

***Resolution to Encourage the Use of Combined Heat and Power, including the Recycling of Waste Energy***

**WHEREAS**, The generation of electricity from fossil fuels typically produces twice as much waste heat as electricity, as measured in BTUs; *and*

**WHEREAS**, There are many opportunities to capture and utilize the energy that is currently released as waste heat from power plants or other industrial processes; *and*

**WHEREAS**, Through “combined heat and power” (CHP), exhaust heat from power generation or an industrial process is recaptured through applications such as district heating and cooling, industrial uses, or combined-cycle generation, in order to achieve significant system efficiency; *and*

**WHEREAS**, Further energy recycling can be achieved through recovery of industrial waste materials such as waste gases and black liquor which have residual energy that can be combusted to generate electric power and/or useful thermal energy; *and*

**WHEREAS**, According to the U.S. Department of Energy, CHP currently contributes nearly 85 GW to the grid and has the potential for additional generating capacity in excess of 130 GW; *and*

**WHEREAS**, The United States is far behind other industrialized nations such as Germany, Japan, and China in reliance upon CHP and waste energy recovery technologies, which obtain more than twice as much of their total power capacity from such technologies as does the U.S.; *and*

**WHEREAS**, The deployment of CHP and waste-energy recovery technologies increases generation efficiency, reduces fossil-fuel consumption, enhances generation diversity, and has the potential to improve system reliability, decrease line losses, reduce grid congestion, and reduce emissions of air pollutants and greenhouse gases; *and*

**WHEREAS**, Under Part E, Section 374, of the Energy Policy and Conservation Act, as amended in 2007, State regulatory authorities are required to consider requests from owners and operators of CHP or waste-energy facilities to sell their net-excess power through such practices as mandatory purchase of net-excess power by utilities; transport by utilities of net-excess power for direct sale to third parties; transport of such power over private transmission lines, where appropriate; or an alternate arrangement that is mutually satisfactory to the utility and the facility; *and*

**WHEREAS**, State regulatory authorities can further encourage cost-effective investment in CHP and waste energy recovery projects by:

- 1) ensuring that standby rates reflect any net-system benefits of CHP and waste-energy recovery technologies;
- 2) establishing standardized interconnection rules that include clear and uniform processes and technical requirements for connecting distributed generation systems to the electricity grid; and
- 3) addressing the utility’s incentive under traditional ratemaking to maximize throughput within its system; *now, therefore, be it*

**RESOLVED**, That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened in its 2008 Winter Meetings in Washington, D.C., encourages commissions to consider policies to facilitate the deployment of cost-effective CHP and waste energy recovery technologies by advancing wholesale market options for the sale of net-excess power from such projects, and retail market options in States where permitted; *and be it further*

**RESOLVED**, That commissions consider the adoption of regulatory policies that protect consumers while addressing barriers to increased use of CHP related to standby rate design; interconnection rules; and traditional utility revenue recovery mechanisms; *and be it further*

**RESOLVED**, That commissions, where feasible, allow owners and operators of CHP and waste-energy recovery facilities to be appropriately compensated for any quantifiable benefits provided to electrical generation and transmission systems.

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*Sponsored by the Committee on Energy Resources and Environment  
Adopted by the Board of Directors February 20, 2008*