



Combined Heat and Power to Support California's AB 32 Climate Change Scoping Plan

Integrated Energy Policy Report
Committee Workshop

July 23, 2009



Background

- Energy Commission has long supported and recommended policies that encourage the inclusion of clean and efficient combined heat and power generation in California's portfolio of energy resources.
- Market and regulatory barriers continue to make developing CHP in California difficult.
- AB 32 Climate Change Scoping Plan includes recommended emission reductions specific to CHP
- Target is 4,000 MW of installed CHP capacity or enough CHP to displace approximately 30,000 GWh of demand from other power generation resources. The calculated CO₂ reductions are 6.7 million metric tons.
- CHP development is slow, need to update the potential for new CHP and determine what will need to be done to assure target is met.



Objective of Workshop

- Get agreement on the assumptions to be used in CHP technical and market forecasts.
- Understand what policy actions, regulatory changes and business models will assure that the Greenhouse Gas emission reduction goals for CHP in the ARB Scoping Plan are achieved.



Important Issues and Questions

- Discuss and get comments on assumptions, results and conclusions of new technical and market assessments by ICF and Lawrence Berkeley National Laboratory.
- What changes will be necessary to get large facilities (>20 MW) to install CHP?
- What actions will stimulate the development of the small CHP (<20 MW) market?
- What are solutions to barriers identified in previous IEPRs? (e.g. departing load charges, locational pricing, access to wholesale and retail markets)
- What will make CHP attractive to utilities?



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