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CHP Association Comments on Natural Gas Act Report

see attached document

Additional submitted attachment is included below.

CHP ASSOCIATION
THE VOICE OF THE COMBINED HEAT & POWER INDUSTRY

September 30, 2015

Chairman Robert Weisenmiller
California Energy Commission
Docket Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

RE: 15-IEPR-04. – Natural Gas Act Report
Filed electronically http://www.energy.ca.gov/2015_energypolicy/

Dear Chairman Weisenmiller,

The CHP Association ("CHPA")—the voice of combined heat and power in the United States—appreciates the opportunity to comment on AB 1257 Natural Gas Act Report: Strategies to Maximize the Benefits Obtained from Natural Gas as an Energy Source, specifically concerning how the report deals with Combined Heat and Power. CHPA's comments are below.

The CHP Association strongly believes there is a crucial role for CHP to play in California's energy plan for the future. We support the work of the California Energy Commission to include CHP in the broad energy plan for the State of California. CHP is uniquely suited to provide reliable, secure, environmentally beneficial benefits to California.

Combined heat and power (CHP) or cogeneration is the simultaneous generation of electricity and useful thermal energy. These efficient systems make use of heat that normally would be wasted and save the fuel that would otherwise be used to produce heat or steam in a separate unit. As a result, CHP units are capable of reaching overall efficiencies of up to 90 percent, thereby generating electricity at significantly lower emission rates than conventional electricity generating units. CHP technologies offer improved environmental quality, reduced energy consumption, and improved grid reliability. CHP reduces pollution by using the energy potential of fuel inputs twice or three times, yielding half to a third of the emissions that would result from separate applications.

Already harnessed by many utility, industrial, commercial, and institutional facilities, CHP is a proven and effective energy resource that can be immediately deployed to help address current and future global energy needs while reducing environmental impacts. There is approximately 82 GW of CHP installed in the U.S., accounting for 12 percent of U.S. electricity generation.[1] Each year, this installed capacity decreases energy use by almost 1.9 quadrillion Btu, and avoids the release of over 248 million metric tons of CO_2e into the atmosphere.[2] Industry estimates indicate that existing sites

[1] U.S. Dep't of Energy & U.S. Envtl. Prot. Agency, DOE/EE-0779, COMBINED HEAT AND POWER: A CLEAN ENERGY SOLUTION 11 (2012), https://www1.eere.energy.gov/manufacturing/distributedenergy/pdfs/chp_clean_energy_solution.pdf.
[2] Oak Ridge Nat'l Lab., COMBINED HEAT AND POWER: EFFECTIVE ENERGY SOLUTIONS FOR A SUSTAINABLE FUTURE 11 (Dec. 2008), http://www1.eere.energy.gov/manufacturing/distributedenergy/pdfs/chp_report_12-08.pdf.

1875 Connecticut Ave NW
10th Floor
Washington, DC 20009
T 202.888.0708

www.chpassociation.org

could add another 132 GW of CHP.[3] Installing just 40 GW of additional CHP would save energy users $10 billion a year, 1 quadrillion Btu, and 150 million metric tons of CO_2 annually.[4] This is why President Obama has called for 40 GW of new, cost-effective CHP by 2020.[5]

There are many benefits to CHP including enhancing grid resilience, system reliability, micro-grid flexibility and lowering of greenhouse gas emissions over any other fossil fueled source. CHP has the flexibility and stability to play a critical role in making that transition in an economically feasible and sustainable way. For critical infrastructure needs, CHP provides a measure of dependability and security not attainable with many alternatives. CHP systems are not weather dependent to run efficiently.

As noted in the CEC's draft report, there are many benefits to CHP, including enhancing grid resilience, system reliability, micro-grid flexibility and lowering of greenhouse gas emissions. CHP has the flexibility and stability to play a critical role in making California's transition to a cleaner grid in an economically feasible and sustainable way. For critical infrastructure needs, CHP provides a measure of dependability and security not attainable with many alternatives. CHP systems are not weather dependent to run efficiently. We agree that better research is needed to quantify and monetize the value of these benefits as well as incorporate such assessments into revised regulatory and market frameworks that drive utility behavior. With grid modernization moving forward in California, we hope that the CEC would consider funding neutral parties to conduct such research as soon as possible.

The CHP Association is a non-profit 501(c)(6) trade association representing diverse manufacturers, suppliers, and developers of combined heat and power and waste heat to power systems to promote the growth of efficient local energy generation in the United States.

We look forward to engaging with the Commission on the recommendations made in the below comments or any other issues related to CHP. We are pleased to answer any questions, or provide further information. Please do not hesitate to contact me at dalelouda@chpassociation.org or at 202.888.0708.

Sincerely,

Dale A. Louda, Jr.

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[3] ICF Int'l, EFFECT OF A 30 PERCENT INVESTMENT TAX CREDIT ON THE ECONOMIC MARKET POTENTIAL FOR COMBINED HEAT AND POWER 13 (Oct. 2010), http://www.localpower.org/WADE_USCHPA_ITC_Report.pdf.

[4] U.S. Dep't of Energy & U.S. Envtl. Prot. Agency, DOE/EE-0779, COMBINED HEAT AND POWER: A CLEAN ENERGY SOLUTION 22 (2012), https://www1.eere.energy.gov/manufacturing/distributedenergy/pdfs/chp_clean_energy_solution.pdf.

[5] Accelerating Investment in Industrial Energy Efficiency, Exec. Order 13624 of Aug. 30, 2012, 77 Fed. Reg. 54779 (Sept. 5, 2012), www.gpo.gov/fdsys/pkg/FR-2012-09-05/pdf/2012-22030.pdf.