

## DOCKETED

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*Comment Received From: Beth Vaughan*

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## **CCC comments on Natural Gas Report**

*Additional submitted attachment is included below.*



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**

Dear Chairman Weisenmiller,

The California Cogeneration Council (CCC) appreciates the opportunity to comment on the draft staff report, *AB 1257 Natural Gas Act Report: Strategies to Maximize the Benefits Obtained from Natural Gas as an Energy Source*, specifically the chapter devoted to the role of natural gas as a fuel for combined heat and power (CHP).

The CCC agrees with the report's overall assessment of the opportunities for CHP, the status of existing policies and programs, and, unfortunately, what appears to be insurmountable challenges to CHP development in California. Indeed, despite the multitude of reports, workshops and recommendations on CHP produced by the California Energy Commission (CEC) over the past decade, very little new CHP has been developed and existing efficient CHP facilities have begun to shutdown around the state.

The report identifies the lack of proper third-party valuation of CHP systems as a gap in knowledge and suggests that the analysis and monetization of the costs and benefits of CHP requires further research. At a time when the expansion of distributed generation (DG) in the state is being encouraged, along with the development of new distributed energy resources (DER), it is important to understand that some of the first DG developed in the state was renewable and CHP qualifying facilities in the 1980s. The benefits of these existing resources should be retained and not ignored. Arbitrary size limitations applied to DG (e.g., <20 MW) are nonsensical when evaluating the benefits of a paper plant located in the heart of Silicon Valley that relies upon CHP for its thermal and electric needs. Not to mention the benefits derived from the adjacent community that receives its electric power from this local resource.

The CCC suggests that the CEC take the lead in facilitating a study on monetizing the costs and benefits of CHP with respect to the three areas of study identified in the report: displacement, GHG reductions, and the net impacts of departed load and distributed generation. Perhaps analyzing specific case studies would make the findings more relevant to policy makers.

We are supportive of the CEC's efforts to evaluate the role of natural gas in California's future and continue to believe that CHP is the most efficient use of natural gas. We would be happy to assist in any future research activities.

Yours sincerely,

A handwritten signature in black ink, appearing to read "BV", is written over a horizontal line.

Beth Vaughan  
Executive Director