Background and Recent Activity: Combined Heat and Power

September 3, 2014

Presenter: Jessica Burdette, Conservation Improvement Program (CIP) Supervisor
# Minnesota: Statewide Energy Policy Objectives

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• MN Statute 216B.241</td>
<td>• MN Statute 216C.05, Subd. 2</td>
<td>• MN Statute 216B.2422</td>
<td>• MN Statute 216H.02</td>
</tr>
<tr>
<td>• Utility Energy Efficiency and Conservation Goals</td>
<td>• Portfolio standard = 25% by 2025</td>
<td>• Minnesota Public Utilities Commission reviews and approves 15 year resource plans for regulated utilities every two years</td>
<td>• 15% by 2015</td>
</tr>
<tr>
<td>• 1.5% = Electric</td>
<td></td>
<td></td>
<td>• 30% by 2025</td>
</tr>
<tr>
<td>• 1% = Natural Gas</td>
<td></td>
<td></td>
<td>• 80% by 2050</td>
</tr>
</tbody>
</table>
Overview of Recent CHP Work

- Energy Savings Goal Study (2013-14)
- Department of Energy CHP Grant (2014-16)
- Minnesota Public Utilities Commission Scoping for Generic Proceeding on Standby Rates (2013-TBD)
Energy Savings Goal Study (ESG)

** Legislation 

H.F. 729, 4th Engrossment, Article 12, Section 8 established the Energy Savings Goal Study (ESG)

- The Department of Commerce was charged with completing this work

** Stakeholder Process 

Commerce conducted stakeholder meetings on various topics in late 2013:

- Industrial energy efficiency
- Combined heat and power

** Report 

Report and ESG findings presented to the Minnesota Legislature in 2014:

- Recommendations were made for continued evaluation of CHP
ESG CHP Key Findings

• The policy objective for greater CHP implementation and eligibility in CIP needs to be better defined

• Stand-by rates identified as a barrier to increased CHP implementation

• More detailed data on CHP potential in Minnesota is needed

• Any CHP program or standard should reduce risk to customers and utilities, and have long-term achievement objectives focusing on system reliability and utility/operator relationships

• Questions remain regarding CHP system ownership structures from customer and utility perspectives
CHP Studies – Conservation Applied Research and Development (CARD)

• **CHP Standby Rates and Net Metering**
  – Conducted by Energy Resources Center (University of Illinois)
  – Completed April 2014

• Study analyzes the effects of Minnesota’s standby rates and net metering rules on CHP development and recommends potential policy changes that could be made to rate structures
CHP Studies – CARD (cont’d)

- **Minnesota CHP Policies and Potential**
  - Conducted by FVB Energy
  - Completed August 2014

- Study evaluates Minnesota’s CHP regulatory issues and policies
- Presents an up-to-date analysis of CHP technical and economic potential in the state
Commerce was awarded a DOE grant in 2014 to conduct stakeholder engagement in Minnesota regarding CHP.

- **Inform Stakeholders**: Current activity underway to increase CHP implementation.
- **Facilitate Discussion**: Barriers and Opportunities to for greater deployment of CHP technologies.
- **Solicit Ideas**: Solutions to the challenges presented during discussion of CHP implementation.
- **Provide Information**: Develop an action plan and provide details of steps necessary to increase CHP activity in Minnesota.
DOE CHP Project Process

**Phase 1**
- **Strategic Planning**
- Feb – May 2014

**Phase 2**
- **Stakeholder Engagement**
- May 2014 – Feb 2015

**Phase 3**
- **Action Plan**
- Feb – Dec 2015

**Phase 4**
- **Dissemination of Results**
- Dec 2015 – Jan 2016
DOE CHP Project Process: Stakeholder Engagement

- **8/04-8/15**: Pre-Engagement Survey
- **9/03/14**: CHP Meeting #1 – CHP Baseline, Value Proposition, and Path Forward
- **9/24/14**: CHP Meeting #2 – CHP Standby Rates and Net Metering
- **9/24-10/10**: Comment Period
- **10/15/14**: CHP Meeting #3 – Stakeholder Presentations and Path Forward
- **11/05/14**: CHP Meeting #4 – Education/Training, Synthesis of Information, Next Steps
- **TBD**: Post-Engagement Survey
- **TBD**: Stakeholder Engagement Final Report and Action Plan
Generic Proceeding on Standby Rates: Docket E-017/M-13-609

• The Minnesota Public Utilities Commission directed Commerce to engage in discussions with utilities and other stakeholders on the need and appropriate scope for a generic proceeding on standby rates

• Not part of the DOE CHP stakeholder process, but will be relevant to the process (will focus on standby rates for all DG - not just CHP)

• Meeting will be held at the Maplewood Public Library on 9/11/14 from 12:30-4:30PM

• Contact Lise Trudeau for more information: lise.trudeau@state.mn.us
Questions?

Contact:

• Jessica Burdette  
  jessica.burdette@state.mn.us  
  or 651-539-1871

• Adam Zoet  
  adam.zoet@state.mn.us  
  or 651-539-1798