

Combined Heat and Power Applications of High Temperature Fuel Cells

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ABSTRACT

The importance of distributed generation (DG) devices in the energy solution mix is well recognized. Recent advances in high temperature fuel cell technology have resulted in their acceptance as reliable sources of power in the DG marketplace. High temperature fuel cells have electrical efficiencies that exceed conventional power generation technologies in the same size range. The emissions signature of a fuel cell is favorable when compared to other DG technologies. In addition to the high electrical efficiency and low generation of criteria pollutants, the high temperature exhaust gases from these fuel cells can be used to drive a variety of combined heat and power (CHP) devices that may not be accessible to other DG technologies.

The unique electrical power and thermal output characteristics of high temperature fuel cells make them ideal candidates across many applications. The high exhaust temperature provides the end-user with the flexibility of generating steam, hot water or driving an indirect-fired absorption chiller. This article will describe CHP characteristics of high temperature fuel cells and some of the applications where they have unique benefits: wastewater treatment plants, hospitals and data centers.

INTRODUCTION

The annual consumption of electricity is steadily increasing. The average annual increase during the years 1990-2030 is estimated to be 1.6% for the United States and 2.7% globally [1]. This represents a signifi-

cant requirement for incremental generation capacity that cannot easily be fulfilled by the addition of large central generating stations. Permitting considerations, construction costs, long schedules, and constraints in the existing transmission infrastructure all impede the deployment of new large central generation. Distributed generation (DG) provides an alternative that avoids these limitations. Several DG technologies such as internal combustion engines, fuel cells, microturbines, and solar have already been commercially deployed. DG provides additional value compared to central generation: enhanced grid system reliability and power quality, reduced transmission and distribution losses, smaller environmental footprints, ability to use local renewable fuels such as biogas, and high overall efficiency because of the proximity to end user's combined heat and power (CHP) applications.

The importance of CHP is growing in a world of increasing energy costs, and increased emphasis on reduction of greenhouse gases and criteria pollutants. According to the United States Clean Heat and Power Association (USCHPA), CHP systems currently produce almost 8% of U.S. electric power, save about \$5 billion annually in energy costs, reduce energy use by 1.3 trillion Btu/year, reduce NO_x emissions by 0.4 million tons/year and sulfur dioxide emissions by over 0.9 million tons/year, and prevent release of over 35 million metric tons of carbon equivalent into the atmosphere [2]. In June 2009, the U.S. Department of Energy (DOE) nominated CHP technologies as one of the target areas for funding with a solicitation of up to \$60 million for eligible projects.

The necessity of implementing DG and the benefits of using CHP have brought all the different available DG technologies into the spotlight. The following sections will discuss the unique characteristics of high temperature fuel cells as a DG/CHP option.

DISTRIBUTED GENERATION WITH FUEL CELLS

Fuel cells produce power electrochemically, without combustion, and they are therefore very low in emissions. Lower temperature fuel cell types include polymer electrolyte membrane (PEM) and phosphoric acid (PAFC) systems, which operate at ~150°F and ~400°F respectively. High temperature fuel cells operate at temperatures above 1,000°F, and are of two kinds: molten carbonate fuel cells (MCFC) and solid oxide fuel cells (SOFC). MCFCs have been commercially deployed since 2003.

MCFC power plant sizes range from 300 kW to several megawatts. They are characterized by a peak electrical efficiency of 47%, based on the fuel’s lower heating value (LHV), and an average LHV efficiency of 45% over the life of the cell stack. They have an availability factor exceeding 90%. These performance metrics rank among the highest for DG technologies in their size range. SOFCs are in the research stage, and have the potential to be a high power density, low cost technology, with efficiency similar to MCFC.

Fuel cells typically use inverter-based power conditioning technology, which provides benefits to customer and local grid power quality. Inverters have the ability to provide or absorb reactive power (volt-amperes-reactive or VARs), they have low frequency distortion, and they have low fault currents.

A simplified cost breakdown of retail electricity is shown in Figure 1. Transmission and distribution (T&D) cost accounts for about one-third of the total cost of retail electricity [3].

When a high temperature fuel cell is used in a DG setting, the savings in transmission and distribution costs are further compounded by the high electrical efficiency of the fuel cell. In 2009, the average cost of electricity to end-users in the U.S. varied from 7 to 18.8 ¢/kWh, with an average cost of 9.79 ¢/kWh [4]. The average natural gas price ranged from \$9.61 to \$11.99 per thousand cubic feet in 2008 for industrial and commercial users [5], which translates to an equivalent price of 4.1 to 5.1¢/kWh of thermal energy, assuming a boiler efficiency of 80%. Because electricity is more valuable than heat, distributed generators having high electrical efficiency provide a distinct economic advantage to the end-user.

