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Industrial CHP Issues

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Bottoming Cycle CHP

- Uncommon at this point
- Industry- and facility-specific
  - Increases costs
- Unlikely to involve sale to utility since output generally smaller than customer load
  - Based on heat source
  - AB 1613 not relevant
- Few incentives available
  - SGIP declining over first 3 MW

Bottoming Cycle CHP

- Tradeoffs with EE in terms of amount of heat available
  - Policy is to do all cost-effective EE first, but this may not be optimal compared to increased electricity output
  - Remember, bottoming cycle CHP is EE
- Size can and probably does fit into the 3-20 MW range

Bottoming Cycle CHP

- Supplemental firing issues
  - Involves some GHG but can significantly increase output
  - Can still reduce GHG compared to new combined cycle plant
    - See analysis performed for AB 1613 at CEC

Departing Load Charges

- Without supplemental firing, bottoming cycle CHP is pure EE
- Customer load reductions due to EE do not face departing load charges
- While customers with CHP do not pay CTC for first 3000 MW, they do pay for components of PGC and DWR Bond Charges
  - They would not do this for EE

Impact of Cap and Trade

- Utilities to receive free allowances based on historical load
- New CHP would not get allowances from utility since it is on-site, although its load contributed to the utility's share of free allowances that are to be returned to customers
- New CHP for EITE customers would not get allowances from CARB since it is new on-site usage after historical baseline
- New CHP for non-EITE customers would not get allowances from CARB, period