Commission Analysis and Conclusions

DCEO and ComEd Final Order – Excerpts on CHP

**DCEO Final Order – 13-0499 (page 33-34):**

The Commission agrees that CHP applications should be prioritized by cost effectiveness - highest overall efficiency at least cost. This will maximize the benefits to ratepayers. In response to NRDC, DCEO has agreed to include an evaluation criterion in the competitive solicitation that requires the applicant to explain what they have done within their facility to improve overall energy efficiency. The Commission finds this reasonable. The Commission further agrees that for topping cycle CHP systems, DCEO should only be allowed to claim savings for the portion of the useful thermal output that is actually used.

Also, the Commission agrees with DCEO that requiring CHP systems to be designed to a minimum efficiency of 75%, as proposed by NRDC, will run the risk of eliminating substantial cost effective savings from potential CHP sites. The Commission finds the compromise proposed by DCEO to be reasonable, i.e., systems that measure system efficiencies equal to or above 75% will qualify for the production incentive of $0.08/kWh produced, and those that measure system efficiencies below 75% but above the minimum 60% will receive $0.06/kWh.

The Commission declines to adopt the AG’s recommendation regarding how to calculate the savings from a CHP system. DCEO’s method correctly accounts for the fuel that would have been utilized to generate the electricity from the grid being supplied by the CHP system, accounts for the fuel that would have been used to generate the thermal energy recovered from the CHP system, and accounts for the increase in gas utilized at the site by the CHP system. As pointed out in Staff’s brief on exceptions, the method for evaluating savings from CHP systems should be addressed in the Illinois Statewide Technical Resource Manual (“IL-TRM”). The Commission directs DCEO and its evaluator to work with the other utilities and the SAG to reach agreement on the most appropriate technical method to calculate savings from CHP systems in Illinois and include such methodology in the updated IL-TRM that gets submitted to the Commission for approval. DCEO’s methodology is adopted until the IL-TRM process is completed.

**ComEd Final Order – 13-0495 (pages 91-92):**

All parties in this proceeding that have addressed CHP agree that it is a measure eligible for consideration under certain programs in ComEd’s Plan 3 portfolio. Based on the testimony provided by the parties, the Commission agrees with this conclusion. Specifically, it is clear that CHP projects are eligible for consideration in customized energy savings plans under ComEd’s Plan 3 custom programs.

The Commission agrees with MCA that a standalone CHP program should be evaluated within the stakeholder advisory group process and that such a stand-alone program might appropriately be incorporated in ComEd’s Plan 3 program offerings following that evaluation. Thus, the Commission directs ComEd to initiate a discussion at SAG to evaluate a stand-alone CHP Pilot Program. This does not require a new plan to be filed, but rather is consistent with the Commission’s grant of flexibility. The Commission would encourage the Company to undertake this discussion as soon as possible in order to allow sufficient time to implement a CHP Pilot Program in this plan, should SAG find that it would be a beneficial addition to ComEd’s energy efficiency offerings. If it requires a budget shift over 20%, then ComEd will need to report that to the Commission.