There are three energy streams in any CHP system: fuel input, elec-

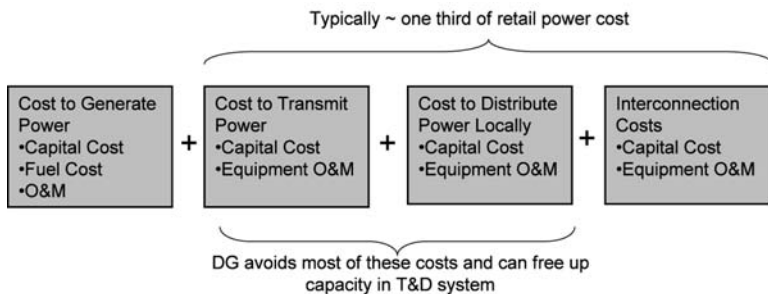


Figure 1. Cost Breakdown of Retail Electricity

tricity output and heat output. Each of these streams has an economic value depending on the cost of power and fuel. The gross energy stream economic gain of a CHP system is the fuel cost minus the value of the heat and power streams (i.e., value of avoided grid power and boiler fuel purchases). Figure 2 shows the impact of electrical efficiency on this energy stream economic gain. A total system efficiency (electrical plus thermal) of 65% is assumed. It can be seen that there is a distinct benefit of installing a system with the highest electrical efficiency, even under unfavorable spark-spread conditions.

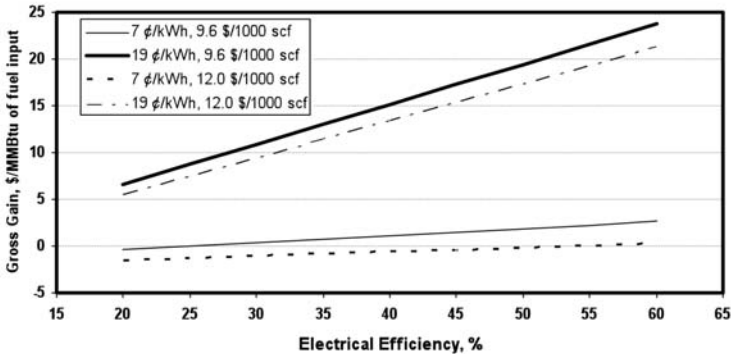


Figure 2. Gross Energy Stream Economic Gain of CHP Systems

Figure 2 does not take into account the differences in capital, operating and maintenance costs. The capital and maintenance costs of a fuel cell can be higher than alternate options; however, this is often offset by the fuel savings, federal and state incentives and the sale of renewable energy credits, as discussed later in the article.

Efficiency and Part-load Efficiency

Figure 3 shows the electrical efficiency of different generation technologies.

High temperature fuel cells provide efficiencies similar to large scale combined cycle systems, but at smaller sizes appropriate for distributed generation CHP applications.

Part-load efficiency performance is an important feature of distributed generators because their electrical requirements may vary from day to night, weekdays to weekends or seasonally. Figure 4 shows the part-load behavior of different distributed generation technologies [6].

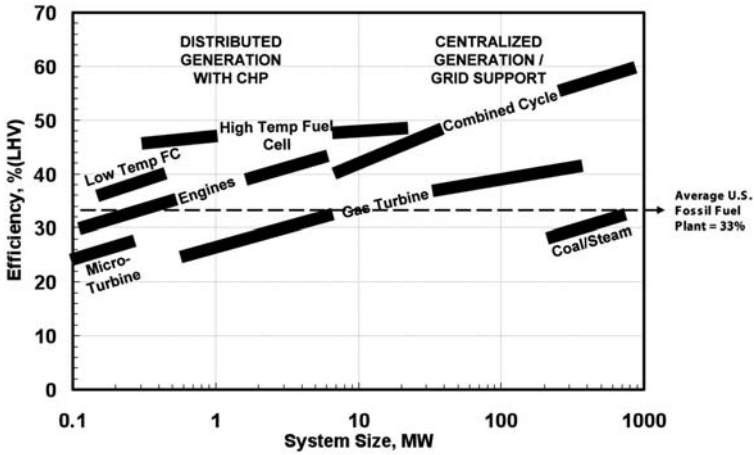


Figure 3. Efficiency of Generation Technologies

High temperature fuel cells are suitable for base-load power; they not only have the highest electrical efficiency in their class, but they also have the most favorable part-load performance.

In addition to the premium electrical efficiency, the potential to use the high temperature exhaust (700°F) of the fuel cell for heat recovery is an added bonus, as discussed in the following section.

