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## Pennsylvania companies ask Public Utility Commission for fair standby energy rates

*Companies request standby rates be transparent, efficient and correlated to cost of service*

HARRISBURG, Pa., June 6, 2017 – Eight manufacturers, developers, and institutions delivered a [letter](#) to the Pennsylvania Public Utility Commission asking for fair and reasonable standby rates that would encourage the installation of combined heat and power (CHP) and waste heat to power (WHP) systems across the state.

Many manufacturers produce at least some of their power on-site, through clean, energy-efficient CHP or WHP systems, which can be twice as efficient as traditional generation by capturing and reusing lost heat. Not only do CHP and WHP systems save manufacturers money in energy costs and make them more competitive, they also reduce the demand on the grid and make the entire energy delivery system more reliable and less prone to blackouts.

CHP and WHP system hosts expect to pay standby charges to ensure access to back-up power in the rare instances when it is needed. However, these charges are a major burden to Pennsylvania manufacturers when they do not reflect these self-generation customers' infrequent use of utility capacity and infrastructure. Under differing individual utility standby tariffs, standby rates vary widely within the same state, and often are stacked high with fixed fees, leaving companies no choice but to pay a hefty bill when they need back-up energy.

A [study](#) by 5 Lakes Energy found that a Pennsylvania company with a 2 MW CHP system with no outages would be required to pay standby fees ranging from roughly \$5,200 to over \$11,500 each month, in addition to any energy charges incurred – dependent upon where the system is located. If the prices charged by utilities for access to this standby power are too high, they can deter a company from installing CHP or WHP systems – and that's a problem for all Pennsylvanians.

“Investment in Combined Heat and Power systems makes our businesses more competitive, securing jobs, while improving energy efficiency and conserving valuable resources,” said Michael Smedley, Vice President, Mid-Atlantic Region, for Veolia North America. “As a business, we need fair and predictable rates including standby charges that recognize the many benefits of CHP and promote local investments.”

“Through Combined Heat and Power projects, we've helped industrial businesses across Pennsylvania save energy and money,” said Jeff Beiter, Managing Member, E-Finity. “We need fair standby rates, which help protect manufacturer's investments in energy efficiency projects that not only sustain our business, but keep the industrial and manufacturing sector competitive.”

Manufacturers just want a level playing field. These manufacturers are asking the Pennsylvania Public Utility Commission to regulate standby rates across the state, and make them transparent, efficient and appropriately correlated to cost of service. Currently, Pennsylvania has 2,948 megawatts of CHP capacity at 153 sites throughout the state, but the potential is far greater, with 7,759 megawatts of CHP technical potential in the industrial and commercial sectors alone – the equivalent of 15 conventional power plants. Reasonable, fair standby rates will help realize this potential by encouraging more Pennsylvania companies to invest in CHP and WHP, making the state’s electrical grid work better for all Pennsylvanians.

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