



SMALL SCALE CHP UNITS: An Introduction to Funding Cogeneration

This infographic introduces the funding options for small scale CHP units and will offer guidance to help choose the most appropriate source of finance.

A good choice of funding option may affect the overall installation economics, particularly influencing the payback period.

In many cases, the choice of funding option will be driven by the state of the organisation's balance sheet and the tax position.

Money matters - but where could it be sourced from?

Organisation's own resources (aka 'on-balance-sheet')

(aka 'on-balance-sheet')



Capital purchase

Partner or contractual counterparty's resources (aka 'off-balance-sheet')

(aka 'off-balance-sheet')



Discount Energy Purchase
Energy Services Agreement
Public Private Partnership

Advantages



Greater control and flexibility of operation



Potentially attractive tax treatment



No need to commit own resources



Predictable flow of costs, energy savings and carbon emissions savings for term of contract

Disadvantages



Need to commit resources which might be better employed on alternative investments



May be less flexible in situations where the business/energy strategy is liable to change in future

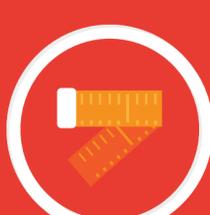
Access to capital

Organisations have a further choice under this option of whether to use cash held internally (where available) or make use of debt, either from a traditional bank or a newer 'peer-to-peer lending source.

Make sure that your organisation's choice of CHP scheme in terms of



Technology



Size



Funding type

is consistent with underlying business and energy strategy.

Discover more about purchasing CHP units with your free eGuide:

Purchasing CHP: What financing Options are Available?

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