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

In the Matter of:

"Waste Heat and Carbon Emissions Reduction Act"

Docket Number 08-WHCE-1

**COMMENTS OF
NRG ENERGY, WESTERN REGION
ON THE DRAFT GUIDELINES FOR CERTIFICATION OF COMBINED HEAT AND
POWER (CHP) SYSTEMS ACCORDING TO THE WASTE HEAT AND CARBON
EMISSION REDUCTION ACT (AB1613), CALIFORNIA PUBLIC UTILITIES CODE
SECTION 2840 THROUGH 2845**

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DISCUSSION

NRG Energy respectfully submits the following comments on the Draft Guidelines detailing the technical requirements that combined heat and power systems must meet to qualify as an "eligible customer-generator" of an electric corporation or as a "retail end-use customer" of a publicly owned electric utility under Assembly Bill 1613 (Blakeslee, Chapter 713, Statutes of 2007) and amended by Assembly Bill 2791 (Blakeslee, Chapter 253, Statutes of 2008).

CEC DRAFT Guidelines for Certification of Combined Heat and Power Systems:

1. **III. Standards for Certification of CHP Systems**
(g) Fuel Savings Standard (pg 4)

NRG recommends that in addition to the benchmark comparisons for typical CHP installations, calculations for Fuel Savings Standards/ GHG Reductions should provide for site specific situations that do not fit well with benchmark standards of 80% boiler efficiency or 7,750 BTU/kWh. With respect to individual sites that have existing, aged boilers operating far below 80% efficiency and are considering investing in CHP, they should be able to submit GHG reduction calculations that use the existing boilers emissions as the baseline and CEC Staff can accept / modify / reject those calculations as applicable. Flexibility in looking at actual GHG reductions instead of force-fit benchmarks will allow more potential CHP systems to qualify which will ultimately increase the total CHP program GHG reductions.

2. **V. Ongoing Compliance, Performance Monitoring and Annual Reporting**
(a).(3) Exception for small CHP systems (pg. 6)

The Draft Guidelines proposes that the CHP Owner/Operator is exempt from annual reporting unless and until the Owner/Operator has been cited for being in violation of any operating permit."

NRG believes that receiving a citation for violation of an operating permit such as waste water discharge, hazardous material storage, elevator inspection, should not be a trigger to require small plants to submit to annual CHP reporting. Rather NRG suggests deleting this requirement or for Staff to specify the specific operating permits whose citations would create concern as to the ongoing qualification of a CHP facility.

3. **From Staff Response to Comments on July 22, 2009 Draft AB 1613 Guidelines**

Topping Cycle Thermal Output Standard

Staff Response – CHP systems subject to Chapter 713 shall:

- Be sized to meet the eligible customer-generator's thermal load
- Operate continuously in a manner that meets the expected thermal load.

NRG believes this requirement will preclude development of CHP opportunities at sites that either do not have 7x24 thermal load requirements or that would choose to install a smaller CHP system to meet only part of their thermal load, possibly due to space considerations. Examples would be large office buildings and complexes that may install a CHP system to offset peak electricity costs but would use an intermittent standby boiler to maintain building temperatures when it is not occupied on the weekends. The installation of a non-7x24 CHP system or, a partial load CHP system, still reduces GHG emissions. NRG recommends deleting this requirement under the concept that any CHP installation that can demonstrate GHG reduction should be encouraged as being consistent with the legislative intent of both AB 1613 and AB 2791.

4. General Comments for Staff to Consider:

NRG recommends that staff, in looking at the CO₂ contribution of grid electricity, include CO₂ from imported electricity as well. Per CEC published data^{(1)&(2)}, the CO₂ from imported electricity in 2000 was 124% more CO₂ intensive than the electricity generated in state. While imported electricity accounts for about 25% of the total electricity consumed in California, its carbon intensity is much higher than California electricity. To the extent that a CHP system reduces the electricity that is imported into California, the carbon savings of that CHP system should reflect at least a blend of the high carbon import electricity that it displaces with that of the domestically generated grid electricity.

(1) Table 6, California GHG Emissions and Sink Summary 1990-2004, CEC-600-2006-013

(2) Table 3. California electricity balance, 2000 June 2005 CEC-500-2005-068

Again, NRG appreciates the opportunity to provide comments on the CEC DRAFT Guidelines for Certification of Combined Heat and Power Systems.

Respectfully submitted,

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