

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

Order Instituting Rulemaking to Integrate
and Refine Procurement Policies and
Consider Long-Term Procurement Plans.

R.13-12-010

**COMMENTS OF THE COGENERATION ASSOCIATION OF CALIFORNIA AND THE
ENERGY PRODUCERS AND USERS COALITION ON
PLANNING ASSUMPTIONS**

Pursuant to the Assigned ALJ's Ruling of December 19, 2013, the Cogeneration Association of California and the Energy Producers and Users Coalition (CAC/EPUC) provide these comments on the planning assumptions discussed by Commission Staff during the workshop on December 18, 2013.

CAC/EPUC's primary concern is with the planning assumptions for growth of Combined Heat and Power (CHP) resources during the planning period. These assumptions must be based on technically-sound projections, and must be consistent with the mandates for CHP procurement contained in the QF/CHP Settlement,¹ and with the targets for CHP procurement in the CARB Scoping Plan. Both the Settlement and the Scoping Plan impose mandates that the utilities must achieve, and the base case should be based on the assumption that they will. In addition, the base case should assume achievement of the Governor's goal of an additional 6,500 MW of new CHP by 2030, as articulated in Governor Brown's Clean Energy Jobs Plan. The high case

¹ D.10-12-035, December 21, 2010, A.08-11-001.

should be based on the assumption that the state and the utilities achieve some level of CHP penetration exceeding the mandated levels contained in the base case.

Reviewing the assumptions to determine whether they meet these benchmarks, the planning assumptions for 2024 include a low assumption of 1124 MW and a high assumption of 4140 MW.² Comparing those levels to those mandated by the QF/CHP Settlement, during the Initial Program period of the Settlement (November 23, 2011 through November 23, 2015), the IOUs' combined CHP procurement target is 3,000 MW. The low assumption in the proposed planning assumptions should assume the achievement of that mandate as a base case. There remains at least 1253 MW to be procured under that mandate,³ and the base or "low" case of assumptions should, at a minimum, require the procurement of that level of additional CHP resources.⁴ The high case can use a target that assumes the utilities exceed the minimum procurement. In addition to setting a MW target, the Settlement also sets a GHG reduction goal. The IOUs have a significant shortfall in that measure,⁵ further justifying a very ambitious procurement target for CHP as a minimum, "base" case.

² These totals are taken from Slide 11 of the December 18 presentation. The low assumption is the total of 960 MW for Incr. selfgen-CHP and 164 MW of Incr. supply-CHP. The high assumption is the total of 2,285 MW of selfgen-CHP and 1855 MW of supply-CHP. These assumptions come from the projections in the ICF Study for the CEC. CAC and EPUC reserve any objections to the technical basis for the ICF projections.

³ See, CHP Semi-Annual Reports, updated 10/16/2013, on CPUC ED website, at: <http://www.cpuc.ca.gov/PUC/energy/CHP/settlement.htm>

⁴ CAC and EPUC do not agree that all of the procurement reported by those utilities qualifies for satisfaction of the MW targets in the Settlement.

⁵ See, semi-annual report referenced in footnote 3, showing a remaining reduction required of 3.19 out of 4.8 MMT/CO₂.

Similarly, the CARB Scoping Plan sets a target of 4000 MW of additional CHP by 2020.⁶ That mandate was the basis for the MW and GHG reduction targets in the QF/CHP Settlement. But as CARB states in its Updated Scoping Plan:

[S]ignificant installation barriers for CHP systems still remain and very few new CHP systems have been installed since the Scoping Plan. Indeed, due to older system retirements, the State's overall CHP capacity may be lower now than it was in 2008. ARB is committed to working with the CPUC and CEC to ensure the Scoping Plan goal of 4,000 MW of new CHP is achieved by 2020, and that Governor Brown's goal for 6,500 MW of additional installed capacity can be met by 2030.⁷

The CPUC should help address this failure to advance the Scoping Plan goals by setting a base case for 2024 that assumes procurement of an additional 4000 MW of CHP.

In informal discussions with Energy Division staff, CAC and EPUC appreciate that there has been an effort, in setting the assumptions, to be consistent with these important mandates. However, there are some discrepancies, and it is important that the assumptions for CHP procurement at least match, if not optimistically exceed, the levels required by the QF/CHP Settlement and by CARB's Scoping Plan.

Respectfully submitted,



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⁶ See, Discussion Draft of 2013 Updated Scoping Plan, p. 29, at:
<http://www.arb.ca.gov/cc/scopingplan/document/updatedscopingplan2013.htm>
⁷ *Id.*, at p. 30.