

Meeting Summary
CHP Working Group
July 16, 2018
1:00-3:00 p.m.
Forest Room, Keystone Building

The Commission's Bureau of Technical Utility Services (TUS) held a second CHP Working Group meeting on July 16. At the last working group meeting, held on May 30th, there was a great deal of interest and some limited discussion around the topic of standby rates/charges. The focus of the July 16th meeting was entirely dedicated to the topic of standby rates/charges. Standby service is the set of retail electric products for customers who operate onsite, non-emergency generation. Thus, standby rates are applicable to CHP systems. There were 28 people physically in attendance for this meeting and approximately 10 others who called in. Attendees included representatives from the EDCs, NGDCs, CHP stakeholders and the Departments of Environmental Protection (DEP) and Community and Economic Development (DCED).

A presentation was given by Richard Sweetser from the Department of Energy's Combined Heat and Power Technical Assistance Partnership (DOE CHP TAP) regarding the results of a study that was conducted to analyze the standby rates of three Pennsylvania EDCs; PECO, PPL and Duquesne Light Company (DQL). PECO gave a brief presentation about their Capacity Reservation Rider pilot; PPL and FirstEnergy each spoke about their respective standby rates/tariffs. Finally, time was given to allow for open discussion on the topic. The following are the main points discussed.

- 1) **Standby rates as an impediment to CHP:** During the meeting introduction TUS staff noted that standby rates have been widely criticized as being a barrier to the deployment of CHP projects. One EDC questioned this assertion. The issue of standby rates being an impediment was raised by several commenters during the draft CHP Policy Statement comment period and other informal comments have been received by Commission staff prior to and since issuance of this policy statement.
- 2) **Presentation by DOE CHP TAP:** During the presentation of the review and analysis of EDC standby rates, Rich Sweetser addressed attendee requests for clarification on various graphs, terminology and meanings in the report. The report summarized the analysis of three mock CHP systems with various site load requirements and the impact of the differing standby rates/charges to these CHP systems within each of the three EDC service territories. PPL commented on an assumption in the report that the 8 MW system being proposed as one of the examples would be connected at the distribution level. PPL noted that in their service territory systems above 5 MW would be connected at the transmission level, however, this apparently was not the case for all EDCs.
- 3) **Presentation by PECO:** PECO gave a brief presentation on the history of their Auxiliary Service Rider and their Capacity Reservation Rider (CRR) pilot. PECO currently has only one customer that has recently enrolled in the CRR pilot. An example was given as well to demonstrate the ease of calculating the charges if enrolled in this rider.

Other EDCs have similar riders and, in one instance, shared a similar history to PECO's standby rates. The EDCs also commented that they all do cost-of-service studies to determine the

appropriate charges for their standby rates and stated that none of their standby rates have a difference between on-peak and off-peak rates for associated scheduled and forced outages. FirstEnergy commented, among other things, that they have specific maintenance service rates applicable for CHP systems.

- 4) **Next Steps and Best Practices:** TUS staff acknowledged receipt of several CHP biennial reports being filed but thus far has not had a chance to adequately review these. TUS staff encouraged all EDCs to develop resources/tools that provide greater clarity and transparency of information necessary for customers to more easily understand the monthly and annual impacts associated with standby rates. TUS staff also noted that they would be developing a list of suggested best practices regarding the design and implementation of standby rates/charges. One EDC commented that each EDC has gone through a litigated process in the establishment of their standby and distribution rates, and as such, a set of best practices may be difficult to implement. TUS staff did offer to share these recommendations with the working group at an upcoming meeting that will likely also include a summary presentation of the biennial report data filed with the Commission earlier this month. The months of September or October were suggested as the approximate timeframe for the next working group meeting.