



Combined Heat and Power and Supporting AB 32 Scoping Plan - IEPR Committee



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Outline

- Policy Updates on CHP
 - AB 1613
 - Qualifying Facilities Program
 - SGIP
 - New Rulemaking





Overview of Current CHP Policy

- CHP exists in many different places on a policy level at the CPUC
 - Different sizes thresholds
 - Different levels of technology, efficiency
- Different policy “home” depending on these factors
- New efforts to try and centralize CHP Policy underway





QF Policy Update

- Qualifying Facilities (QFs) established under PURPA – include customer owned CHP
- Most recent Decision updating contract released in September 2007 (D07-09-040)
 - Firm/As Available, Small/Large, Existing/New
- Standard offer contract proposed
- Market Index Formula adopted in July 2009
- All QF issues are held in abeyance pending settlement discussions amongst parties





SGIP Program

- Created by AB 2778
- Provides upfront incentives up to 1 MW and allows siting up to 3 MW
- Fuel Cells are in SGIP because they *catalyze* NG
- Other CHP technologies that *combust* NG are currently out due to legislation (1/1/08)
 - Proposed legislation to modify SGIP
 - Include storage, put back other technologies
- Different incentive levels for fuel cells based on fuel type (renewable vs. non-renewable)
- <http://www.cpuc.ca.gov/PUC/energy/DistGen/sgip/>





CHP Plays Two Roles in AB 32

- CHP is an emitter of GHG
- CHP is an emissions reduction strategy
 - Any policy update needs to recognize both
- The two Commissions gave ARB recommendations on CHP in October 2008 (D08-10-037)





Reaching the Target

- Scoping Plan states 4,000 MW of *new* CHP to get 6.7 MMT of reductions statewide
- The CPUC's approach is to look at improving efficiency of existing facilities *and* to bring on new highly efficient facilities to reach emissions reduction target for IOUs





New Policy Framework for CHP

- Barriers exist for increased CHP penetration
- Feed-in Tariff will be a part of the new framework
- New rulemaking (OIR) to coordinate policy on CHP issues
 - Accomplish share of Scoping Plan target and other policy drivers
 - Timeframe: Framework development in 2009-10; Implementation in 2010





How the pieces fit together

Small
(< 20 MW) Large
(> 20 MW)

New / Repowered	<i>Feed-in Tariff</i>	CHP OIR
Existing	CHP OIR	CHP OIR

These program options will coordinate with each other to reach GHG and policy objectives





Details on Feed-in Tariff

- A CHP facility up to 20 MW nameplate that is new / repowered
- Goal is to promoting thermal match to maximize use of waste heat
 - GHG reductions from program will count towards Scoping Plan target
 - FiT allows the facility to sell excess electricity generated
- Two contracts under development
 - One for “small” facilities
 - One for “medium” size facilities
- Established by AB 1613 and modified by AB 2791 (R08-06-024)





Feed-in Tariff Schedule

- Staff Proposal released and workshop held in February
- Additional negotiations on contract occurred in Spring
- Collaborating with CEC on efficiency matters and other terms & conditions
 - Draft technical guidelines posted this week
- Final Staff Proposal to be issued August 2009
 - Two Pricing Proposals
 - Contract Proposals
 - Program proposals
- Proposed Decision ~ late Fall 2009
- Final Decision anticipated by end of calendar year 2009
- Phase II – develop “pay as you save” pilot program





Thank you!
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