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PRESS RELEASE

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**CPUC ADOPTS COMPREHENSIVE REFORM OF
COMBINED HEAT AND POWER FACILITY REGULATION**

SAN FRANCISCO, December 16, 2010 - The California Public Utilities Commission (CPUC) today adopted comprehensive reforms to its regulation of the state's combined heat and power (CHP) facilities in order to bolster the CPUC's efforts to secure a clean and efficient energy future.

CHP facilities are a critically important part of California's energy mix. They allow the capture of what otherwise would be wasted heat by industrial facilities, universities, hospitals, and other facilities by using that heat to create electricity. There are currently more than 5,000 megawatts of CHP generating capacity under contract to the three major utilities in California, and another 1,000 megawatts interconnected with the system under other arrangements.

The CPUC's decision is the result of a settlement by the state's investor-owned utilities, CHP interests, and consumer advocates.

"Today's decision ensures that CHP remains a viable resource that improves the reliability and efficiency of California's power supply," said CPUC President Michael R. Peevey. "The settlement provides an agreed-upon series of contracts to facilitate the transition to a new state program for procurement of CHP resources by the utilities."

The settlement sets firm goals for the utilities, and requires a series of requests-for-proposals in which CHP owners and developers will have the opportunity to bid for contracts with the utilities. The program will encourage participation both by existing CHP resources as well as new and repowered CHP facilities.

The proposal voted on is available at

http://docs.cpuc.ca.gov/PUBLISHED/AGENDA_DECISION/128180.htm.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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