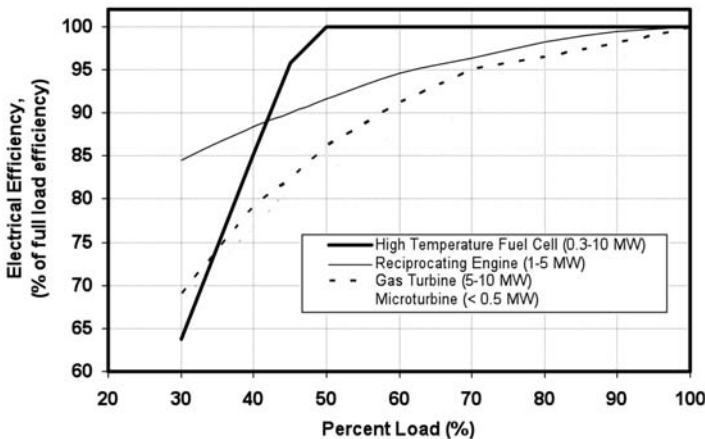


Figure 4. Part-load Efficiency of Distributed Generators

CHP OPTIONS WITH HIGH TEMPERATURE FUEL CELLS

The exhaust gas from the fuel cell is at a temperature of 700°F making it a valuable source of high grade heat. Depending on the application, this heat can be used by conventional heat recovery equipment to generate steam, hot water or drive an absorption chiller. Each of these applications will be discussed below:

Hot Water Heating

Hot water is used in process heating, domestic hot water and space heating applications with varying requirements for water temperature. Figure 5 shows the amount of hot water that can be generated using a high temperature fuel cell. The following assumptions were made: 20°F rise across the heat exchanger, 90% use of available heat and a 50°F approach temperature.

Steam Generation

Steam is used as a motive fluid for rotating equipment, for process heating, space heating and sterilizing applications. Figure 6 shows the amount of steam that can be generated using a high temperature fuel cell. The following assumptions were made: 60°F feedwater temperature, 90% use of available heat and a 50°F approach temperature.

Absorption Cooling

Absorption cooling uses heat instead of mechanical energy to drive the refrigeration cycle with a binary mixture as a refrigerant. Chilled wa-

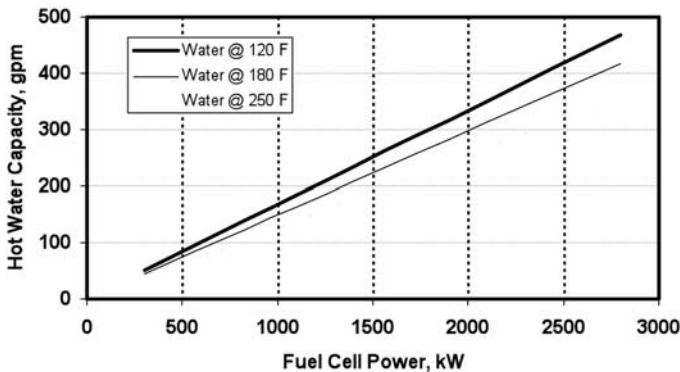


Figure 5. Hot Water Capacity

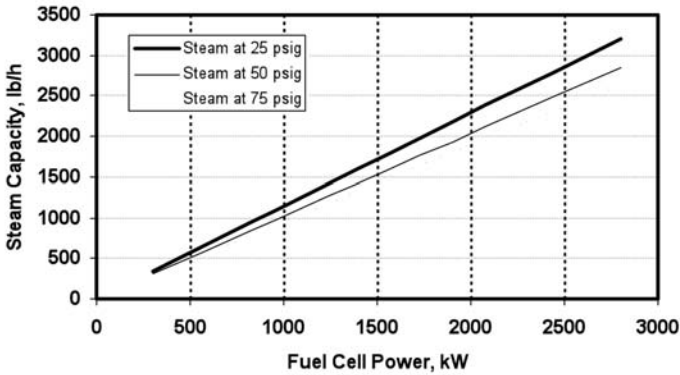


Figure 6. Steam Capacity

ter supply temperature typically ranges from 40-45°F with a 10°F drop. The rejected heat is discharged in a cooling tower. Absorption chillers are driven by:

- Hot water (typically 180°F supply, range from 160°F to 200°F)
- Steam
- Natural gas burners (direct-fired)
- Hot exhaust gas from process (indirect-fired).

When there is a source of high temperature exhaust heat, the indirect-fired absorption chiller is the most attractive option. It does not require an intermediate heat exchanger between the power plant exhaust and the chiller to produce hot water or steam. Natural-gas-fired burners are eliminated; fuel is not consumed and combustion products are not released to the atmosphere. Indirect-fired double-effect chillers provide the highest coefficient of performance (COP), but require an exhaust temperature of 600°F or higher, and this is possible with a high temperature fuel cell. Figure 7 shows the amount of cooling that can be obtained from high temperature fuel cells driving double-effect chillers, compared to cooling provided by gas engines, microturbines, and low temperature fuel cells. Total thermal efficiency in all cases is 65%. Electrical efficiencies are 28% for the microturbine, 39% for the engine, 40% for the low temperature fuel cell, and 45% for the fuel cell. The high temperature fuel cells and engines drive double-effect chillers, while the microturbines and low temperature fuel cells drive single-effect chillers.

