

CHP Incentives & Legislation

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Self Generation Incentive Program (SGIP)

Level 2 Renewable

- Wind turbines \$1500 per kW
- Fuel Cells \$4500 per kW
 - Less than 25% fossil fuel usage (annually)

- Available funding as of April 8, 2008
 - PG&E ~ \$37.3 million
 - Edison ~ \$20.2 million
 - The Gas Company ~ \$41 million
 - SDG&E ~ \$12.6 million

SGIP Incentives

Level 3 Non-Renewable

- Fuel Cells \$2500 per kW
 - 26% to 100% natural gas (annually)
- Available funding as of April 8, 2008
 - PG&E ~ \$25.6 million
 - Edison ~ \$30.5 million
 - The Gas Company ~ \$3.4 million
 - SDG&E ~ \$11.8 million

SGIP Limitations

- 5 MW size limit
- Incentives for first 3 MW*
 - Limited to 3 MW per site for entire program duration
- Incentives are prorated based on size:
 - 0 MW to 1 MW _____ 100% of per kW incentive
 - 1 MW to 2 MW _____ 50% of per kW incentive
 - 2 MW to 3 MW _____ 25% of per kW incentive

*3 MW limit increase (from previous 1 MW limit) applies to 2008 & 2009 program years only. The CPUC will evaluate a potential future extension.

SGIP Requirements

- New, commercially available equipment
 - No used equipment
 - Minimum 1-year commercially available
- 5-year warranty requirement
- Grid interconnection
 - Application approval required *before* electric interconnection agreement approval
- After initial approval
 - 60 days – proof of project advancement
 - 12 months – completion of project
 - 18 months – completion of project (public entities)

SGIP References

- **Program Handbook**
- Reservation Request Form & Checklist
- Proof of Project Advancement Checklist
- SGIP application follow-up
 - 20 days after notification
- Internet resource:
www.socalgas.com/business/selfgen/forms2008.shtml
- 2009 SGIP ? ? ?

Rule 38 Equipment Incentive

- Incentive for high efficiency gas equipment
- Can be combined with SGIP
- Requires 59 month contract
- Requires minimum gas quantities
 - Correlates with funding amount
- Requires demonstration site agreement
- Must sign contract *before* issuing equipment purchase order
- Call your Account Executive to begin the process

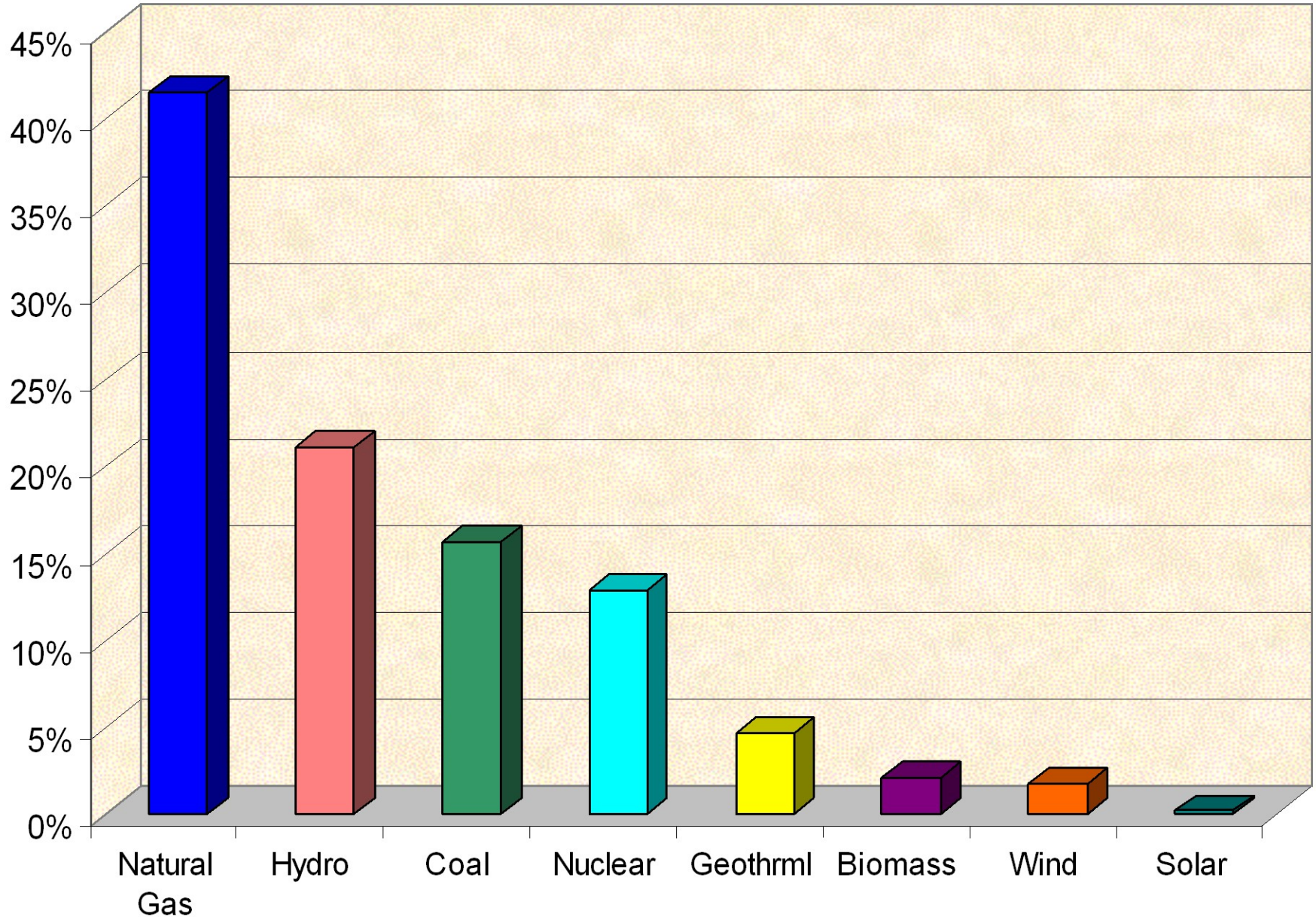
AB 1613

- Waste Heat & Carbon Emissions Reduction Act
- Requires guidelines by January 1, 2010
- CHP systems smaller < 20 MW
- In operation after January 1, 2008
- CHP customers can sell excess power to grid
 - Tariff to be determined by the CPUC.
- Establishes CHP on-bill financing program
 - 100 MW pilot program
 - Electric utilities to finance entire installed cost
 - On-bill financing of up to 10 years

AB 32 & Related Info

- Global Warming Solutions Act of 2006
- By 2020, reduce CO₂ to 1990 levels
 - ~ 30% reduction from today's levels
- Natural gas combustion ~ 12 lbs CO₂ per therm
- CA electricity ~ 900 lbs CO₂ per MWh
 - Over twice CO₂ per energy unit (compared to natural gas)
 - Any CHP > 46% efficiency reduces CO₂
- CHP can reduce CO₂
 - Nationwide power plant ~ 35% efficiency
 - Modern combined cycle power plant ~ 55% efficiency
 - CHP recovering all waste heat ~ 75% efficiency
 - EPA-CHP Partnership

Sources of California Electricity



Based on California Energy Commission 2006 Data

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<http://www.socalgas.com/business/powergeneration/>