



## Combined Heat and Power and Supporting AB 32 Scoping Plan - IEPR Committee

### DOCKET

09-IEP-1H

DATE July 23 2009

RECD. July 27 2009



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July 23, 2009




## Outline

- Policy Updates on CHP
  - AB 1613
  - Qualifying Facilities Program
  - SGIP
  - New Rulemaking

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## Overview of Current CHP Policy

- CHP exists in many different places on a policy level at the CPUC
  - Different sizes thresholds
  - Different levels of technology, efficiency
- Different policy “home” depending on these factors
- New efforts to try and centralize CHP Policy underway

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## QF Policy Update

- Qualifying Facilities (QFs) established under PURPA – include customer owned CHP
- Most recent Decision updating contract released in September 2007 (D07-09-040)
  - Firm/As Available, Small/Large, Existing/New
- Standard offer contract proposed
- Market Index Formula adopted in July 2009
- All QF issues are held in abeyance pending settlement discussions amongst parties

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## SGIP Program

- Created by AB 2778
- Provides upfront incentives up to 1 MW and allows siting up to 3 MW
- Fuel Cells are in SGIP because they *catalyze* NG
- Other CHP technologies that *combust* NG are currently out due to legislation (1/1/08)
  - Proposed legislation to modify SGIP
  - Include storage, put back other technologies
- Different incentive levels for fuel cells based on fuel type (renewable vs. non-renewable)
- <http://www.cpuc.ca.gov/PUC/energy/DistGen/sgip/>


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## CHP Plays Two Roles in AB 32

- CHP is an emitter of GHG
- CHP is an emissions reduction strategy
  - Any policy update needs to recognize both
- The two Commissions gave ARB recommendations on CHP in October 2008 (D08-10-037)

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## Reaching the Target

- Scoping Plan states 4,000 MW of *new* CHP to get 6.7 MMT of reductions statewide
- The CPUC's approach is to look at improving efficiency of existing facilities *and* to bring on new highly efficient facilities to reach emissions reduction target for IOUs




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## New Policy Framework for CHP

- Barriers exist for increased CHP penetration
- Feed-in Tariff will be a part of the new framework
- New rulemaking (OIR) to coordinate policy on CHP issues
  - Accomplish share of Scoping Plan target and other policy drivers
  - Timeframe: Framework development in 2009-10; Implementation in 2010




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## How the pieces fit together

	Small (< 20 MW)	Large (> 20MW)
New / Repowered	<i>Feed-in Tariff</i>	CHP OIR
Existing	CHP OIR	CHP OIR

These program options will coordinate with each other to reach GHG and policy objectives



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## Details on Feed-in Tariff

- A CHP facility up to 20 MW nameplate that is new / repowered
- Goal is to promoting thermal match to maximize use of waste heat
  - GHG reductions from program will count towards Scoping Plan target
  - FIT allows the facility to sell excess electricity generated
- Two contracts under development
  - One for "small" facilities
  - One for "medium" size facilities
- Established by AB 1613 and modified by AB 2791 (R08-06-024)



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## Feed-in Tariff Schedule

- Staff Proposal released and workshop held in February
- Additional negotiations on contract occurred in Spring
- Collaborating with CEC on efficiency matters and other terms & conditions
  - Draft technical guidelines posted this week
- Final Staff Proposal to be issued August 2009
  - Two Pricing Proposals
  - Contract Proposals
  - Program proposals
- Proposed Decision ~ late Fall 2009
- Final Decision anticipated by end of calendar year 2009
- Phase II – develop “pay as you save” pilot program

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Thank you!  
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