BEFORE

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Commission's Review of Chapter 4901:1-10, Ohio Administrative Code, Regarding Electric Companies | ))) | Case No. 12-2050-EL-ORD |

**COMMENTS OF INTERSTATE GAS SUPPLY, INC AND**

**HULL & ASSOCIATES, INC.**

1. **INTRODUCTION**

Pursuant to the Entry issued on November 7, 2012 (“November 7 Entry”) in the above captioned proceeding, Interstate Gas Supply, Inc. (“IGS Energy” or “IGS”) and Hull & Associates Inc. (“Hull”) respectfully submits these comments to the Ohio Administrative Code (“OAC”) Chapter 4901:1-10 rules.[[1]](#footnote-1)

Hull is a project development and engineering company based in Dublin Ohio that has developed a number of electric generation projects including wind, solar, landfill gas and biomass facilities. IGS Energy is a Dublin Ohio based certified competitive retail natural gas and electric supplier currently serving over 1 million customers nationwide. Hull and IGS are working cooperatively to develop clean energy projects throughout Ohio including the landfill gas electric generating facility recently built at the Hardy Road Landfill in Akron Ohio.

Distributed generation such as combined heat and power (“CHP”) systems have great potential to improve the way consumers use and manage their electric needs. Combine heat and power systems use energy more efficiently, reduce emissions and increase reliability. IGS and Hull are supportive of the Commission’s proposed changes to the electric utility rules to the extent the rule changes expand the opportunities for distributed generation and CHP projects. Despite some of the positive proposed changes, however, IGS and Hull believe more changes are necessary to help level the playing field for distributed generation to compete against traditional large scale generation. Accordingly, and for the reasons more fully explained herein, IGS and Hull offer the following comments and proposed revisions to the electric utility rules:

* OAC 4901:1-10-28 should be modified to include reciprocating engine technology as an eligible technology for net metering;
* OAC 4901:1-10-28 should clarify that customers should remain eligible for the same utility rate classification after distributed generation is installed; and
* The Commission should adopt proposed OAC 4901:1-10-34.
1. **COMMENTS**
2. **Reciprocating Engine Technology Should be Included as an Eligible Technology for Net Metering**

OAC 4901:1-10-28(A) provides that electric utilities shall make net metering tariffs available to qualified customer generators. OAC 4901:1-10-28(A)(1)(a) also requires that a qualifying customer generator have generating facilities that are “(f)ueled by solar, wind, biomass, landfill gas, or hydropower, or use a microturbine or a fuel cell.” In the November 7 Entry the Commission seeks comments on whether “specific definitions of the acceptable technologies for net metering should be included in (OAC 4901:1-10-28).”[[2]](#footnote-2)

IGS and Hull believe that under the current rules, reciprocating engines technology is eligible for net metering. However, in order to avoid any potential dispute, the net metering rules should clarify that reciprocating engine technology is eligible for net metering. This can be done by simply including reciprocating engine into the proposed definition of net metering.

A reciprocating engine is a heat engine that uses one or more reciprocating pistons to convert pressure into a rotating motion. The most common use for a reciprocating engine is the internal combustion engine used in motor vehicles. However, reciprocating engines are also used to produce electricity and are often used in CHP systems. According to a report prepared for the Department of Energy by Onsite Syscom Energy Corporation, reciprocating engines are most common for smaller CHP installations. [[3]](#footnote-3) Often reciprocating engines with relatively low electric capacity (less than 5 MW) provide higher electrical efficiencies than combustion turbines of the same size.[[4]](#footnote-4) Reciprocating engines makeup 79% of the total commercial installations for CHP products and represent 10% of the total MW capacity for CHP projects.[[5]](#footnote-5) Of the 45 CHP projects located in Ohio, 17 use reciprocating engine technology.[[6]](#footnote-6) Functionally reciprocating engine technology is the same as traditional turbines for CHP systems in that both technologies produce electricity on-site and then utilized the waste heat for heating needs. Further, reciprocating engines can run on the same fuels as traditional turbine engines.

Net metering technology allows customers to sell excess electric generation into the electric grid which can increase the cost effectiveness of a project. Excluding reciprocating engine technology from net metering would effectively favor the use of combustion turbine technology over reciprocating engines, even though on an apples-to-apples basis, reciprocating engines have a higher efficiency rating and for some projects can be the more cost effective and environmentally friendly option. Also, because reciprocating engines tend to be more suitable for smaller CHP applications, excluding reciprocating engines from net metering eligibility could stifle an important CHP market. As such, reciprocating engines should be eligible for utility net metering to ensure that those exploring distributed generation projects have the broadest range of options.

