

**BEFORE THE CALIFORNIA ENERGY COMMISSION
OF THE STATE OF CALIFORNIA**

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08-WHCE-1

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In the Matter of:

Guidelines for Certification of Combined Heat and Power Systems Under The Waste Heat and Carbon Emissions Reductions Act, Public Utilities Code Section 2840 ET Seq.

Docket No. 08-WHCE-1

**JOINT COMMENTS OF THE CALIFORNIA COGENERATION COUNCIL, THE
ENERGY PRODUCERS AND USERS COALITION, AND THE
COGENERATION ASSOCIATION OF CALIFORNIA**

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August 6, 2009

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The Energy Producers and Users Coalition,¹ the Cogeneration Association of California² and the California Cogeneration Council³ appreciates the opportunity to provide these comments in the development of the Commission's Guidelines for Certification of Combined Heat and Power (CHP) Systems under the Waste Heat and Carbon Emissions Reduction Act Public Utilities Code Section 1843 (Guidelines).

¹ EPUC is an ad hoc group representing the electric end use and customer generation interests of the following companies: Aera Energy LLC, BP West Coast Products LLC, Chevron U.S.A. Inc., ConocoPhillips Company, ExxonMobil Power and Gas Services Inc., Shell Oil Products US, THUMS Long Beach Company, and Occidental Elk Hills, Inc.

² CAC represents the combined heat and power generation and cogeneration operation interests of the following entities: Coalinga Cogeneration Company, Mid-Set Cogeneration Company, Kern River Cogeneration Company, Sycamore Cogeneration Company, Sargent Canyon Cogeneration Company, Salinas River Cogeneration Company, Midway Sunset Cogeneration Company and Watson Cogeneration Company.

³ CCC is an ad hoc association of natural gas-fired cogenerators located throughout California. In aggregate, CCC members' 32 combined heat and power projects generate about 1,300 megawatts.

The CHP Generators commend the California Energy Commission (CEC) staff on the work they have done over the last few months to evolve the content of the Guidelines. Comments of the CHP Generators focus on the following components:

1. Section III d) of the Guidelines requires compliance with a GHG Emission Standard of 985 pounds of CO₂ equivalent per MWh. While a facility that meets the 60% efficiency standard should easily comply, the CHP Generators believe the appropriate GHG Emission Standard is 1,100 pounds of CO₂, consistent with the standard adopted by CEC and the CPUC to implement SB 1368.
2. Section III e) requires that a Topping Cycle CHP System achieve the thermal energy utilization standards specified in subsections (1)(A) and (1)(B). These standards appear to be loosely modeled after the operating and efficiency standards in PURPA, but are based on HHV rather than LHV. As drafted, this appears to be a second efficiency requirement that is not expressly required by The Act. If this section is intended to address the provision in The Act to prevent the system from being a de facto wholesale generator, Subsection (1)(A) could be eliminated and subsection (1)(B) could be revised to require that the useful thermal output of the system exceed a specified percentage of the total useful output (thermal plus electrical) of the system.
3. Section III g) establishes a Fuel Savings Standard that is not expressly required by The Act. While the double benchmark is consistent with the metric used in other forums to measure fuel savings or GHG reductions, this requirement is duplicative of the basic 60% efficiency requirement and for certain systems could establish a standard that differs from and may exceed the efficiency requirement specified in The Act. The CHP Generators believe the 60% efficiency standard achieves the requirement to save fuel and therefore proposes that this section be eliminated.

The CHP Generators look forward to working with CEC on the finalization and implementation of the CHP guidelines.

Respectfully submitted,

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