

DOCKETED

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Comments on Draft Staff Report

Additional submitted attachment is included below.



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October 1, 2015

The Honorable Robert B. Weisenmiller, Ph.D.
Chairman, California Energy Commission
1516 Ninth Street, MS-33
Sacramento, CA 95814

Re: Docket No. 15-IEPR-04, Draft Staff Report, AB 1257 Natural Gas Report: Strategies To Maximize The Benefits
Obtained From Natural Gas As An Energy Source

Dear Chairman Weisenmiller,

WGL Holdings, Inc. and its wholly owned subsidiaries WGL Energy Systems, Inc. and WGL Energy Services, Inc. (together WGL Energy), is an active supplier of solar electricity and services in California and is exploring participation in other clean energy markets in the state. We respectfully offer these comments in support of the Draft Staff AB 1257 Natural Gas Act Report filed in the captioned docket on September 16, 2014 (Report), particularly as the Report relates to Combined Heat and Power (CHP). WGL Energy supports the removal of market barriers that currently inhibit investment in CHP that would maximize the benefits of natural gas as an energy source throughout California. We strongly believe that CHP plays a significant role in California's energy future.

WGL Energy is committed to delivering a diverse ecosystem of energy offerings including natural gas, electricity, green power, carbon reduction, distributed generation and energy efficiency. We own and operate approximately 34 MW (DC) of solar facilities in California and seek to expand our market presence in the state through investments in clean, efficient CHP capacity as a reliable generation source.

WGL Energy prides itself on providing "energy answers" to its renewable energy customers throughout the twenty-five states in which it currently operates and understands that the electric grid is changing across the country in unprecedented ways. The drive to achieve increasing amounts of renewable energy delivered through local, regional and national grids is a positive development, but must be balanced with a focus on reliability. On-site generation like CHP is a proven, flexible technology that meets the need for reliability and supports a stable energy supply to consumers and businesses. CHP can play a critical role in California's strategy to develop innovative, efficient and affordable energy solutions for its citizens in an economically feasible and sustainable way.

CHP is currently utilized by numerous micro-grid developments throughout the country. Communities seeking to develop micro-grids understand the need to incorporate generation sources that deliver power when the sun is not shining or when the wind is not blowing. Given the current limits of battery technology and the abundance and affordability of natural gas, reliable CHP technology is effectively and increasingly being integrated into micro-grid developments nationwide.

As noted in the Report, the development of CHP in California is inhibited by regulatory barriers and market biases reflected in the tariffs and interconnection procedures of electric utilities, legislative challenges, and a lack of integration with the state's many incentive programs. The barriers are known but have not been addressed directly through effective policy so the market can work for the benefit of consumers and businesses.

We understand the challenge of placing a valuation on CHP systems. Previous efforts to analyze have focused on basic costs and/or benefits. We interpret and support the Report as a directional challenge for stakeholders and policy makers to go deeper in their analysis of the near- and long-term benefits of CHP and how we can eliminate the barriers preventing its development in California. We advocate for a broader coalition of stakeholders than those who will benefit financially from CHP's development.

WGL Energy supports the Commission's efforts to evaluate the role of natural gas and CHP in California's energy future. We believe CHP is an important element of a balanced, reliable energy strategy and are happy to participate in any further discussion on the topic.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Gautam Chandra', with a stylized, cursive script.

Gautam Chandra