It is IGS and Hull’s belief that it was not the intent of the Commission to exclude such a widely used technology in CHP systems from being eligible to receive net metering. Therefore, in order to ensure the full range of CHP technology is eligible for net metering, OAC 4901:1-10-28 should be modified to clarify that reciprocating engine technology is included in the acceptable technologies for net metering. This can be done by changing the definition of microturbine to include reciprocating engine as part of that definition. The Commission has already suggested in the November 7 Entry that the definition of microturbine be further defined.[[7]](#footnote-7) Accordingly, IGS suggests the following modification to Staff’s proposed definition of microturbine in OAC 4901:1-10-28(A)(4):

"Microturbine" means a combustion-turbine or reciprocating engine used by a customer-generator on the customer-generator's premises.

 In the alternative, the Commission could insert reciprocating engine technology in the list of eligible net metering technologies set forth in OAC 4901:1-10-28(A)(1)(a). Either modification to OAC 4901:1-10-28 will help ensure that reciprocating engine technology will remain a viable option for CHP projects in the future.

1. **A Customers Generator Should Remain Eligible for the Same Utility Rate Classification and After Distributed Generation is Installed**

OAC 4901:1-10-28(A)(2) provides that “the electric utility’s tariff for net metering shall be identical in rate structure, all retail rate components, and any monthly charges, to the tariff to which the same customer would be assigned if that customer were not a customer generator.” However, in a typical situation a customer is not assigned to particular tariff, but instead is eligible for one or more tariffs and may be able to choose which of the eligible tariffs to receive service under. OAC 4901:1-10-28(A)(2) should be modified to clarify that customers remain eligible for all tariffs that the customer was eligible for before the customer became a customer generator. Accordingly, IGS and Hull propose the following revisions to OAC 4901:1-10-28(A)(2).

The electric utility’s tariff for net metering shall be identical in rate structure, all retail rate components, and any monthly charges, to any tariff to which the same customer is eligible if that customer were not a customer generator. Such terms shall not change simply because a customer becomes a customer generator.

1. **The Commission Should Adopt Proposed OAC 4901:1-10-34**

IGS and Hull are supportive of the Commission’ proposed 4901:1-10-34 rule that would allow qualified facilities (as defined in PURPA) to receive payment from the electric utility at the applicable day-ahead price or the monthly simple swap price for electric generation delivered into the EDU’s system. Receiving market prices for electric generation is an option that is available to larger centralized generation units and creating this option for qualified facilities will help level the playing field for smaller generation units. Further, allowing qualified facilities to receive market prices is consistent with PURPA’s avoided cost requirement in that EDU’s will avoid purchasing additional electricity at market prices by receiving electricity from the qualified facility.

1. **CONCLUSION**

For the reasons set forth herein, IGS Energy respectfully requests that the Commission adopt IGS proposed modifications set forth in these Comments.

Respectfully submitted,

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| */s/ Matthew White* Matthew White (0082859)In-House CounselInterstate Gas Supply, Inc.Email: mswhite@igsenergy.com6100 Emerald ParkwayDublin, Ohio 43016Telephone: (614) 659-5000Facsimile: (614) 659-5073 | */s/ Steven Giles* Steven GilesVice President – Alternative EnergyHull & Associate, Inc.Email: sgiles@hullinc.com6397 Emerald ParkwayDublin, Ohio 43016Telephone: (614)-917-7936Facsimile: (614)-793-9070 |

1. Although IGS and Hull are filing these comments jointly, neither IGS nor Hull are legally representing the other in this proceeding. [↑](#footnote-ref-1)
2. November 7 Entry at 5. [↑](#footnote-ref-2)
3. The Onsite Syscom Energy Report can be found at: <http://www1.eere.energy.gov/manufacturing/distributedenergy/pdfs/chp_comm_market_potential.pdf>. See page 6. [↑](#footnote-ref-3)
4. Id at 25. [↑](#footnote-ref-4)
5. Id. at 4. [↑](#footnote-ref-5)
6. Information on CHP installation by state can be found on the Energy and Environmental Analysis Website. Ohio specific data can be found at: http://www.eea-inc.com/chpdata/States/OH.html. [↑](#footnote-ref-6)
7. November 7 Entry at 5. [↑](#footnote-ref-7)