

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

**RESOLUTION IN SUPPORT OF THE U.S. DEPARTMENT OF ENERGY
PILOT PROGRAM
FOR COMBINED HEAT AND POWER TECHNICAL ASSISTANCE**

WHEREAS, The United States (U.S.) Environmental Protection Agency (EPA) is expected to finalize Clean Air Act pollution standards (Boiler MACT) for large and small boilers located at a wide range of industrial facilities and institutions on or about April 2012;¹

WHEREAS, The U.S. EPA estimates that the total number of boilers affected by the standards is about 200,000, a substantial number of which are located within the State of Ohio;

WHEREAS, The U.S. Department of Energy (DOE) is preparing to offer technical assistance, after the rules are finalized, to facilities with boilers to make them aware of cost-effective clean energy strategies for compliance, such as combined heat and power (CHP) which are cleaner, more energy efficient, and that can have a positive economic return for the plant over time;²

WHEREAS, U.S. DOE, through the Midwest Clean Energy Application Center, has offered to pilot this technical assistance in Ohio beginning immediately;

WHEREAS, It is the responsibility of the Public Utilities Commission of Ohio (Commission) to carry out the policy of the state³ to:

- Ensure the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory, and reasonably priced retail electric service;
- Ensure the diversity of electricity supplies and suppliers, by giving consumers effective choices over the selection of those supplies and suppliers and by encouraging the development of distributed and small generation facilities;
- Ensure that an electric utility's transmission and distribution systems are available to a customer-generator or owner of distributed generation, so that the customer-generator or owner can market and deliver the electricity it produces;

¹ <http://www.epa.gov/airquality/combustion/docs/20111202overviewfs.pdf>

² <http://www.epa.gov/airquality/combustion/docs/20110221doefs.pdf>

³ Sections 4928.02(A), (C), (F), (J), (K), (M), and (N), Revised Code.

- Provide coherent, transparent means of giving appropriate incentives to technologies that can adapt successfully to potential environmental mandates;
- Encourage implementation of distributed generation across customer classes through regular review and updating of administrative rules governing critical issues such as, but not limited to, interconnection standards, standby charges, and net metering;
- Encourage the education of small business owners in this state regarding the use of, and encourage the use of, energy efficiency programs and alternative energy resources in their businesses;
- Facilitate the state's effectiveness in the global economy;

WHEREAS, The Commission is responsible for energy assurance and energy preparedness including:

- Estimating statewide and regional needs for energy which, in the opinion of the Commission, will reasonably balance requirements of state and regional development, protection of public health and safety, preservation of environmental quality, maintenance of a sound economy, and conservation of energy and material resources;⁴ and
- Advising the Governor if conditions were to ever exist such that the health, safety, or welfare of the residents of this state or of one or more counties of this state were so imminently and substantially threatened by an energy shortage that immediate action of state government would be necessary to prevent loss of life, protect public health or safety, and prevent unnecessary or avoidable damage to property, that an energy emergency should be declared;⁵

WHEREAS, The Commission has previously expressed concern that U.S. EPA regulations may lead to earlier than expected coal-fired plant retirements and retrofits that may lead to an inadequate planning reserve margin resulting in localized areas of constraint, potentially impacting reliability;⁶

⁴ Section 4935.01(A)(1), Revised Code.

⁵ Section 4935.03(B), Revised Code.

⁶ Comments submitted on behalf of the Public Utilities Commission of Ohio in FERC Docket No. AD12-1-000 (November 30, 2011) <http://dis.puc.state.oh.us/TiffToPDF/A1001001A11K23A92140E98021.pdf>; Comments submitted on behalf of the Public Utilities Commission of Ohio in U.S. EPA Docket No. EPA-HQ-OAR-2008-0321 (August 4, 2011). <http://dis.puc.state.oh.us/TiffToPDF/A1001001A11H08A84254E78819.pdf>; Comments submitted on

WHEREAS, The Commission has authorized⁷ the move of electric distribution companies to market-based pricing and consumers during this period of transition would benefit from additional technical assistance;

WHEREAS, The Commission has approved a stipulation provision in which Duke Energy Ohio, Inc. will initiate collaborative work in consultation with interested parties on an evaluation and report on combined heat and power;⁸

