MADRI WORKING GROUP MEETING #29 – August 20, 2013

COMBINED HEAT & POWER

Federal Energy Regulatory Commission
Rooms 3M-2 A & B
888 First St., NE
Washington, DC

NOTE: Attendees will need to sign in at the security desk.
Please allow extra time to arrive no later than 10am.

Remote Participation
Web Address: https://pjm.webex.com
Meeting Title: MADRI Meeting
Meeting Dial-In Number: 866-398-2885
Meeting Access Code: 928426
Meeting Password: madri0820rap

Note to Attendees: Over the past year MADRI has focused on informational presentations, however, during the last steering committee meeting, the Commission Staff advisors suggested taking a close hard look at Distributed Generation over the next few months and seeing whether we can sharpen our understanding along with our ability to achieve a consensus. The goal is to prepare a document that discusses DG and its implications for the utility of the future and what barriers need to be addressed today in order to allow DG to play a larger role in our utility planning landscape. Therefore, with the exception perhaps of the autumn meeting at PJM, the next several meetings will be addressing the various issues and aspects of DG.

Combined Heat & Power:

This meeting will be the first of several MADRI meetings focused on the question, "What needs to be done to make distributed generation (DG) more accessible to end-use customers while balancing the interests of all stakeholders?" The goal of this series will be to determine whether MADRI participants can agree to consensus recommendations related to any of several DG policy or ratemaking topics.

Today's meeting will focus on combined heat and power (CHP) systems. In the first panel, we will explore currently available CHP technologies, and examine how they can provide benefits in terms of cost and reliability not just for the DG owner but also for the utility system. The second panel will discuss how tariff and ratemaking issues can dramatically affect the economic viability of CHP systems. The third and final panel for today will consider some of the non-tariff incentives that federal and state governments have provided for CHP, and how effective those incentives have been.

The overarching goal of this meeting is to delve into some of the questions, problems, barriers, and current practices related to CHP policy and ratemaking. In a subsequent MADRI meeting, other aspects of DG will be explored. Over the course of the next year, we will seek to identify consensus solutions to some or all of the issues.

AGENDA

9:30 – 10:00am **Networking**

10:00 – 10:15am **Introductions**
Janine Migden-Ostrander and John Shenot, Regulatory Assistance Project

10:15 – 11:30am **CHP Technologies and System Benefits**
Richard Sweetser, Mid-Atlantic Clean Energy Application Center
Gearoid Foley, Mid-Atlantic Clean Energy Application Center
Neal Elliott, ACEEE

Traditionally, CHP systems have been the purview of large industrial customers that have a 24/7 need for large amounts of electric energy and process steam, and much of the policy attention has focused on those customers. That is changing. CHP systems are increasingly of interest to large commercial and institutional customers, who in addition to electric energy needs have building heating and cooling needs. In this panel, we will hear from national and regional experts about the current generation of CHP technologies and their potential applications. We will also explore how those technologies can result in costs and benefits not just for the owner, but also for the utility system.

11:30am – 12:30pm **Lunch and Networking on Your Own**

12:30 – 1:45pm **Tariff/Ratemaking Issues that Influence CHP Viability**
Bill Pentland, World Alliance for Decentralized Energy
Chuck Fullem, FirstEnergy
Joe Sullivan, Concord Engineering Group

There are a variety of issues related to utility ratemaking and utility tariffs that fundamentally and profoundly affect the economic viability of CHP deployment in a competitive market like PJM's. In this panel, we will explore some of those ratemaking and tariff issues, including standby rates, peak load contribution, load factor adjustments, and power factor adjustments. We will hear from experts on how tariffs can make or break a CHP project, why they are structured as they currently are, and what the impact would be on other stakeholders if the rates and tariffs were made more favorable for CHP.

1:45 – 3:00pm **Non-Tariff Incentives for CHP**
Katrina Pielli, U.S. Department of Energy
Bill Wolf, Baltimore Gas and Electric
Melissa Mullarkey, Recycle Energy Development, LLC

The federal government, as well as many state governments and individual utilities, have experimented with a variety of policies that provide incentives for CHP deployment. This panel will summarize some of the types of incentives that have been offered and how effective they have been.

3:00 – 3:15pm **Wrap-Up, Adjournment**
Janine Migden-Ostrander and John Shenot, Regulatory Assistance Project