



July 29, 2024

Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-0350

RE: Case 15-E-0751 Motion of the Commission in the Value of Distributed Energy Resources Incentives [Matter 15-02703]

The Northeast Chapter of the Combined Heat and Power Alliance (“The NE Chapter”) are writing to express our support for the Petition by Energy Investment Systems, Inc. (“EIS”), dated March 22, 2024 [Dkt. No. 177] seeking an exemption of a cogeneration (“CHP”) project from the 10-kilowatt cap for participation in the Value of Distributed Energy Resources (“VDER”) regulations and tariff.

The NE Chapter is a group of manufacturers, system developers, engineers, and end-user representatives with the purpose of reducing energy costs and carbon emissions using the highly efficient technology of Combined Heat and Power (“CHP”). The NE Chapter and its member organizations fully support the innovative and extensive goals and objectives that are the foundation of New York State’s decarbonization goals and believe that CHP technology will play a critical role in facilitating the state’s mission. The NE Chapter strongly believes that CHP must play a crucial role in reducing marginal grid emissions in the near-term while assisting New York’s efforts for a fully decarbonized grid. The United States Department of Energy shares this sentiment in stating that “CHP can provide significant greenhouse gas emissions reductions in the near- to mid-term as marginal grid emissions continue to be based on a mix of fossil fuels”.¹

The NE Chapter has reviewed EIS’s Petition and strongly supports its request for a specific exemption for participation in the VDER regulations and tariff. Compared with the current grid emissions of Zone J service to New York City and southern Westchester, CHP technology results in significantly less carbon emissions than the generation of grid power and independent combustion of fossil fuel for thermal energy. As recognized by NYSERDA, “avoided carbon emissions” is a specific benefit it is seeking to achieve by implementing the VDER regulations.² Accordingly, the CHP project located at 301 West 45th Street, New York, NY 10036 should be granted the requested exemption.

¹ US Department of Energy, Industrial Decarbonization Roadmap, Sep. 2022 at 14, <https://www.energy.gov/sites/default/files/2022-09/Industrial%20Decarbonization%20Roadmap.pdf>

² NYSERDA, The Value Stack, <https://www.nyserd.ny.gov/All-Programs/NY-Sun/Contractors/Value-of-Distributed-Energy-Resources>.

CHP reduces CO₂ emissions, today.

According to a 2019 study by ICF, CHP emissions are estimated at 652 lbs. CO₂/MWh when accounting for offset boiler emissions.³ The eGRID non-Base load emissions rate, a suitable estimate of marginal generation most likely to be offset by CHP and other DERs, is 1,317.3 lbs. CO₂/MWh for eGRID 2021 Sub-region NYCW.⁴ CHP provides significant carbon savings relative to marginal emissions across the region.

CO₂ reductions today are more valuable than future reductions.

CHP is reducing carbon emissions today – not 5 or 10 years out – given that it is still a cleaner resource for heat and power rather than separate generation by traditional central power plants and on-site boilers. Atmospheric CO₂ accumulation is cumulative and any attempt to discourage use of this carbon reducing technology is counterproductive vis-à-vis the state goals. The Time Value of Carbon is the concept that greenhouse gas emissions cut today are worth more than cuts promised in the future, due to the escalating risks associated with the pace and extent of climate action. “Because emissions are cumulative and because we have a limited amount of time to reduce them, carbon reductions now have more value than carbon reductions in the future. The next couple of decades are critical.”⁵

CHP is a long-established energy efficiency and cost savings measure.

Operating at higher total system efficiency than is achievable with separately produced heat and power, CHP reduces customers total energy bills. Reduced energy costs improve business margins and profitability. In the case of non-profit or government enterprises, less spent on energy costs allows the organization to dedicate more resources to their core mission. Reducing energy cost burdens for an enterprise fosters economic development opportunities in the form of jobs and a more competitive business environment.

³ ICF. “As the grid gets greener, combined heat and power still has a role to play.”

<https://www.icf.com/insights/energy/chp-role-in-decarbonization>

⁴ Environmental Protection Agency. Subregion Output Emission Rates (eGRID2021): eGRID Subregion RFCE, Non-Baseload output emission rates. January 30, 2023. https://www.epa.gov/system/files/documents/2023-01/eGRID2021_summary_tables.pdf

⁵ “Time Value of Carbon,” Larry Strain. Carbon Leadership Forum. April 2020.

Conclusion

CHP saves energy, reduces criteria pollutants, lowers business costs, and avoids CO₂ emissions. CHP remains a beneficial component of a carbon mitigation strategy by avoiding CO₂ emissions now, in the present and near term. As the grid decarbonizes, CHP can and will, de-carbonize as well. There's a large existing base of systems operating on renewable fuels. Available equipment for delivering low and no carbon heat and power from CHP systems will continue to expand significantly over time. CHP is not technology lock in. Systems can be readily adapted and replaced. If better alternatives are available, CHP can be reevaluated at the site, reconfigured to support decarbonization, or retired if it proves to be an impediment to decarbonization.

CHP can work in complimentary fashion, assisting decarbonization and electrification, by reducing some of the risks, increasing the affordability of electrification schemes. CHP facilitates a 100% renewable grid, by providing necessary grid services, as a distributed and dispatchable resource. Accordingly, the NE Chapter strongly supports EIS's request for a specific exemption for participation in the VDER regulations and tariff.

Respectfully,

The Northeast Chapter of the Combined Heat and Power Alliance