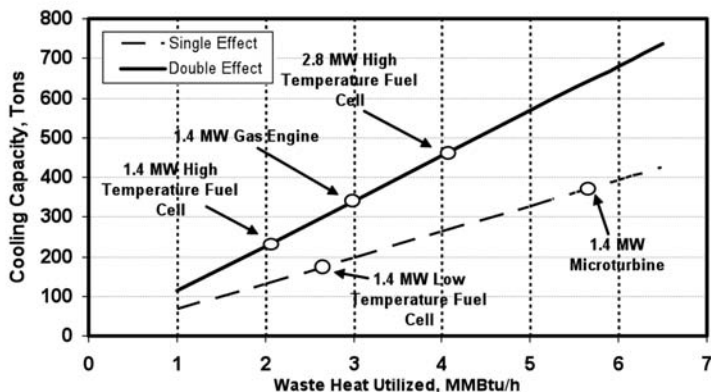


Figure 7. Absorption Cooling Capacity

Condensing Heat Recovery

The exhaust gas from a high temperature fuel cell typically contains 9-10% oxygen, 4-5% carbon dioxide, 18-20% water vapor and the rest is nitrogen, with a dew-point of 130-135°F. The different modes of heat recovery discussed above (hot water heating, steam generation and absorption cooling) are considered “high-grade” heat recovery where the 700°F exhaust gas is cooled to a temperature of 180-350°F. If a low-temperature heat sink is available at a customer’s site (such as swimming pool heating), it is possible to cool the exhaust gas to below its dew-point and recover significantly more heat. Figure 8 shows that the overall efficiency of a fuel cell CHP system can be 90% in applications requiring “low-grade” heat. For illustrative purposes, the temperature of the exhaust from the first stage of heat recovery is shown as 350°F. Depending on specific needs, it is possible to extract more heat in the first stage. This will result in a different distribution of heat recovery between the first stage and the second stage; however, the total system efficiency will still be 90%.

ECONOMICS OF WASTE HEAT RECOVERY

Heat recovery equipment costs are a function of the heat duty, pressure requirements, materials of construction and customer-specific features. In general, an exhaust gas heat recovery system would consist of a finned tube heat exchanger with the hot gases flowing over the

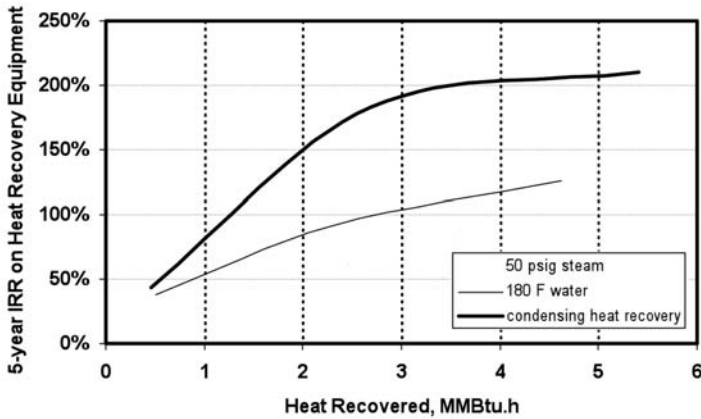


Figure 8. CHP Profile of a 2800-kW Fuel Cell with 90% Total Efficiency

fins and the heated fluid flowing inside the tubes. The temperature and composition of the exhaust from high temperature fuel cell allows the use of carbon steel fins. Stainless steel fins are more expensive and offer higher corrosion resistance (which is not required for fuel cell exhaust); however, they have a lower thermal conductivity than carbon steel and this generally results in a larger heat exchanger. Heat exchangers driven by fuel cell exhaust are therefore less expensive than those driven by exhaust gases that have corrosive components. Heat recovery systems are generally provided with an automatic bypass valve on the hot exhaust side, which is used to achieve temperature control on the cold side.

Costs for hot-water heaters, steam generators and condensing heat recovery systems are shown in Figure 9. For a given heat duty, the cost of a steam generator or a water heater varies depending on the steam pressure or the water temperature required. Installation costs are not included in Figure 9. Installation would add another 20% to 50% to the costs, depending on local construction costs.

Heat recovery makes economic sense. Figure 10 shows the internal rate of return (IRR) over five years for a project implementing heat recovery on an existing generator based on a natural gas cost of \$10 per MMBtu. The internal rate of return (IRR) is calculated based on the installed cost of the heat recovery equipment and the revenue from avoided boiler fuel cost. As the figure shows, significant returns are possible because of the value of offset fuel purchases from a small capital investment.

