

COMBINED HEAT and POWER (CHP)
and
ENERGY and ENVIRONMENTAL LEGISLATION

Combined Heat and Power (CHP) offers significant benefit to industry and our country through increased efficiency, improved environmental performance, reduced losses and improved reliability in electricity transmission, more effective use of natural resources, decreased costs and improved national competitiveness. Therefore, any energy or environmental legislation should promote and incentivize, not hinder or restrict, the applicability of CHP.

Within the Energy Bills:

Ensure that PURPA Provides a Transition to Competition -- PURPA is essential to maintaining a viable combined heat and power industry in the absence of wholesale electricity competition. The Senate Energy Bill as reported by committee provides for a transition to competition by maintaining PURPA protections until such time as viable market alternatives for the purchase and sale of highly efficient CHP-produced electricity exist. Utilities have no incentive to support higher efficiency competitors.

Restriction of FERC Standard Market Design – Any restriction to FERC control or oversight of open access to the electric transmission systems hinders CHP application. The market power of some utilities can be used to eliminate competition from highly efficient CHP operations. Utilities have no incentive to support higher efficiency competitors.

Imposition of Transmission Access Charges (Electricity Reliability) – Any requirement to burden CHP with transmission development costs for a separate transmission supplier hinders CHP application and is another way for utilities to stifle high efficiency competition. Utilities have no incentive to support higher efficiency competitors.

Within the Environmental Bills:

Inclusion of CHP Systems as Utilities and Within Utility Legislation – Any inclusion in Multi-Emissions legislation of CHP facilities with Utility units without their own allowances and with utilities controlling the availability of allowances hinders the application of CHP systems. Utilities have no incentive to support higher efficiency competitors.