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

<table>
<thead>
<tr>
<th>Source: EPA, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reciprocating Engine</td>
</tr>
<tr>
<td>96–98%</td>
</tr>
</tbody>
</table>
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

Jennifer Kefer
Alliance for Industrial Efficiency
Executive Director
202-365-2194
jennifer@dgardiner.com