



PEOPLES NATURAL GAS™



PEOPLES TWP

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June 27, 2016

**By Electronic Filing**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Re: Docket No. M-2016-2530484  
Proposed Policy Statement on Combined Heat and Power

Dear Secretary Chiavetta:

Please accept for electronic filing the enclosed Joint Reply Comments of Peoples Natural Gas Company LLC and Peoples TWP LLC in the above-referenced proceeding. I have also served a copy of these comments via email to Kriss Brown, [kribrown@pa.gov](mailto:kribrown@pa.gov), in the Commission's Law Bureau, and Megan Good, [megagood@pa.gov](mailto:megagood@pa.gov), in the Commission's Bureau of Technical Services.

If you have any questions or concerns regarding this matter, please do not hesitate to contact me.

Very truly yours,

*William H. Roberts II*

cc: Kriss Brown, Law Bureau (via email)  
Megan Good, TUS (via email)  
(w/ enclosures)



to implement policies and practices that reduce barriers to such development. The stated purpose of the proposed policy statement is to promote CHP investments; encourage EDCs and NGDCs to make CHP an integral part of their energy efficiency and resiliency plans, as well as their marketing and outreach efforts; encourage these companies to design interconnection and standby rates for owners and operators of CHP facilities; and promote the consideration of special natural gas rates for owners and operators of CHP facilities.

No comments filed in this proceeding rejected these goals, although it would be fair to characterize some of the comments as expressing only lukewarm support. In order to encourage EDCs' and NGCs' engagement in goal-focused activities, the Companies, therefore, renew their request made in their initial Joint Comments that the Commission include in the final policy statement a stronger statement of support, when compared to the proposed policy statement, for continual implementation of new strategies, programs and other initiatives on EDC and NGDC systems to promote CHP and continue to push the status quo of CHP development while the policy statement remains in effect.

Some commenters noted that many of the barriers to CHP development involve subject matter that is not under the Commission's jurisdiction. Examples include Duquesne Light Company's comments on the difficulty that CHP plant developers face in obtaining air quality permits (pages 5-7) and First Energy's comments on high start-up costs that discourage initial investment in the CHP projects by the project host (page 4). The Companies submit that this does not preclude the Commission from encouraging, by means of the policy statement, utilities that are subject to its jurisdiction to work to reduce those barriers. To this end, the Companies endorse the suggestion in the

comments of the Pennsylvania Department of Environmental Protection that the formation of an Ad-Hoc CHP Stakeholder Group could foster CHP development by focusing on solutions to these barriers to CHP and utilizing the biennial reports for analyses. The air quality permitting identified by Duquesne Light Company provides a good example of issues that could be addressed by the Ad-Hoc CHP Stakeholder Group. Interested parties could, for example, work to develop standardized permitting templates for projects of a certain size that would allow for more regulatory certainty and a quicker approval process. The Commission should encourage EDCs and NGDCs to include in their initial biennial reports similar anecdotal examples of barriers to CHP development that can provide focused issues for consideration by both the Commission Staff in preparation of the Staff report and by the Ad-Hoc CHP Stakeholder Group, if such a group is, indeed, formed.

The Ad-Hoc CHP Stakeholder Group may also provide a forum to consider broad-based issues such as the system reliability benefits derived from CHP installations. In contrast to the conclusions drawn by the Commission from the presentations in the *En banc* hearings that CHP development provides system reliability benefits, cited at page 3 of the March 9 Order, Duquesne Light and First Energy dispute the general conclusion that installed and operative CHP improves electric distribution system reliability, and PECO discusses why reliability benefits may not be obtained. Disagreement on such a basic issue almost certainly discourages CHP development, and the proposed Ad-Hoc CHP Stakeholder Group would provide a forum to address the issue.

WHEREFORE, the Companies respectfully request that the Commission accept these Reply Comments and give them due consideration in this proceeding.

Respectfully submitted,

PEOPLES NATURAL GAS COMPANY  
LLC

PEOPLES TWP LLC

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Dated: June 27, 2016