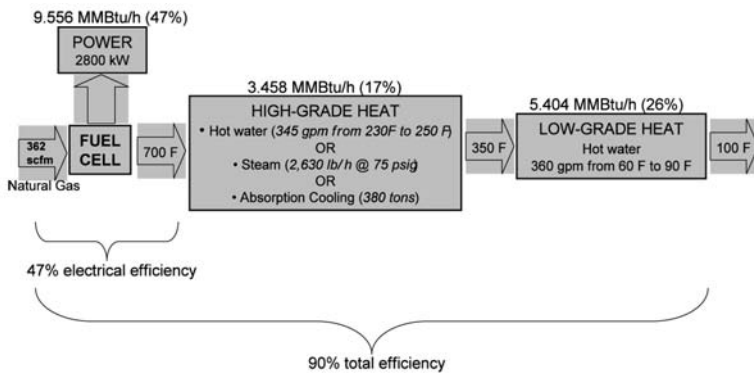


Figure 9. Cost of Heat Recovery Exchangers

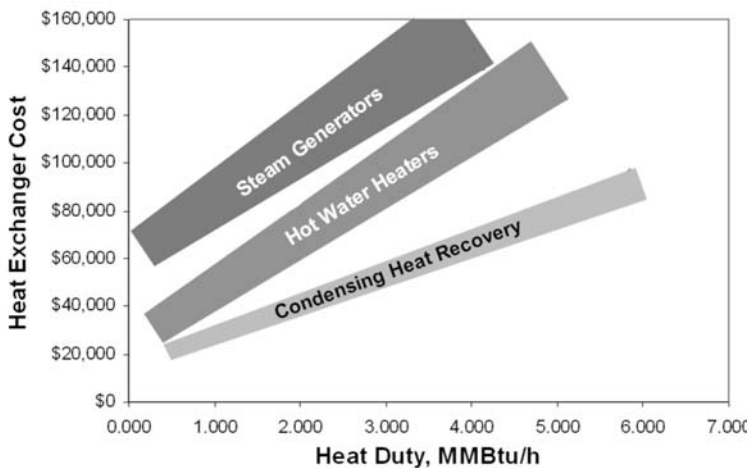


Figure 10. Internal Rate of Return of Heat Recovery Projects

ENVIRONMENTAL IMPACT

The deployment of CHP solutions leads to a favorable impact on the environment because waste heat is used instead of fuel in the heating applications of the end user. This results in fuel savings and reduces the combustion products emitted to the atmosphere. In addition to the benefit of waste heat use, technologies that produce cleaner power reduce the overall environmental footprint of the CHP device. The emissions signature is therefore an important aspect of distributed

generators. Table 1 shows the exhaust emissions levels for different distributed generators [7].

Table 1. Emissions Characteristics

| | NO_x lb/MWh | SO_x lb/MWh | $PM-10$ lb/MWh | CO_2 lb/MWh |
|---------------------------|------------------|------------------|-------------------|------------------|
| Average US Grid | 1.94 | 5.26 | 0.19 | 1,329 |
| Avg US Fossil Fuel Plant | 5.06 | 11.6 | 0.27 | 2,031 |
| Microturbine | 0.44 | 0.008 | 0.09 | 1,596 |
| Small Gas Turbine | 1.15 | 0.008 | 0.08 | 1,494 |
| Gas Engine (uncontrolled) | 2.2 | 0.006 | 0.03 | 1,108 |
| Gas Engine (low NO_x) | 0.5 | 0.007 | 0.03 | 1,376 |
| High Temp Fuel Cell | 0.01 | 0.0001 | 0.00002 | 940 |

Fuel cells are inherently cleaner: because there is no combustion, the production of NO_x and particulates is low. Fuel cells produce less carbon dioxide per unit of electrical power because of their higher electrical efficiency. Because of their minimal impact on air pollution, fuel cells can be easily sited in areas that have stringent pollution standards such as urban areas. These areas also tend to have the greatest demand for new electricity generation and CHP.

CASE STUDIES

The advantages of the high electrical efficiency, high exhaust temperature and favorable emissions profile of a high temperature fuel cell are demonstrated in the following case studies. For comparison purposes, the emissions from the displaced grid power are assumed to

be the U.S. grid average: 1,329 lb/MWh of CO₂ and 1.936 lb/MWh of NO_x [8]. NO_x emissions from displaced thermal loads are based on best available control technology (BACT) boiler and flare values of 0.035 and 0.015 lb/MMBtu, respectively. The case studies evaluate the impact of CHP using a high temperature fuel cell and a typical conventional CHP system, based on a natural gas engine.

