

Washington State's RPS/EPS and CHP

Chuck Collins

Allied Electric - Olympia, WA

10/30/08

CHP in WA - history

- Low electricity prices have made CHP 'paybacks' challenging (\$.04-.06/kWh)
- Climate change not a driver due to clean power base
- Risk-averse approach to CHP overall
- PURPA and BPA regulatory not favorable for CHP
- Lack of regional coordination amongst stakeholders

CHP in WA – past 6 years

- Rising electricity rates → natural gas, coal, wind
- CHP Northwest Initiative organized stakeholders
- Washington State University and the CHP Northwest Regional Apps Center focus on projects
- Citizens RPS/EPS initiative (I-937) in 2006
- EPS portion has voluntary reduction targets due in 2010 based on RECs
 - CHP is part of the EPS in Initiative 937
- New interconnection rule more favorable to CHP and DG, includes Net Metering up to 100kW
- Climate change acting as driver for policy

Path forward and potential drivers for change....

- CHP investment legislation in WA by 2010?
- Climate change action committees recommending CHP as a viable carbon reduction strategy in WA
- Tariffs, decoupling w/ utility companies and WA UTC in 2009
- Tax credits, qualifying technologies definitions
- Utility companies looking for 'green' resources to meet mandates and to reduce carbon footprint

Future of CHP in Washington State

- Funding uncertainties – state budget deficit jeopardizes tax incentives
- New legislators, potential new governor have effect on energy markets in-state
- Utility company (IOU) ownership changes
- Federal climate change legislation, State tax incentives
- Electric rates on the rise, utility incentives getting stronger

Questions?

Chuck Collins

ccollins@alliede.com

(206) 351-1507