

From: Prosper, Terrie D.  
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To: Prosper, Terrie D. (terrie.prosper@cpuc.ca.gov)  
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Bcc:  
Subject: CPUC Approves Contracts for Combined Heat and Power Feed-In Tariff: CPUC Press Release

**FOR IMMEDIATE RELEASE  
RELEASE**

**PRESS**

Media Contact: Terrie Prosper, 415.703.1366, [news@cpuc.ca.gov](mailto:news@cpuc.ca.gov)  
Docket #: Res E-4424

## **CPUC APPROVES CONTRACTS FOR COMBINED HEAT AND POWER FEED-IN TARIFF**

SAN FRANCISCO, December 1, 2011 - The California Public Utilities Commission (CPUC) today approved two standard offer power purchase agreements for eligible Combined Heat and Power (CHP) facilities.

In response to the Waste Heat and Carbon Reduction Act (Assembly Bill 1613), the CPUC, in collaboration with the California Energy Commission, established the CHP Feed-in Tariff (FiT) Program. This program requires investor-owned utilities to purchase excess power from small, new, and highly efficient CHP facilities at a known fixed price under a standardized contract. By allowing system owners to sell excess electricity to the investor-owned utilities at a reasonable price, the program helps encourage more efficient sizing of CHP systems and maximize the utilization of waste heat.

“I support today’s decision to establish a Feed-in Tariff for new and highly efficient small Combined Heat and Power systems for distributed generation,” said Commissioner Timothy Alan Simon. “This Combined Heat and Power technology offers economic benefits for the California energy market. These systems produce power locally for users, aid the entire grid by reducing demand during peak times, and

minimize congestion of electric power on the network.”

“Converting waste heat to power using a CHP system can be a highly effective way for a facility to increase its energy efficiency and decrease its carbon emissions,” said Commissioner Mark J. Ferron. “This Feed-in Tariff plays a critical role in the state’s larger efforts in creating a viable market for Combined Heat and Power facilities. California was a leader in deployment of this technology in the mid-1980s and we continue to be on the forefront of how these facilities fit into our electricity portfolio.”

The standard offer contracts are meant to provide CHP facilities that generate less than 20 megawatts and are at least 62 percent efficient with an easy outlet for power that cannot be used by the facility itself. The approval of the contracts today represents the final stage of a three-year process to develop the contract price, terms, and conditions for the CHP FiT Program.

The approval of the CHP FiT contracts comes at the same time as the Qualifying Facility (QF)/CHP Settlement approved by the CPUC in December 2010 becomes effective. In that program, the state has taken the bold step to transition into a competitive market for larger CHP facilities, as part of the overall strategy to maximize the utilization of waste heat and reduce greenhouse gas emissions. This transition is the first of its kind nationwide. “With both the final effective date of the QF/CHP program combined with the CHP FiT contracts, I expect to see a robust market emerge in 2012,” said Commissioner Ferron.

The proposal voted on is available at  
[http://docs.cpuc.ca.gov/word\\_pdf/AGENDA\\_RESOLUTION/153892.pdf](http://docs.cpuc.ca.gov/word_pdf/AGENDA_RESOLUTION/153892.pdf).

For more information on the CPUC, please visit [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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Terrie Prosper  
Director, News & Public Information Office  
California Public Utilities Commission

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