

# Combined Heat and Power Work Group Meeting



Michael Colvin  
Policy and Planning Division  
California Public Utilities Commission

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# Current CA CHP Policy

- Combined Heat and Power (CHP) exists in many different places on a policy level in CA and at the CPUC
  - Different sizes thresholds
  - Different levels of technology, efficiency
  - Price, transmission, etc.
- Different policy “home” as a result depending on these factors

# Self Generation Incentive Program

- Provides upfront incentives up to 3 MW and allows sizing up to 5 MW
- Fuel Cells are presently in SGIP because they *catalyze* Natural Gas
- CHP technologies that *combust* Natural Gas are now currently out (1/1/08) but funds were once available
- Different incentive levels based on fuel type (renewable vs. non-renewable)
- At end of 2007, 50%+ of the 300 MW online in the program was a CHP technology
- Created by AB 2778
- <http://www.cpuc.ca.gov/PUC/energy/DistGen/sgip/>

# Feed-in Tariffs

- Creates a Feed-in Tariff (FiT) for a facility up to 20 MW that is *new/repowered*
- Goal is to create an incentive that will size on-site generation efficiently (promoting thermal match)
- Allows the facility to sell excess electricity generated
- Staff Proposal released and workshop held in February
- Collaborating with CEC on efficiency matters and other terms & conditions
- Phase II – develop “pay as you save” pilot program
- Established by AB 1613 and modified by AB 2791
- R08-06-024

# Qualifying Facilities

- Qualifying Facilities (QFs) established under PURPA for customer owned resources
  - CHP and renewables
  - Not all QFs are CHP and not all CHP are QFs
- Most recent major Decision in September 2007
  - D07-09-004
  - Contract negotiations completed
  - Resolution adopting contract is pending
- Market Index Formula (MIF)
  - Also pending and should be released along with new contract
- Pay customers based on *avoided cost*
  - Transition to market wholesale rate/ MRTU
  - Dispatchable resource problem

# Greenhouse Gas and AB 32

- CPUC/CEC gave to ARB a series of recommendations on the mixture of mandates and markets for the electricity sector
- How GHG allowances are allocated for electricity sector
  - Administrative allocation and auction
- Emissions reduction measures strategies
  - Including EE, Renewables, CHP, CSI, Water Conservation, EVs
- Market design/flexible compliance specific to electricity sector
- CPUC continues to collaborate with ARB and WCI on these and other issues

## GHG and CHP

- CPUC/CEC gave recommendations to ARB on how CHP should be regulated
  - As an emitter of GHG
  - As an emissions reduction strategy
- ARB Scoping plan set target of 6.8 MMT reductions
  - New CHP
  - Repowering/increasing efficiency of existing CHP

# New Order Instituting Rulemaking

- Despite current policy framework, several barriers exist to increase CHP penetration
  - Informed by discussion held by work group in August 2008
  - Also addressed in D08-10-037
- New OIR on CHP on these issues
  - Achieve policy targets set by the Scoping Plan and other policy drivers
  - Policy framework to be developed in 2009-10; Implementation in 2010

# CHP OIR Vision

	Small ( $<20$ MW)	Large ( $> 20$ MW)
New/ Repowered	<i>Feed-in Tariff</i>	<i>CHP OIR</i>
Existing	<i>CHP OIR</i>	<i>CHP OIR</i>

***\* Information is subject to change***

**Questions? Clarifications?  
Please Contact:**

**Michael Colvin**

**Policy and Planning Division  
California Public Utilities Commission**

**Phone (415) 355-5484**

**Email: [mc3@cpuc.ca.gov](mailto:mc3@cpuc.ca.gov)**

**Web site: [www.cpuc.ca.gov](http://www.cpuc.ca.gov)**