

**[DE DEPARTMENT CIRCULAR NO. DOE-96-01-005,
January 30, 1996]**

**AMENDING DEPARTMENT CIRCULAR NO. 93-06-06 PROVIDING A
DEFINITION FOR COGENERATION PROJECTS FOR PURPOSES OF
GRANTING PRIVATE POWER ACCREDITATION AND AVAILMENT
OF INCENTIVES**

WHEREAS, DOE Circular No. 93-06-06 established that all Cogeneration project proposals submitted for accreditation and/or availment of incentives should satisfy technical definitions and qualifications instituted for the purpose;

Whereas, under the technical qualification criteria of the said Circular, Cogeneration facilities should be able to attain a cogeneration system efficiency of sixty percent (60%) at the minimum;

Whereas, Energy Regulation 1-95 established further that thermal efficiency means the ratio of useful energy output to the total energy input calculated on an annual basis;

Whereas, the Thermal Efficiency Standard was formulated taking into consideration hydrocarbon-based fuels other than Natural Gas;

Whereas, with the projected inclusion of Natural Gas in the generation mix of the National Power Corporation (NPC) and the other electric power utilities and electric cooperatives there is a need to establish a separate Thermal Efficiency Standard for Cogeneration facilities utilizing Natural Gas for fuel;

Whereas, the chemical composition of Natural gas indicates a higher percentage of Hydrogen (H₂) compared to other hydrocarbon-based fuel resulting in high levels of water vapor (moisture) in the flue gases inhibiting the amount of useful energy output to be recovered;

Whereas, comparative combustion calculations for Natural Gas and other hydrocarbon-based fuels indicate that, when Natural Gas is used as fuel, a three percentage points reduction in the cogeneration thermal efficiency standard is in order.

Now, therefore, for Cogeneration projects utilizing Natural Gas for fuel, and for purposes of granting private power accreditation and availment of incentives, a Thermal Efficiency Standard of fifty seven percent (57%) computed on an annual basis is hereby instituted.

This Department Circular takes effect immediately.