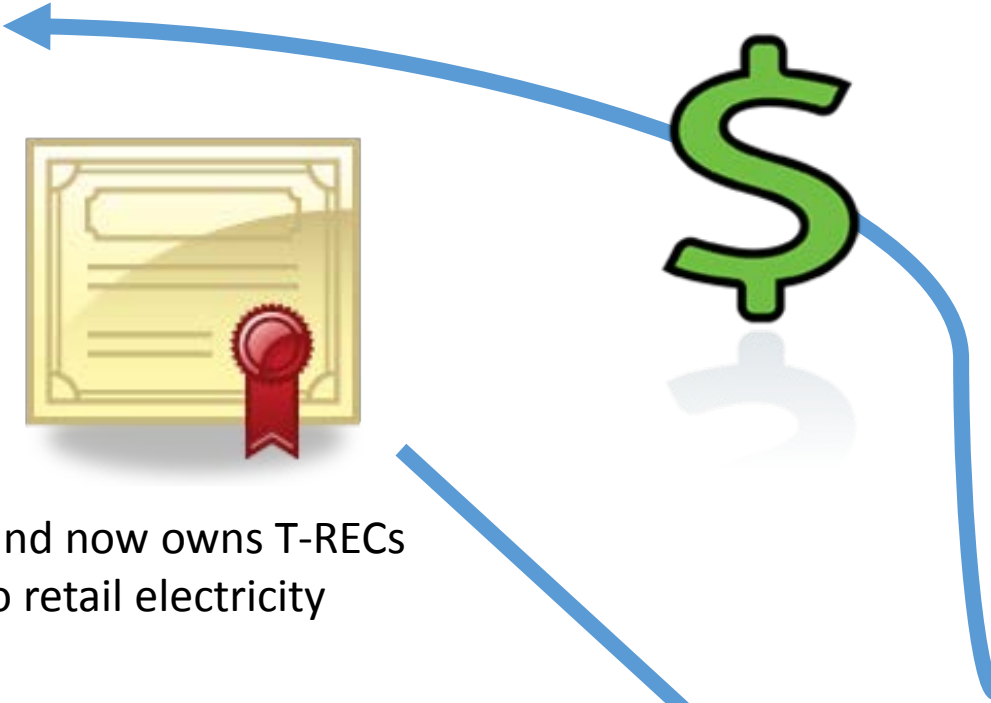


T-RECs Enterprise Fund
Pre-Purchases T-RECs,
providing capital for
biomass heating projects



T-RECs Enterprise Fund now owns T-RECs as generated, sells to retail electricity providers

Because NH Law Requires Purchase of T-RECs



Example Projects (Hypothetical, based on actual NH biomass installations)

	High School	School Campus
Fuel Type	wood pellets	wood chips
Capital Cost	\$600,000	\$1,500,000
Expected Fuel Use / Year (tons)	350	1,800
Expected T-RECs / Year	1,120	3,240
Years of Future T-REC Purchase	5	5
Percent of Future T-REC Purchase	80%	80%
T-REC Purchase Price*	\$12.00	\$12.00
Total T-REC Pre-Purchase	\$53,760	\$155,520
Percent of Total Capital Expense	9%	10%

* The T-REC price used here is for illustration only. Actual T-REC pre-purchase price will be influenced by a number of factors, including fund availability and expected future market price for T-RECs.



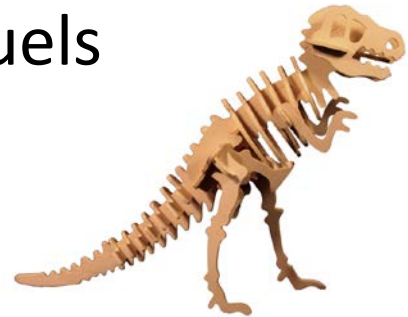
Criteria for Participation

- No preference for specific wood fuels (i.e., chip and pellet systems equally eligible for funding);
- Engineering must be well developed prior to commitment of funds to a particular project;
- Emissions must be expected to meet T-REC qualification levels;
- No discrimination on ownership type (public, private, 3rd party, etc.)
- Purchase of no more than 80% of expected T-REC generation for up to five years, and
- Disbursement of funds only when project is ready to move forward.





- **The U.S. Endowment for Forestry and Communities**, a non-profit foundation, has committed a pool of funds to provide this creative way to finance the high capital cost of modern wood heating systems.
- They've done this because wood heat helps support sustainable forestry, and is good for the rural economy of our state.
- They want to see more modern community-scale wood heating systems to help NH become less dependent on fossil heating fuels and utilize an abundant, renewable resource – wood.





The **NH T-RECs Enterprise Fund** is endorsed by the NH Wood Energy Council, a non-profit, public/private partnership that provides education and technical assistance in support of commercial-scale modern wood heating in NH. NHWEC is administered by North Country RC&D, and funded in part by the U.S. Department of Agriculture.

www.nhwoodenergycouncil.org



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