Wastewater Treatment

Wastewater treatment facilities present a good opportunity for deployment of CHP. According to a 2007 EPA report, there are more than 16,000 municipal wastewater treatment facilities (WWTFs) in the U.S. and they represent a significant source of biogas, which is produced as a byproduct of the anaerobic digestion process used to treat solid waste [9]. Currently, approximately one third of municipal WWTFs use their biogas for heat, power, or CHP applications leaving a vast reserve of untapped biogas. The typical CHP application at a WWTF involves on-site power generation to offset site electrical load, and heat supply to the digesters, which require heat to operate properly. At facilities that currently use biogas in fired applications (engines or boilers), increasing emissions constraints are forcing evaluation of cleaner technologies. Table 2 shows the energy and emissions profile in a WWTF without CHP and with two options for CHP.

As the table shows, the fuel cell provides 15% more CO₂ reduction (in the form of grid power offset) compared to the lower-efficiency engine. The fuel cell reduces NO_x (relative to the grid) while the engine produces more NO_x than if the power had been provided by the grid (shown as a negative reduction in the table). The NO_x values used for the engine assume no NO_x control equipment is used. NO_x levels could be reduced with control equipment, but this adds substantially to the capital cost and reduces efficiency, increasing the CO₂ impact.

Hospitals

According to the U.S. Department of Energy, hospitals consume 836 trillion Btu of energy annually. They produce more than 30 pounds of CO₂ emissions per square foot. Hospitals spend over \$5 billion annually on energy, which equates to around 1 to 3% of a typical hospital's operating budget or an estimated 15% of profits [10]. The average hospital annually consumes approximately 0.084 kW of energy per square meter, or 20.94 kW per bed [11]. Approximately 40-50% of the energy

Table 2. Wastewater Treatment Facility Energy Profile

| | No CHP | | High |
|--|---------|------------|-----------------------|
| | System | Gas Engine | Temperature Fuel Cell |
| WWTP flow, MGD | 42.7 | 42.7 | 42.7 |
| Population served | 425,000 | 425,000 | 425,000 |
| Digester heat load, MMBtu/h | 1.274 | 1.274 | 1.274 |
| Boiler heat load @ 80% efficiency, MMBtu/h | 1.593 | | |
| Heat content in digester gas, MMBtu/h | 10.618 | 10.618 | 10.618 |
| Gas flared, MMBtu/h | 9.025 | 0.000 | 0.000 |
| LHV Electrical efficiency of CHP system | | 39% | 45% |
| Total efficiency of CHP system | | 65% | 65% |
| Electricity produced, kW | | 1213 | 1400 |
| Heat available from CHP device, MMBtu/h | | 2.761 | 2.124 |
| Heat Used in Digesters (90% Heat Transfer Eff.) | | 1.416 | 1.416 |
| Unused heat, MMBtu/h | | 1.345 | 0.708 |
| NO _x , lb/MWh from generator | | 2.20 | 0.01 |
| CO ₂ , lb/MWh (biogas considered CO ₂ neutral) | | 0 | 0 |
| NO _x reduction from power production, tons/year | | -1.26 | 10.63 |
| CO ₂ reduction from power production, tons/year | | 6,357 | 7,334 |
| NO _x reduction from heat production, tons/year | | 0.8 | 1.5 |
| CO ₂ reduction from heat production, tons/year | | 0 | 0 |
| Total NO _x reduction, tons/year | | -0.5 | 12.1 |
| Total CO ₂ reduction, tons/year | | 6,357 | 7,334 |

is consumed in the form of heat for space heating, domestic hot water heating and cooking, while the rest is consumed as electricity. Table 3 shows the energy profile in a typical hospital without CHP, and with two options for CHP.

The high thermal efficiency of both options provides substantial reductions in CO₂ emissions, by avoiding the CO₂ associated with grid power and boiler fuel. As with the WWTF case, the fuel cell results in reduced NO_x emissions, while the engine produces more NO_x than the case with no on-site generator.

Data Centers

Data centers are a growing energy consumer. Power consumption for data centers in the U.S. doubled between the years 2000 and 2005, and constitutes approximately 1.2% of the total power consumption in the U.S. [12]. Data center power consumption is a function of the number of servers in the center (often expressed as square feet of server room space) and the level of reliability of the center. The Uptime Institute has developed a tier classification system which rates centers from Tier I (28.8 hours annual downtime) to Tier IV (0.8 hours annual downtime)

