

California Public Utilities Commission
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PRESS RELEASE

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FOR IMMEDIATE RELEASE

Docket #: R.08-06-024

**CPUC ADOPTS POLICIES FOR SMALL
COMBINED HEAT AND POWER SYSTEMS**

SAN FRANCISCO, December 17, 2009 - The California Public Utilities Commission (CPUC) today acted to provide an opportunity for small combined heat and power (CHP) systems to sell excess electricity generation to investor-owned utilities under Assembly Bill (AB) 1613.

The CPUC adopted two separate contracts for the purchase of excess electricity from eligible CHP systems. A standard contract will be available to all eligible CHP systems up to 20 megawatts (MW) and a simplified contract will be available to CHP systems that export no more than 5 MW. Pricing for electricity delivered under these contracts will be based on the price of energy from a new combined cycle gas turbine, updated monthly to reflect current gas prices. Additionally, a 10 percent locational adder will be applied to the price CHP systems located in high-value areas receive.

“By providing a straightforward and transparent path to market, including a reasonable price for energy exports and a standardized contract, this decision will facilitate the deployment of efficiently sized CHP systems, which have been identified as an important technology by the California Air Resources Board in its scoping plan,” said CPUC President Michael R. Peevey. “By capturing and exploiting waste heat, CHP facilities reduce demand for fossil fuels and in so doing can play a significant role in reducing the state’s carbon footprint, as well as reduce the need to invest in additional power plants and transmission infrastructure that would otherwise be required to produce and deliver this energy.”

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

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