

**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of:)	Docket No. 08-IEP-1
Preparation of the)	
2008 Integrated Energy Policy Report Update)	COMMENTS ON COMMITTEE
and the 2009 Integrated Energy Policy Report)	HEARING
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**Post-Committee Hearing Comments of the
California Cogeneration Council**

The California Cogeneration Council¹ (CCC) submits these comments to the California Energy Commission (CEC) in regard to the April 28, 2008 Committee hearing to consider the scope of the *2008 Integrated Energy Policy Report (IEPR) Update* and the *2009 IEPR*.

The CCC has participated in the development of past IEPR reports and commends the CEC for taking a proactive position on combined heat and power (CHP) policy, recognizing that it provides significant system and efficiency benefits to California's distribution system. The 2003, 2005 and 2007 IEPRs describe the benefits and barriers to CHP, however, the specific recommendations in those reports have yet to be implemented. The proposed key issues for the *2008 IEPR Update* and *2009 IEPR* do not identify CHP and other forms of distributed generation as topics for either report. This is of considerable concern to the CCC as silence may not be interpreted as support for prior IEPR recommendations.

The CCC supports the recommendations in the *2007 IEPR* addressing CHP and believes more work is required to determine the implementation detail of key recommendations such as:

- The CPUC should complete a tariff structure to make distributed generation and combined heat and power projects "cost and revenue neutral," while granting owners

¹ The CCC is an ad hoc association of natural gas-fired CHP facilities located throughout California, in the service territories of all three of California's major investor owned electric utilities (IOUs). In aggregate, CCC members' 31 different CHP projects in California sell almost 1,300 megawatts of generation to the California grid.

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credit for system benefits such as reduced congestion;

- The CPUC and the Energy Commission should work cooperatively to eliminate all non-bypassable charges for distributed generation and combined heat and power, regardless of size or interconnection voltage and standby reservation charges for distributed generation; and
- The CPUC should develop a distributed generation portfolio standard, including combined heat and power regardless of size or interconnection voltage, for electric utility procurement plans. Alternatively, the utilities could be required to treat distributed generation and combined heat and power, regardless of size or interconnection voltage, like efficiency programs.

The CCC urges the CEC to demonstrate its continued support by considering in the *2008 IEPR Update* and *2009 IEPR* the implementation details of prior recommendations. Additionally, the CEC should consider in the IEPR process the need for a comprehensive state CHP policy that addresses the future of both existing facilities and new development. As California seeks to achieve GHG emissions reduction goals as stated in AB 32, energy efficient solutions such as CHP provide an immediate starting point. Specifically, repowering of existing facilities to increase energy efficiency, reduce GHG emissions and criteria air pollutants, and secure numerous co-benefits appears to be low hanging fruit that should be encouraged. Barriers to repowering these facilities could be addressed and solutions identified in an IEPR forum. Additionally, while the CPUC provided for new contracts in D.07-09-040 for distributed generation that meets the requirements of “qualifying facilities” (QFs), there is some uncertainty as to the availability of these contracts in the longer term. The CCC believes a state CHP program is essential that addresses large and small facilities, both existing and new development, and considers the long term viability of CHP in California beyond the current QF program.

The CCC appreciates the opportunity to comment on the energy issues proposed for the *2008 IEPR Update* and the *2009 IEPR* and asks that the IEPR Committee include as a topic the future operation and development of CHP projects.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Beth Vaughan", with a stylized flourish at the end.

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