



FBE California, LLC
BioEnergy Solutions

08-WHCE-1

DOCKET

09-IEP-10

DATE SEP 30 2009

RECD OCT 01 2009

California Energy Commission
Dockets Office, MS-4
Re: Docket No 09-IEP-10
1516 Ninth Street
Sacramento, CA 95814-5512

Our ref: HF/ 08-WHCE -1

Sep 30, 2009

Combined Heat & Power Technical Guidelines

Ladies and Gentlemen,

My company has several questions/comments:

1. Will the Power Purchasing Agreement (PPA) be in the form of a Feed-in Tariff (FIT) as generally proposed in the May testimony to the CEC? We suggest that the initiative will not work unless a cost-based FIT approach is taken.
2. Will the program be designed so that project developers can offer IOU customer-consumers solutions? In such cases, the installation is provided by the developer to the consumer on a design-build-own-operate basis. The phrase "*eligible customer-generator's onsite thermal load*" implies that developers may be excluded. If the intent is to deploy CHP widely, we submit that installation owners who are separate entities from the IOU consumers should be included in the program.
3. In the event that a CCP and CHP design is proposed will there be additional incentive to encourage such efficient installations? For example, a fuel-cell, steam turbine, waste-heat utilization design may achieve efficiency of in excess of 80%.
4. Will there be additional incentive to deploy zero or near-zero particulate emissions or, separately, GHG emissions (in the case of renewable energy solutions)?
5. Beyond the laudable statement of the goals of the program, will there be an emphasis on the *means* to translate the program goals into *deployed projects*. Specifically debt and equity funding instruments, incentives, and the like as well as special finance options for full-commercial sized *demonstration* projects come to mind. We note that the media release includes the text: "*The CPUC must also establish pay-as-you-save pilot programs requiring IOUs to assist in financing the installation of qualifying CHP systems by nonprofit and government entities. Publicly owned utilities (POUs) are also required to establish incentive programs and tariffs for the purchase of excess power generated by CHP facilities that*



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qualify under the Act.” What about developer-initiated projects? Must they first qualify under some government program? What if the developer design/concept is not yet in common use, but may have merit (as in the example (3) above)

6. Your press release states that an [installed] facility should “*meet the eligible customer-generator’s onsite thermal load, and operate continuously in a manner that meets the expected thermal load and optimizes the efficient use of waste heat*”. Thermal loads are rarely constant. They are frequently seasonal and business-cycle dependent. Will this be recognized?

Do you require a hard copy of this letter? Should it be sent to the address above? I would appreciate the opportunity to discuss these issues briefly to ensure that our response to your invitation gets properly logged into your process.

Sincerely,

Hanafi R Fraval, Chief Executive Officer
FBE California , LLC