



Utah Governor's Office of Energy Development

Alternative Energy Development Incentive (AEDI)

Energy for Economic Growth

The stated mission of the Governor's Office of Energy Development (OED) is "to advance Utah's diverse energy sector through planning, policy, and direct engagement with the private sector; and thereby to foster economic growth through energy development and conservation activities and through the provision of affordable, reliable energy."¹ Along with economic and environmental benefits, combined heat and power (CHP) is increasingly recognized as a means of improving resilience for critical infrastructure such as water treatment, medical facilities, industrial operations, college campuses, emergency response, and more.

With a diverse economy that includes mining, petroleum, agriculture, information technology, and tourism, Utah was ranked as the second-strongest overall state economy in the United States in 2018.² Utah is estimated to have more than 1,100 MW of technical potential for CHP across the industrial and commercial/institutional sectors.³ Expanded deployment of CHP represents an important means to attain the goals set forth in Utah's Energy Action Plan Through 2020.⁴ CHP technologies provide for increased energy efficiency, reduced energy costs, and lower incremental emissions. These benefits support the initiatives set forth in the Plan, providing economic value for those businesses and institutions that choose to implement CHP.

Particularly in states with vast rural areas, distributed generation with CHP provides power without the need for additional costly centralized generation capacity and transmission infrastructure. With Utah poised for continued economic growth with an emphasis on efficiency and air quality, as well as quality of life, CHP will be an important element of the state's energy future.



Kennecott Utah Copper Smelter
Salt Lake City, Utah
32 MW Waste-Heat-to-Power CHP System

PHOTO COURTESY OF KENNECOTT UTAH COPPER

Program Description

The Alternative Energy Development Incentive (AEDI)⁵ is a fixed post-performance tax credit available to companies developing alternative energy resources in the state of Utah. The incentive applies to 75% of all newly generated state revenues for 20 years, or the life of the project, whichever is shorter.

Program incentives are available to new or expanding facilities that can demonstrate generation of new revenue for the state and generation of new jobs. Proposed projects must also demonstrate other project requisites, including control of the project site, applicable permits, advanced position in the interconnection queue, and financing sufficient to initiate development activities. To qualify,

¹ <http://energy.utah.gov/>

² <https://www.usnews.com/news/best-states/rankings/economy>

³ <https://www.energy.gov/sites/prod/files/2017/11/f39/StateOfCHP-Utah.pdf>

⁴ <https://energy.utah.gov/wp-content/uploads/Energy-Action-Plan-Website-Final-1.pdf>

⁵ <https://energy.utah.gov/tax-credits/aedi/>

an applicant project must generate at least 2 MW of electricity, extract at least 1,000 barrels per day (bpd) of crude oil alternative fuels, or produce at least 250 bpd of biomass-oil-derived equivalents. Applicants must prove the economic benefits of a proposed project with financial models reviewed by a certified public accountant.

Interest in the AEDI program has grown steadily since its initiation in 2015. By end-2018, the program had become more widely known, and the number of applications (one of the Energy Plan metrics) rapidly increased.

Quick Facts		
QUALIFYING PROJECTS: <ul style="list-style-type: none"> ○ Generate new state revenue ○ Generate new incremental jobs ○ Generate significant capital investment ○ Are sufficiently financed ○ Are positioned for interconnection 	TAX CREDIT: 75% of all newly generated state revenues for up to 20 years MINIMUM SIZE: Electricity generation of 2 MW	QUALIFYING ENERGY SOURCES: <ul style="list-style-type: none"> ○ Waste heat to power CHP (steam turbines) ○ CHP fueled by biogas/biomass ○ Hydroelectric ○ Solar ○ Biomass and biogas fuels, including fuel for CHP systems ○ Geothermal ○ Wind

Other Utah OED Incentives

Through its varied programs, the Utah OED supports economic growth with a diverse mix of energy technologies and strategies for development of affordable, reliable energy for communities, businesses, institutions, and industry. Along with the AEDI, the OED offers:

- The Renewable Energy Systems Tax Credit,⁶ which can be applied to both residential and commercial installations utilizing solar photovoltaic, solar thermal, wind, geothermal, hydro, and biomass technologies. The tax credit is divided into two types of incentives: the investment tax credit for residential and commercial projects and the production tax credit for large-scale projects that are 660 kW or greater.
- The High Cost Infrastructure Tax Credit⁷ program, which provides incentives for new infrastructure such as pipelines, transportation improvements, and other systems for energy and water delivery.



GOVERNOR'S OFFICE OF ENERGY DEVELOPMENT
Advancing Utah's Energy Future

Resources:

AEDI Program
<https://energy.utah.gov/tax-credits/aedi/>

Utah's Energy Action Plan 2020
<https://energy.utah.gov/wp-content/uploads/Energy-Action-Plan-Website-Final-1.pdf>

Renewable Energy Systems Tax Credit
<https://energy.utah.gov/tax-credits/renewable-energy-systems-tax-credit/>

High Cost Infrastructure Tax Credit (HCITC)
<https://energy.utah.gov/tax-credits/hcitic/>

For More Information

U.S. DOE UPPER-WEST CHP TECHNICAL ASSISTANCE PARTNERSHIP (CHP TAP)

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More CHP Policy Profiles: www.uwchptap.org

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<https://energy.utah.gov/tax-credits/aedi/>

⁶ <https://energy.utah.gov/tax-credits/renewable-energy-systems-tax-credit/>

⁷ <https://energy.utah.gov/tax-credits/hcitic/>