



Cogeneration: Clean, Efficient Energy At Risk

**Seventeen percent of California's power comes from cogeneration.
It's one of the state's most efficient, local, reliable, and environmentally-sound sources of power.
But at a time when we need it most, we're at risk of losing it.**

The California Energy Commission sums up cogeneration's benefits to California as: *"reduced energy costs, more efficient fuel use, fewer environmental impacts, improved reliability and power quality..."* They released a blueprint outlining the policy changes necessary to renew vital cogeneration contracts with the state's utilities and to keep cogeneration facilities up and running and a vital part of our energy mix.

After a thorough review process, the California Public Utilities Commission enacted policy changes that recognize the importance of this valuable resource and provide the framework in which cogeneration can help meet the state's growing electricity demands. We commend them and urge them to continue to stand up for cogeneration as the important details of these new policies are ironed out.

Unfortunately, significant implementation issues for this long needed policy remain and there is continuing utility opposition to key components of the CPUC policy. At stake is the reliability and security of our energy supply and industrial infrastructure. Without cogeneration, Californians could face higher energy bills, and more power outages, pollution, and greenhouse gas emissions.

What is Cogeneration?

Also known as Combined Heat and Power Systems (CHP), cogeneration is a highly efficient use of energy that uses a single fuel source (usually natural gas) to produce two energy products (usually electricity and steam). It's widely used throughout the world. In California, there are more than 770 active cogeneration projects, representing 17% (9000 megawatts) of power generation in the state. Hospitals, universities, food processors, refineries, and various industries use cogeneration to power their facilities. The excess electricity they produce is sold under contract to investor-owned utilities for use by California consumers. Cogeneration keeps our lights on, energy bills down, and industrial infrastructures running. It reduces congestion on the state's energy grid because it relies on private transmission lines and facilities which are located near their end use, and diversifies the state's energy portfolio. It was cogeneration that provided a local and reliable power source when other supplies failed us during hurricanes, earthquakes, and energy crises.

Why is cogeneration a vital part of the solution to global warming?

The California EPA identified cogeneration as a leading candidate for reducing CO2 emissions and global warming. Its tremendous efficiency is literally a breath of fresh air for the environment. Cogeneration use in California currently reduces greenhouse gas emissions by 26,053,093 tons every year – the equivalent of removing more than 5 million cars from our state highways. Increased use could nearly double that reduction.

How do we keep cogeneration up and running?

Cogeneration contracts that industries signed with utility companies in the early 1980's are coming up for renewal. The more standardized contracting process the CPUC developed will help provide cogenerators with assurances they need to renew contracts. As the devil is often in the details, now our focus moves to ensuring the new policies are implemented in a manner that allows cogeneration to flourish.

We commend the CPUC for developing a fair-minded, open, and focused cogeneration policy to preserve this valuable resource. With so much at stake, we'll be watching closely as the policy details are decided. We cannot afford to lose one of the state's most promising power sources.