

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Integrate and)
Refine Procurement Policies and Consider) Rulemaking 12-03-014
Long-Term Procurement Plans.)

**REPLY COMMENTS OF
THE ENERGY PRODUCERS AND USERS COALITION AND
THE COGENERATION ASSOCIATION OF CALIFORNIA
REGARDING ENERGY DIVISION STRAW
PROPOSAL ON 2012 LTPP PLANNING STANDARDS**

Pursuant to the Scoping Ruling in this matter issued on May 17, 2012, the Cogeneration Association of California¹ and the Energy Producers and Users Coalition² (CAC/EPUC) file these reply comments on the proposed planning assumptions issued by the Energy Division on May 11.

CAC/EPUC first respectfully object to determining planning assumptions for CHP targets based on an ICF study that has not yet been finalized.³ The parties should have the opportunity to review the study once completed and analyze the basis for its projections before it is used to set growth targets. Given the compressed schedule in this phase, however, the parties should have the opportunity, at a minimum, to seek revision of the assumptions once the study is finalized.

¹ CAC represents the combined heat and power and cogeneration operation interests of the following entities: Coalinga Cogeneration Company, Mid-Set Cogeneration Company, Kern River Cogeneration Company, Sycamore Cogeneration Company, Sargent Canyon Cogeneration Company, Salinas River Cogeneration Company, Midway Sunset Cogeneration Company and Watson Cogeneration Company.

² EPUC is an ad hoc group representing the electric end use and customer generation interests of the following companies: Aera Energy LLC, BP West Coast Products LLC, Chevron U.S.A. Inc., Phillips 66 Company, ExxonMobil Power and Gas Services Inc., Shell Oil Products US, THUMS Long Beach Company, and Occidental Elk Hills, Inc.

³ *Straw Proposal*, p. 14, fn 9.

CAC/EPUC agree with the comments of the California Cogeneration Council that the range for CHP procurement contained in the Straw Proposal is too low.⁴ The targets should be consistent and supportive of CARB's goal of 4,000 MW of CHP by 2020, and the Governor's goal of 6,500 MW by 2030. To provide a realistic range of assumptions, and to reflect the full potential for CHP development indicated by the draft ICF report, the assumptions should use the high scenario in the ICF Report⁵ as the high assumption for CHP development. It is not reasonable to assume there would be no growth in CHP at all, and therefore using zero as the low assumption does not provide useful information in the analysis of a potential range of outcomes; the Base scenario in the ICF study should be the low assumption. Further, the low assumption must be consistent with the CHP procurement already required under the 2012 plans and the QF Settlement.

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Respectfully submitted,



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⁴ The City and County of San Francisco, the Sierra Club and the California Environmental Justice Alliance make similar comments.

⁵ Once it is finalized.