Best Practices for Standby Rates for CHP

June 29, 2020 Lola Schoenrich, Great Plains Institute Jamie Scripps, Hunterston Consulting LLC



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Speakers



Lola Schoenrich, **Great Plains** Institute

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Lola Schoenrich leads Great Plains Institute's is Communities Program. She has over 35 years of experience in energy policy and community energy initiatives. Lola was one of the founders of the Clean Energy Resource Teams (CERTs) and GreenStep Cities. She spent nine years on the RE-AMP Steering Committee as the leader of the Energy Efficiency Working Group and is one of the founders of the Sustainable States Network.

Previously, she was the energy program director at the Minnesota Project, where she led the energy policy and coalition work. Previously, she was the executive director of the Sustainable Resources Center. running community-based energy efficiency and conservation programs in Minneapolis neighborhoods.



Jamie Scripps, Hunterston **Consulting LLC** Jamie Scripps is a principal with Hunterston Consulting LLC, where she offers advanced energy policy expertise to clients across the Midwest, with a focus on Illinois, Indiana, Ohio, Minnesota and Wisconsin. Jamie's standby rate research has been featured in proceedings throughout the Midwest and Mid-Atlantic, and she is a recognized expert on policies related to cogeneration. In 2016, Jamie was featured as a Energy News "40 under 40' awardee.

Prior to founding Hunterston Consulting LLC, Jamie was a partner with 5 Lakes Energy LLC. Previously, she also served as assistant deputy director for the Michigan Department of Energy, Labor & Economic Growth.



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OUR PROGRAMS





History of GPI Midwestern CHP Policy Work

Over the past five years:

Supported the development of the "apples-to-apples" standby rate analytical tool to inform stakeholder comments in the Minnesota standby rates proceeding in 2015.

Used the "apples-to-apples" comparison tool, supporting technical assistance in standby rate discussions in Michigan, Ohio, Indiana, and Illinois.

Developing widely supported best practices for CHP stand-by rates



Standby Rates for CHP

- Standby rates are charged to customers with on-site distributed generation (i.e., generation sited close to its end-use) such as combined heat and power (CHP) systems.
- Intended to help the utility recover costs related to reserving and providing backup electricity during scheduled and unscheduled outages of the customer's CHP system.







Standby Rates Research

Best practices for standby rates have begun to emerge, but additional work is needed to further define and standardize these practices. The purpose of this survey is to begin to critically examine these emerging recommended practices with interested stakeholders such as regulators, potential CHP users, developers, technical experts, and utilities.



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Recommended Practices

Starting from a list of recommended practices compiled from previous research:

- Hunterston Consulting (2019) <u>Where Things Stand on</u> <u>Standby Rates</u>, <u>http://hunterstonconsulting.com</u>
- Exergy Partners and Entropy Research (2018) -<u>Standby/Capacity Reservation Charge Best Practices</u> <u>and Review</u>, prepared for Pennsylvania PUC CHP Working Group,

http://www.puc.state.pa.us/Electric/pdf/CHPWG/Stan dby_Cap_Res_Best_Practices_Review-071618.pdf

 U.S. EPA CHP Partnership (2018), <u>CHP Utility Rates –</u> <u>Role of Standby Rates Webinar</u>, <u>https://www.epa.gov/chp/chp-utility-rates-role-</u> <u>standby-rates-webinar-may-31-2018</u>



Recommended Practices

Starting from a list of recommended practices compiled from previous research:

- RAP (2014) <u>Standby Rates for Combined Heat and</u> <u>Power Systems</u>, <u>http://www.raponline.org/wp-</u> <u>content/uploads/2014/02/rap-</u> <u>standbyratesforchpsystems-2014-feb-18-updated.pdf</u>
- U.S. EPA (2009), <u>Standby Rates for Customer-Sited</u> <u>Resources</u>,

https://www.epa.gov/sites/production/files/2015-10/documents/standby_rates.pdf

Feedback Requested

• Do you agree with the recommended practice?

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• What are the opportunities and challenges posed by the recommended practice?

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 Are there additional practices that you would recommend adding to the list?



Interviews and Focus Groups

- Following the online survey, there will be an opportunity to provide additional feedback in a one-on-one interview or group setting.
- The survey and interview results will inform a forthcoming white paper on standby rate best practices for CHP.





Sample Question

8. Should it be considered a best practice in standby rates for demand charges to be assessed based on a facility's **coincident peak**?

coincident peak: A facility's demand during the time when electricity demand system-wide is highest

🔵 Yes

🔵 No

Unsure, I need more information.

If you answered "No" or "Unsure", please elaborate.

No.

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Other Topics Covered

- Transparency and Simplicity
- Forced Outage Rates
- Time-of-Use
- Maintenance vs. Backup
 Demand Charges
- Demand Ratchets

Next Steps

- Survey link will be sent out following webinar
- Please respond by Friday, July 10
- Interviews/focus groups in August
- Look for another webinar to discuss results and white paper in October



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THANK YOU

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