WHEREAS, The U.S. DOE technical assistance pilot complements Ohio's on-going efforts to nurture a competitive electricity market and a more resilient grid while having the additional benefit of providing vital economic development assistance that may prompt owners and operators of boilers to make capital investment in Ohio facilities that may otherwise have been negatively impacted by impending U.S. EPA regulations; now, therefore, be it

RESOLVED, That the Commission endorses and supports the U.S. DOE technical assistance pilot and, in support of this effort, will undertake the following activities:

- To the extent practicable with available information and/or through information gained through the collaborative efforts of the Independent State Agencies Committee (ISAC) and the Organization of PJM States, Inc. (OPSI), identify boilers in those areas of the state that are located in areas of potential constraint and share this information with U.S. DOE to prioritize educational efforts with facilities that operate these boilers;
- Work with PJM Interconnection, LLC (PJM) staff to investigate and understand how new CHP could be incorporated into the PJM markets and share this information with U.S. DOE, as well as with CHP stakeholders;
- Assist U.S. DOE in establishing collaborative conversations with owners of boilers that could potentially benefit from conversion to CHP, both inside and outside of areas of potential constraint, prioritizing areas of potential constraint;

behalf of the Public Utilities Commission of Ohio in U.S. EPA Docket No. EPA-HQ-OAR-2009-0491 (October 1, 2010); <http://dis.puc.state.oh.us/TiffToPDF/A1001001A10J01B15401G56549.pdf>

⁷ *In re: Duke Energy of Ohio, Inc. for Authority to Establish a Standard Service Offer*, Case No. 11-3549-EL-SSO, Opinion and Order (November 22, 2011).

<http://dis.puc.state.oh.us/TiffToPDF/A1001001A11K22B02754A96233.pdf>

⁸ *In re: Duke Energy of Ohio, Inc. for Authority to Establish a Standard Service Offer*, Case No. 11-3549-EL-SSO, Opinion and Order at 20 (November 22, 2011).

<http://dis.puc.state.oh.us/TiffToPDF/A1001001A11K22B02754A96233.pdf>

- Facilitate communication between owners of boilers and utilities;
- Facilitate information sharing and communication with other state agencies, including but not limited to the Ohio Environmental Protection Agency (OEPA), the Ohio Department of Development (ODOD), and the Ohio Department of Natural Resources (ODNR);
- Monitor efforts within the pilot to observe whether any educational or regulatory constraint that can be addressed by the Commission is preventing or delaying investment in CHP; and be it further

RESOLVED, That the Commission will sponsor an educational forum to begin sharing information about this pilot program on March 9, 2012, at 9:00 a.m., at the offices of the Commission, 180 East Broad Street, Hearing Room 11-B, Columbus, Ohio 43215; and be it further

RESOLVED, That copies of this resolution be served upon all regulated electric and natural gas companies; all certified retail natural gas service suppliers and electric service suppliers; OPSI; ISAC; OEPA; ODOD; ODNR; Members of the Ohio Coalition for Combined Heat and Power; Ohio Consumers' Counsel; Ohio Energy Group; Industrial Energy Users-Ohio; Ohio Manufacturers Association; Ohio Partners for Affordable Energy; PJM Power Providers; Retail Energy Supply Association; all parties of record in Case Nos. 08-1094-EL-SSO, et al., 10-388-EL-SSO, 11-346-EL-SSO, et al., and 11-3549-EL-SSO, et al.; Ohio Rural Electric Cooperatives, Inc.; American Municipal Power, Inc.; Ohio Electric Utility Institute; Ohio Municipal League; Ohio Environmental Council; Environmental Law and Policy Center; Ohio Chemistry Technology Council; JobsOhio; members of the Ohio House of Representatives Public Utilities Committee; and members of the Ohio State Senate Energy and Public Utilities Committee.

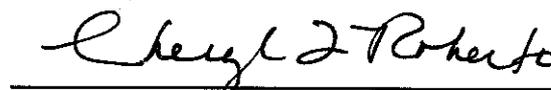
THE PUBLIC UTILITIES COMMISSION OF OHIO


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Paul A. Centolella


Steven D. Lesser


Andre T. Porter


Cheryl L. Roberto

/vrm

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Barcy F. McNeal
Secretary