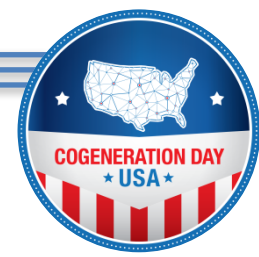




Policy and Regulation:  
*Standby Rates as a Barrier to CHP*  
Cogeneration Day  
Nov. 2, 2017

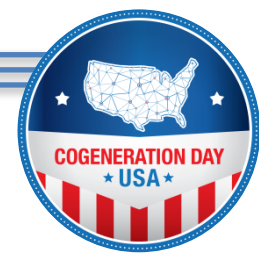
Jennifer Kefer  
Alliance for Industrial Efficiency  
Executive Director  
202-816-9302



# Agenda

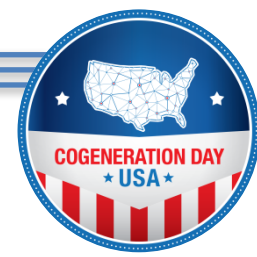
- 5 Lakes Analysis
  - ✓ Michigan
  - ✓ Minnesota
  - ✓ Ohio
  - ✓ Pennsylvania
- Standby rates as a barrier
- Best practices
- Market trends and potential





# Standby Rates in Practice

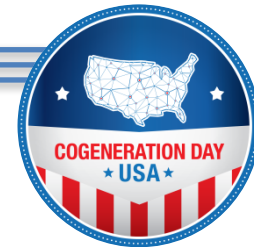




# Issues Regarding Standby Rates

- Rates are not transparent
- Rates are inconsistent
- “Captive” ratepayers
- Erodes economic benefits of CHP
- Rates assume outages occur at peak – and that all systems breakdown simultaneously





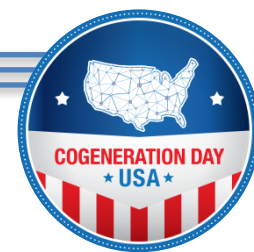
# CHP Is Reliable

## System Availability

| Reciprocating Engine | Steam Turbine | Gas Turbine | Microturbine | Fuel Cell |
|----------------------|---------------|-------------|--------------|-----------|
| 96-98%               | 72-99%        | 93-96%      | 98-99%       | >95%      |

Source: EPA, 2015



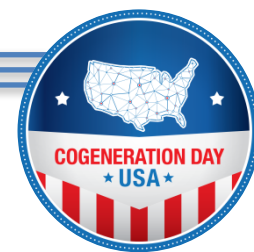


# Best Practices

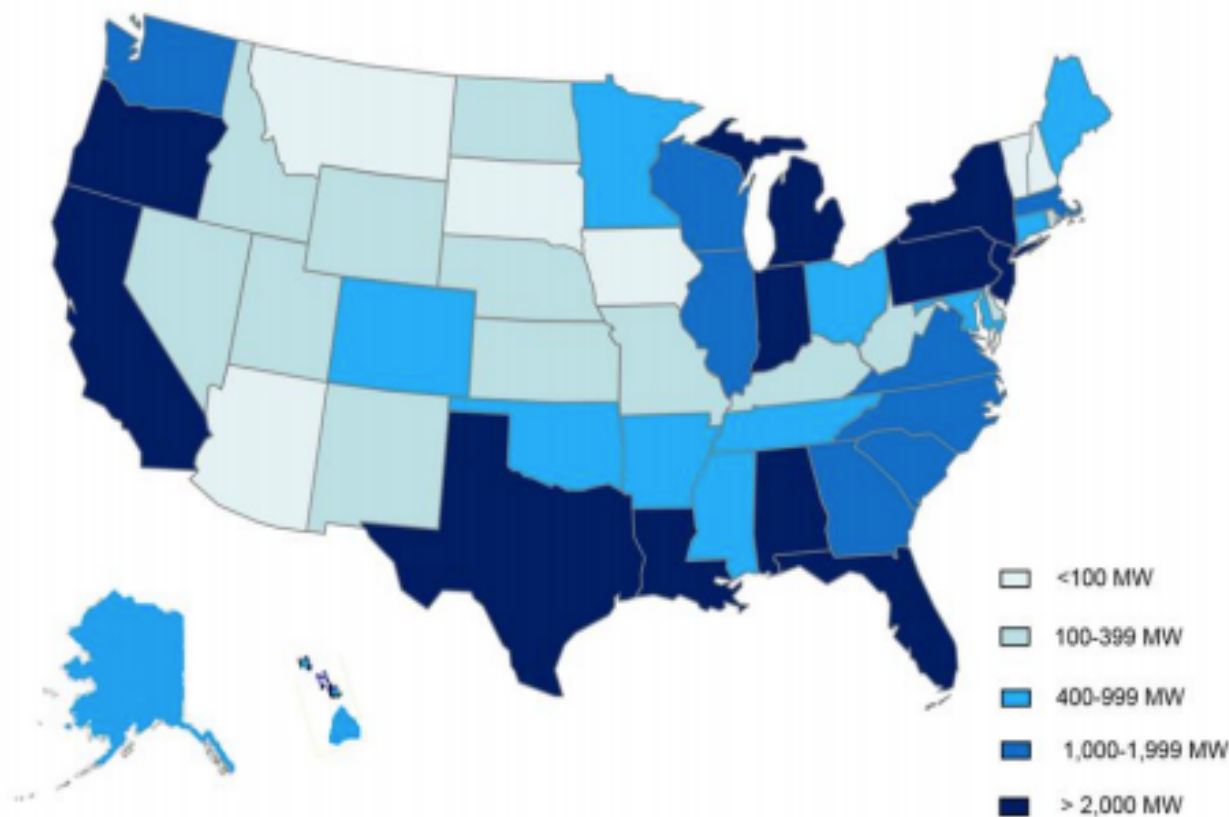
- Transparency
- Reflect actual costs
- Eliminate “demand ratchets”
- Allow for customer choice





