

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

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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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 have reviewed the revised Staff Draft Guidelines for Certification of Combined Heat and Power Systems Pursuant to the Waste Heat and Carbon Emissions Reduction Act, posted October 1, 2009 on the Energy Commission's website. While we are pleased to see that the Commission adopted certain of our recommendations, we are concerned that the revised guidelines still contain many requirements that exceed the explicit requirements of AB 1613. We also believe the guidelines are unnecessarily complex and may ultimately be a deterrent to participation in this important program to reduce greenhouse gas (GHG) emissions.

We thank the Commission for adopting our proposal regarding the Greenhouse Gas Emission standard, and for changing the standard from 985 pounds of CO₂ equivalent per MWh to 1,100 lb CO₂ equivalent per MWh, consistent with the standard adopted by Energy Commission and the California Public Utilities Commission to implement SB 1368. While a facility that meets the 60% efficiency standard should easily comply, we agree with maintaining this consistency. However, we remind the Commission that the emission performance standard in SB 1613 is a threshold requirement only for the execution of contracts of five years or longer. SB 1368 does not require ongoing verification and therefore all requirements for submission of data to demonstrate ongoing compliance should be deleted in Form CEC-2843A.

We also commend the Commission for adopting our recommendation regarding the Thermal Energy Utilization Standard. Our understanding is that the purpose of this provision is to prevent a CHP system from being a de facto

wholesale generator, and we agree this can be achieved by requiring that the useful thermal output of the system exceed a specified percentage of the total useful output (thermal plus electrical) of the system. The CHP Generators agree that a value of not less than 15% HHV of the total energy input will achieve this goal.

The CHP Generators continue to be puzzled as to why the staff proposed guidelines include a Fuel Savings Standard provision that is not expressly required by the Act. 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. Imposing yet another hurdle in an already complex process will not incent the development and installation of new CHP facilities in the state. The CHP Generators believe the 60% efficiency standard imposed by the Act achieves the requirement to save fuel and therefore we again propose that this section be eliminated.

The draft guidelines also include a requirement for an extended warranty or a maintenance contract covering a three year period. This goes beyond the requirements in the Act and should be deleted. As long as the Owner/Operator continues to achieve the performance and emissions standards in the Act, there should be no requirement for the use of a third-party to satisfy such requirements.

The CHP Generators urge the Commission to keep the guidelines simple and to not impose requirements stricter than the standards already required by the legislation. Significant barriers to CHP exist in California, and very little new

development has occurred in more than a decade. If the state truly wants to encourage CHP as an emissions reduction measure it needs to provide a CHP-friendly development environment, starting with proactive implementation of AB1613.

Respectfully submitted,

/s/ Beth Vaughan

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/s/ Evelyn Kahl

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