



# The Alliance for Industrial Efficiency

July 29, 2015

Commissioners Joshua Epel, Glenn Vaad, and Pamela Patton  
Colorado Public Utilities Commission  
1560 Broadway #250  
Denver, CO 80202

Re: 07S-522E Docket No.15AL-0118E

IN THE MATTER OF ADVICE LETTER NO. 1686-ELECTRIC FILED BY PUBLIC SERVICE COMPANY OF COLORADO TO REVISE ITS COLORADO PUC NO. 7-ELECTRIC TARIFF TO IMPLEMENT A RECYCLED ENERGY SCHEDULE EFFECTIVE MARCH 26, 2015

Dear Commissioners Epel, Vaad, and Patton:

I am writing on behalf of the Alliance for Industrial Efficiency to express our concerns about Public Service Company of Colorado's (PSCo) proposed Recycled Energy Program. The Alliance is a diverse coalition of labor, contractor, business and environmental groups committed to increasing deployment of combined heat and power (CHP) and waste heat to power (WHP, also known as recycled energy). The Alliance represents more than 200 electrical, mechanical and sheet metal contractors in Colorado. The Alliance Steering Committee also includes Ormat Technologies, who owns and operates a 3.5-megawatt recycled energy ("waste heat") facility in Peetz, Colorado, among other projects throughout the country.

We wish to express our concerns with the proposed Recycled Energy Program. Specifically, we see the proposed standby tariff as an unnecessary policy barrier for those facilities under a 500 kW threshold. Testimony from Western Resources Associates (WRA) detailed that in the event a system of this size were to go offline unexpectedly, such a drop in production would represent 0.01% of PSCo's capacity and result in a trivial fluctuation in demand.<sup>1</sup> Consequently we support removing recycled energy systems of 500 kW or less from any associated standby tariff schedules.

Testimony also makes clear that PSCo intends to exclude those recycled energy facilities that generate more than 100% of their annual energy consumption from a separate recycled energy incentive program. Excluding these facilities from the incentive program would significantly stunt the development of recycled energy. The Alliance for Industrial Efficiency supports removing this arbitrary barrier, so that these systems may qualify as recycled-energy facilities under the recycled-energy incentive program.

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<sup>1</sup> Cross-Answer Testimony on behalf of Western Resource Advocates from Mr. Neil Kolwey, July 8<sup>th</sup>, 2015

Additionally, the Alliance echoes WRA's criticism of current standby tariffs, which impose the same standby tariff on a recycled energy facility that is offline for a single day out of a month over the 1,051 hour grace period as it does for a system that is offline for the entire month. Instead, we support use of a shorter grace period and a more granular approach, so that standby charges do not exceed the costs that recycled-energy facilities impose on the grid. A more granular tariff would incentivize facilities to be more reliable and more accurately reflect the costs that such outages impose on the system. We would like to point out that the nearby Rocky Mountain Power's program has already adopted this sensible approach.

Finally, we believe that the proposed rate for electricity produced by recycled energy facilities (\$0.00461/kWh) undervalues their contribution to the grid. Instead, PSCo should pay a rate that reflects its avoided costs.

We appreciate the Colorado Public Utilities Commission's efforts to make Colorado's energy sector reliable and efficient. We urge the Commission to eliminate the unnecessary standby tariff for recycled energy facilities under 500 kW, incorporate facilities that generate more electricity than annual demand in the recycled energy incentive program, and alter the standby tariff to more accurately penalize downtime by switching the tariff from a kW/day to a kW/month basis. In addition we suggest the Commission alter the excess power purchase rate to accurately reflect PSCo's avoided cost.

We hope that your decision on this matter will further enable recycled energy facilities in Colorado to provide clean and reliable electricity to the grid.

Sincerely,



Jennifer Kefer  
Executive Director  
Alliance for Industrial Efficiency