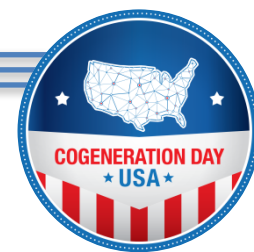


# Existing CHP Capacity (MW)



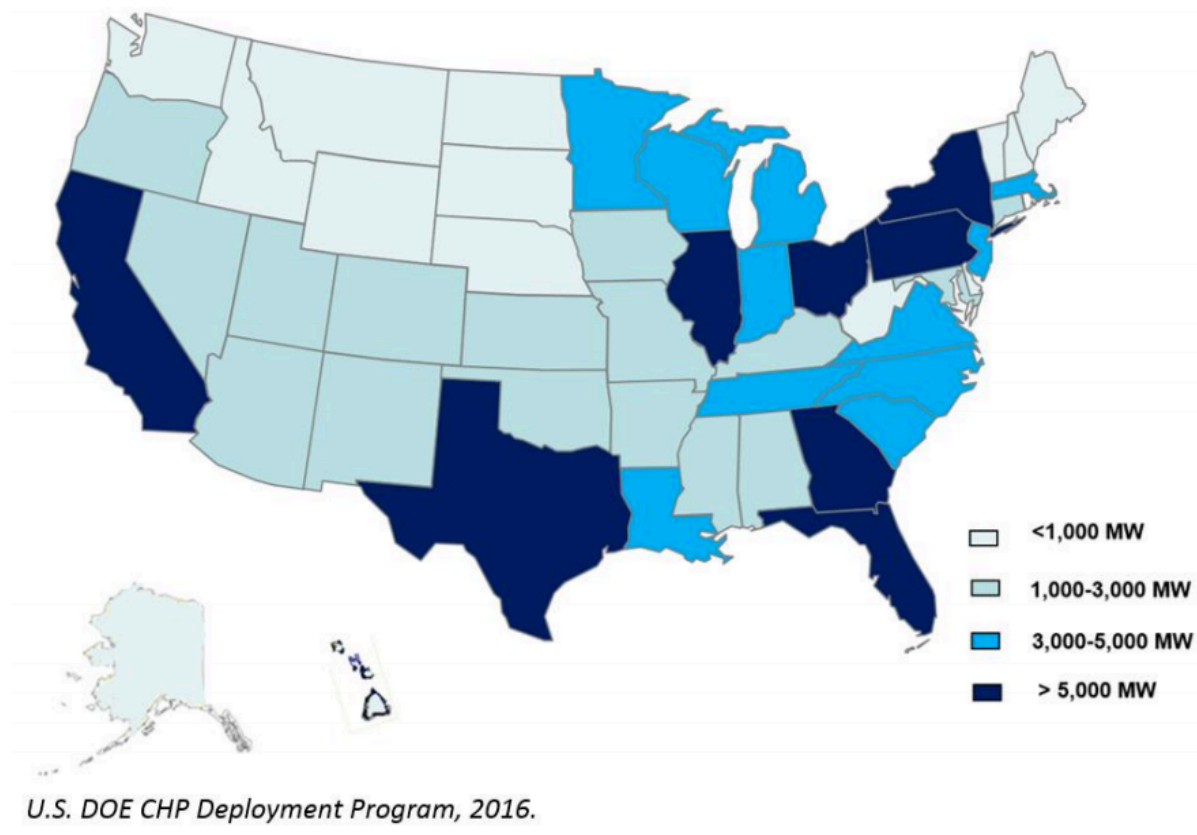
Source: DOE CHP Installation Database (U.S. installations as of December 31, 2014)



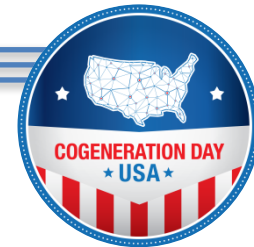


# CHP Technical Potential (MW)

Figure III-1: On-site Technical Potential by State







# ALLIANCE

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