Program Description

Southern California Gas Company’s (SoCalGas’s) Distributed Energy Resources Services (DERS) tariff was created to facilitate adoption of combined heat and power (CHP) systems. Specifically, DERS aims to offload development, planning, and operational costs onto the gas utility so that customers can enjoy the benefits of on-demand thermal energy and electric generation without the need for large upfront investments, complications, or uncertainty. This unique tariff is available to all eligible customers in the SoCalGas company territory.

Regulatory Background

SoCalGas proposed the tariff in an application filed with the California Public Utilities Commission (CPUC). The aim was to facilitate deployment of distributed energy resources (DERs), particularly CHP systems. The tariff was specifically designed for customers who want to implement DERs to meet their onsite energy needs but who do not have the technical expertise necessary to install and maintain these facilities.

The CPUC approved the tariff through Decision 15-10-049, issued October 2015, and the program went into effect in May 2017. The Commission provided the following explanations for implementing the tariff:

“...providing [SoCalGas] customers an opportunity to employ [DERs] will make more widely available a service that reduces the health and environmental impacts from air pollution, reduces greenhouse gas emissions, and provides operational efficiencies, consistent with current California environmental goals.”

“...the DERS Tariff is in the public interest because it meets untapped demand in underserved markets for smaller customers who would benefit from CHP, offers additional choices to customers, and supports innovative business partnerships.”

– CPUC, Decision 15-10-049 (October 2015)
The SoCalGas DERS tariff can streamline the CHP installation process by allowing the utility to plan, design, procure, construct, own, operate, and maintain the on-site CHP system. This tariff is entirely voluntary and offers additional options to those who cannot invest, or do not wish to invest, in the large capital costs often associated with implementing CHP installations.

### Important Details

- **Under this tariff, SoCalGas owns and operates the CHP system. The customer keeps the value of the thermal energy and electricity that is generated.**
- **This tariff is not restricted to any one customer class. Factors such as safety, feasibility, and resource availability will determine eligibility.**
- **SoCalGas will install only systems under 20 MW that are fueled by natural gas, biogas, hydrogen, or hythane.**
- **Energy service companies can also participate in this tariff through third-party power purchase agreements.**

### Applications

The purpose of the DERS program is to expand DER use in California, while also fostering greater energy efficiency and reducing overall emissions. The SoCalGas tariff optimally serves the following types of customers:

- A business, facility, or site that requires a good deal of electricity and has large heating and/or cooling needs
- A business, facility, or site with important electric and thermal demands that must run reliably and dependably 24 hours a day, 7 days a week
- A business, facility, or site that is searching for ways to improve energy efficiency, save on costs, and become more energy-independent
- A business, facility, or site that would prefer not to undertake the operation of new energy installations or dedicate upfront capital costs for a new energy installation

### Next Steps

Each potential CHP installation must be carefully sized and tailored to the customer’s needs. The requirements and eligibility criteria for the DERS tariff are subject to periodic change and modification by state regulators. In addition, the customer must negotiate with the local electric utility to interconnect the CHP system with the electric grid. Interested parties should contact SoCalGas (see below) to determine whether this tariff could be right for their needs.

### For More Information

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