Table 3. Hospital Energy Profile

| | No CHP System | Gas Engine | High Temperature Fuel Cell |
|--|---------------|------------|----------------------------|
| Number of beds | 400 | 400 | 400 |
| Hospital electrical load, kW | 3,349 | 3,349 | 3,349 |
| Hospital heat load, MMBtu/h | 17.153 | 17.153 | 17.153 |
| Boiler heat load @ 80% efficiency, MMBtu/h | 21.441 | | |
| On-Site Generation Capacity, kW | | 2,800 | 2,800 |
| LHV Electrical efficiency of CHP system | | 39% | 45% |
| Total efficiency of CHP system | | 65% | 65% |
| Natural gas for power production, MMBtu/h | | 24.50 | 21.24 |
| Heat available from CHP device, MMBtu/h | | 6.371 | 4.247 |
| Boiler offset at 90% Heat Transfer Eff | | 5.734 | 3.823 |
| Boiler natural gas used, MMBtu/h | 21.441 | 14.273 | 16.663 |
| Total natural gas used, MMBtu/h | 21.441 | 38.777 | 37.899 |
| NO _x , lb/MWh from generator | | 2.20 | 0.01 |
| CO ₂ , lb/MWh from generator | | 1,131 | 980 |
| NO _x reduction from power production, tons/year | | -2.91 | 21.26 |
| CO ₂ reduction from power production, tons/year | | 2,188 | 3,852 |
| NO _x reduction from heat production, tons/year | | 0.9 | 0.6 |
| CO ₂ reduction from heat production, tons/year | | 3,095 | 2,064 |
| Total NO _x reduction, tons/year | | -2.0 | 21.8 |
| Total CO ₂ reduction, tons/year | | 5,283 | 5,916 |

[13]. Higher tier centers have more equipment redundancy and therefore more power use per unit of server area. A Tier I center will have a server power load of 20 to 30 watts per square foot of server room area, while a Tier IV center will use 150 watts or more per unit of server area. Auxiliary non-cooling loads typically add another third to the CPU load, all of which results in heat generation that needs to be removed from the center. This adds an additional load for air conditioning. Data centers are one of the most effective CHP applications because the waste heat can be used in absorption chillers to offset some of the cooling electrical load.

Table 4 shows the energy profile of a Tier II data center with 5.4 MW of combined server, auxiliary, and cooling power demand. The table shows the impact of adding 2.8 MW of on-site CHP generation. In this case, waste heat from the electric generator is used to drive absorption chillers to offset electrical cooling load.

As Table 4 shows, the power displaced by each generator's electrical output and cooling load offset results in significant CO₂ reduction

Table 4. Data Center Energy Profile

| | No CHP System | Gas Engine | High Temperature Fuel Cell |
|--|------------------|------------|----------------------------------|
| Server Area, ft ² | 60,000 | 60,000 | 60,000 |
| Cooling load, Tons | 1,024 | 1,024 | 1,024 |
| Electrical Load, kW | | | |
| IT and Auxiliary Equipment | 3,600 | 3,600 | 3,600 |
| Cooling | 900 | 900 | 900 |
| Total Electrical Load, kW | 4,500 | 4,500 | 4,500 |
| On-Site Generation Capacity, kW | | 2,800 | 2,800 |
| LHV Electrical efficiency of CHP system | | 39% | 45% |
| Total efficiency of CHP system | | 65% | 65% |
| Natural gas for power production, MMBtu/h | | 24.50 | 21.24 |
| Heat available from CHP device, MMBtu/h | | 6.371 | 4.247 |
| Double Effect Chilling, Tons | | 690 | 460 |
| Cooling Power Offset, kW | | 607 | 404 |
| Net Facility Load Reduction, kW | | 3,407 | 3,204 |
| Utility Electrical Purchases, kW | 4,500 | 1,093 | 1,296 |
| NO _x , lb/MWh from generator | | 2.20 | 0.01 |
| CO ₂ , lb/MWh from generator | | 1,131 | 980 |
| NO _x reduction from power production, tons/year | | -2.91 | 21.26 |
| CO ₂ reduction from power production, tons/year | | 2,188 | 3,852 |
| NO _x reduction from heat production, tons/year | | 4.6 | 3.1 |
| CO ₂ reduction from heat production, tons/year | | 3,178 | 2,119 |
| Total NO _x reduction, tons/year | | 1.7 | 24.3 |
| Total CO ₂ reduction, tons/year | | 5,366 | 5,971 |

for both generators: 5,366 tons per year for the engine and 5,971 tons per year for the fuel cell. NO_x is reduced by 24 tons per year for the fuel cell and 1.7 ton per year for the engine.

A summary of these three example applications is shown in Table 5. It can be seen that in all three cases, the high temperature fuel cell offers reductions in CO₂ and NO_x emissions beyond the capabilities of conventional technology.

