



September 24, 2008

Mr. Chuck Shulock
Office of Climate Change
Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments of the Energy Producers and Users Coalition and the Cogeneration Association of California on CARB Scoping Plan Measure Documentation Supplement

Dear Mr. Shulock,

The Energy Producers and Users Coalition and the Cogeneration Association of California (EPUC/CAC) submit these comments as owners and operators of combined heat and power (CHP) facilities in California. Members of these coalitions own and operate roughly 3000 MW of existing CHP generation in California, located primarily at refineries and enhanced oil recovery operations. Several coalition members are also considering either replacement of existing CHP facilities with higher-efficiency plants or the installation of new facilities to meet growing thermal demand. In the interest of maintaining existing facilities and further developing CHP capacity, it is critical that CARB's Scoping Plan recommendation to promote emission reductions through addition of CHP resources focus on efficiency rather than size of the facility.

CARB Recommendation to Increase Reliance on CHP Should Focus on Efficiency of Facility, Regardless of Size

CARB's Measure Documentation Supplement, issued on September 17, 2008 reveals assumptions made in estimating emission reductions for recommended measures. The Measure Documentation Supplement presumes that 80% of CHP expansions will be through the development of small CHP smaller than 5 MW.¹ While assumptions regarding size are required to estimate emission reductions, greenhouse gas reduction benefits from CHP depend upon efficiency, not size. For this reason, CARB's efforts to implement AB 32 should focus on efficiency.

CHP measures that distinguish CHP by size will detract from the objectives of AB 32. Regardless of size, the higher a project's

¹ It is noteworthy that while the CARB draft scoping plan and the Measure Documentation refer to the CEC's CHP market potential analysis in support of its CHP expansion recommendation, CARB's overwhelming focus on small CHP is not supported by the CEC's analysis.

efficiency, the greater the energy savings that result when compared with stand-alone production of heat and power. The higher the energy savings, the greater the GHG reduction benefit delivered by a project. Given the state's objective to materially lower GHG emissions, therefore, it is appropriate for CARB's draft scoping plan to favor those facilities, regardless of size, that are capable of greatest fuel efficiency.

Recommendations

CARB's recommendations for implementation of AB 32 policy reflect an understanding of the many benefits of CHP and the issues faced by CHP today. EPUC/CAC request that CARB refine the Scoping Plan consistent with the foregoing recommendations and look forward to discussing these issues further.

Very truly yours,



Evelyn Kahl