



# California Independent System Operator Regulatory Must-Take Proposal for Combined Heat & Power Facilities

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California Independent Systems Operator  
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# Combined Heat & Power *Benefits*

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- Provides an alternative for new central-station fossil-fuel generation and reduces the need for new transmission and distribution infrastructure
- Improves the efficiency and security of the State's electricity system and reduces potential energy losses at peak delivery times
- Improves the reliability of the State's electricity grid, especially with the increasing integration of intermittent and variable renewable resources
- Provides generation near load centers that improves power quality and reliability
- Provides support to utility transmission and distribution systems
- Provides valuable protection against supply outages and brownouts, especially at oil refineries
- Provides more efficient fuel use and reduced energy costs



# California's

## *Combined Heat & Power Guiding Policies*

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- Defined in the 2003 *Energy Action Plan* loading order as a key element to address California's increasing energy needs
- Combined Heat & Power (CHP) facilities are a key component of the AB 32 Climate Change Scoping Plan
  - *The measure calls for the installation of 4,000 MW of additional CHP capacity by 2020*
- The Governor's Clean Energy Jobs Plan calls for achieving 6,500 MW of additional CHP capacity by 2030



# Regulator Must-Take *Proposal*

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- The Regulatory Must-Take (RMT) Proposal will transform the Combined Heat & Power (CHP) market without putting the CHP primary industrial process at risk.
- Electricity generated and not needed for the CHP industrial requirement, will be available for dispatch in the California Independent System Operator (CAISO) energy and ancillary markets, if the RMT Proposal is approved
- The RMT Proposal if approved will increase the dispatch flexibility of the generation fleet, ensure that CHP generators do not drop below their host site's thermal needs and establish a new source of revenue for CHP generators.
- Creating incentives such as the (CAISO) RMT Proposal will encourage the development of new CHP facilities, help meet Governor Brown's CHP goal and reduce the states GHG emissions.



# Thank You

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