HIGH TEMPERATURE FUEL CELL ECONOMICS

As a relatively new technology produced in lower volumes, fuel cell capital costs tend to be higher than conventional distributed generation options. Lower fuel consumption helps make up for this difference,

Table 5. Emission Reductions Achieved by Conventional Generator and High Temperature Fuel Cell in CHP Applications

| Application: | Wastewater Treatment Facility | | Hospital | | Data Center | |
|---|-------------------------------|----------------------|------------|----------------------|-------------|----------------------|
| | Gas Engine | High Temp. Fuel Cell | Gas Engine | High Temp. Fuel Cell | Gas Engine | High Temp. Fuel Cell |
| CO ₂ Reduction, tons/year | 6,357 | 7,334 | 5,283 | 5,916 | 5,366 | 5,971 |
| NO _x Reduction (Increase), tons/year | (0.5) | 12.1 | (2.0) | 21.8 | 1.7 | 24.3 |

and another significant impact is provided by subsidy programs. The Federal Investment Tax Credit (ITC) provides a tax credit or grant of up to \$3,000/kW for fuel cell power plants, and the Energy Policy Act of 2005 provides for accelerated depreciation of fuel cell assets for tax purposes. California's Self Generation Incentive Program (SGIP) provides capital cost rebates of \$2,500/kW for natural gas fuel cells and \$4,500/kW for fuel cells operating on biogas.

The state of Connecticut has a similar capital cost rebate program, as well as a premium power price program for distributed generation sales directly into the grid. South Korea has a grid sales feed-in tariff program. These programs are effective in offsetting the higher initial costs for this new technology. There are currently more than 90 MW of Fuel-Cell Energy's MCFC high temperature fuel cell power plants installed or in backlog, for commercial customers around the world. These projects generate real economic benefits for customers based on local power and fuel costs and local incentive programs. The cost of high temperature fuel cell power plants is significantly reduced every year as a result of cost reduction activities and expanding volume [14], so fewer incentive dollars are needed each year. In addition, emissions credit markets are emerging in the U.S. and around the world that provide benefits based on the NO_x and CO₂ reductions that high temperature fuel cells provide.

Table 6 shows a summary of an economic comparison done by a California wastewater treatment facility, which had solicited proposals for fuel cells, microturbines, and engines to operate on their digester fuel, at the 750 kW power level [15].

Table 6. Economic Comparison for California Waste Water Treatment Facility

| | 750kW High | 750 kW | |
|--|------------------------|------------------------------|----------------------------|
| | Temp. Fuel Cell | Natural Gas IC Engine | 750 kW Microturbine |
| Installed Cost, \$ | 5,182,545 | 4,147,000 | 5,043,768 |
| Installed Cost, \$/kW | 6,910 | 5,529 | 6,725 |
| State Incentive Grant, \$ | 3,375,000 | 848,000 | 975,000 |
| California Incentive Grant, \$/kW | 4,500 | 1,131 | 1,300 |
| Net Installed Cost, \$ | 1,807,545 | 3,299,000 | 4,068,768 |
| Net Installed Cost, \$/kW | 2,410 | 4,399 | 5,425 |
| Emission Compliance Payments, \$ | | 71,943 | 12,000 |
| Five-year generator O&M, \$ | 1,092,848 | 458,114 | 408,924 |
| Five-year gas cleanup O&M, \$ | 500,500 | 500,500 | 500,500 |
| Total Cost over 5 Years | 3,400,893 | 4,329,557 | 4,990,192 |
| 5 year kWh Generation, kWh | 29,565,000 | 29,565,000 | 29,565,000 |
| Average Power Cost over 5 Years, ¢/kWh | 11.5 | 14.6 | 16.9 |

While fuel cells are generally more expensive than conventional generation technologies, the addition of construction costs and costs for heat recovery equipment tends to bring total installed costs closer together, within 25% in this case. At the time this project was done, California offered a variety of capital cost rebate programs as incentives for on-site generation with biofuels. As shown in the table, the fuel cell qualified for a higher level of incentive because of its clean emissions. The fuel cell also avoids the need to make emissions compliance payments, which the conventional generators would incur. Fuel cell operating and maintenance (O&M) is higher than the other generators because it includes the cost of a new set of fuel cell stacks, which would continue plant operation beyond the five-year period. The higher O&M cost is offset by the difference in state incentive programs, making the fuel cell system the most economical choice. The municipality will also be able to sell renewable energy credits (RECs) associated with the power generation from the system, further reducing the cost of energy.

CONCLUSIONS

High temperature fuel cells are an extremely attractive option for distributed generation in CHP applications. They are commercially deployed and have a history of producing clean, baseload power with high electrical efficiency and availability. Because of their favorable emissions

profile and low noise levels, they make good neighbors and are easy to site in populated areas that generally have a large power demand and congested grids. The high exhaust temperature of fuel cells enables access to a variety of heat recovery technologies, and this flexibility enhances the deployment of the technology in many different applications.

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