

# CCDC

## CALIFORNIA CLEAN DG COALITION

October 25, 2013

Commissioner Andrew McAllister  
California Energy Commission  
1516 Ninth Street, MS-31  
Sacramento, CA 95814

Re: The California Clean Energy Jobs Act (Proposition 39),  
California Energy Commission Docket No. 13-CCEJA-1

Commissioner McAllister:

The California Clean Distributed Generation Coalition (CCDC) provides these comments on the revised Prop 39 Energy Efficiency K-12 Program Implementation Draft Guidelines.<sup>1</sup> This guidance is intended to help local educational agencies (LEAs) prioritize the use of funds as well as plan and design energy efficiency projects. The guidance also references the state's loading order established in the California Energy Action Plan in 2003, noting that LEAs should maximize all cost-effective energy efficiency options before considering new generation, including renewable energy and onsite combined heat and power (CHP).

CCDC is an ad hoc group interested in promoting the ability of distributed generation (DG) system manufacturers, distributors, marketers and investors, and electric customers, to deploy DG. Its members represent a variety of DG technologies including combined heat and power, renewables, gas turbines, microturbines, reciprocating engines, and storage. CCDC is currently comprised of Capstone Turbine Corporation; Caterpillar, Inc.; Cummins, Inc.; DE Solutions, Inc.; GE Energy; Holt of California; NRG Energy; Penn Power Systems; Peterson Power Systems; Recycled Energy Development; Solar Turbines, Inc.; and Tecogen, Inc.

CCDC is concerned with the effect this guidance may have on available options, including CHP, for LEAs based on their case-specific needs. While the guidance calls for a "whole-building approach" to maximizing energy efficiency, it is important for both those submitting and approving potential projects to understand how the various investment options intersect – in particular HVAC upgrades and CHP. While certainly cost-effective energy efficiency investments to the building envelope (windows, doors, insulation, etc.) and lighting make sense to consider before determining whether additional generation is needed, it does not make sense to consider new HVAC equipment without comparing the options and results with onsite CHP.

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<sup>1</sup> See <http://www.energy.ca.gov/2013publications/CEC-400-2013-010/CEC-400-2013-010-D-REV2.pdf>.

For example, a facility could be considering adding an energy efficient electric chiller for climate control or upgrading an existing chiller, but a CHP system would provide “free” cooling through the use of the exhaust from the system with an adsorption chiller while also reducing electric demand from the grid by producing onsite power. If the facility was required to look at HVAC investments before looking at CHP and decided to invest in a new electric chiller, then by the time it was able to consider CHP, the investment decision would have already been made and the facility would have lost the option to reduce electric loads and increase efficiency through CHP since the CHP system would not be compatible with the new electric chiller. Facilities should be encouraged to truly take a “whole-building approach” to energy efficiency and consider all options on the table.

The California Energy Commission provides additional background and rationale in Chapter 3 of the 2012 IEPR Update: Combined Heat and Power Assessment and Barriers.<sup>2</sup> In this report, the CEC notes the California Air Resources Board’s target of 4,000 MW of additional CHP capacity by 2020 as an important strategy to reduce greenhouse gas emissions, and it cites Governor Brown’s call for an additional 6,500 MW of new CHP by 2030. The IEPR Update explains that CHP facilities improve energy efficiency and reduce emissions because they produce more energy from the same amount of fuel and may also reduce the need for new transmission and distribution infrastructure and improve the reliability of the electric system through onsite generation.

As the CEC reviews and revises the Prop 39 guidance document, we ask you to reject the strict loading order consideration component in the current draft guidelines and instead encourage a true “whole-building approach” to proposing and approving Prop 39 funded projects.

Sincerely,

  
James Halloran  
Chairman, CCDC

cc: Ken Alex, Director, Governor’s Office of Planning and Research  
Cliff Rechtschaffen, Senior Special Advisor, Office of the Governor  
Nick Chaset, Special Advisor, Office of the Governor  
Dave Ashuckian, Deputy Director Efficiency Division, California Energy Commission  
Bryan Neff, Electricity Analysis Office, California Energy Commission

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<sup>2</sup> See <http://www.energy.ca.gov/2012publications/CEC-100-2012-001/CEC-100-2012-001-CMF.pdf>, p23.