

Identity Theft!

I was reading one of the more popular power magazines last month and came across the title of an article “Preliminary Findings Suggest Utility Support of DG.”

I thought for a minute, “Gee whiz...this is great! Perhaps we can now do something constructive to begin deploying DG (distributed generation) assets where they are really needed. And...what better way to do it than with the cooperation of the electric utility!”

Wrong! Identity theft...that’s what it is!

I realized that I was reading yet another chapter in a continuing effort to redefine stand-by diesel and large rental gas turbine gensets as “DG”, an effort that first began to appear at the EPRI DG Conference in December of 2000.

During the last two years, the gas turbines and the “megawatt in a box” natural gas engines that have appeared on the market typically have been rented or leased by the utility and deployed at the sub-station level. The customer-owned units are mostly existing diesel gensets, dispatched on a virtual basis during emergencies (read “on-peak”).

Let’s face it. There has been an issue over whether the local utility or distribution company should be allowed to own these embedded generation assets. After all, one of the basic tenants of de-regulation has been the separation of generation and distribution functions.

The California rulemaking process to decide this issue has been on hold since the power crisis. Texas did rule that the utilities cannot own DG assets, as has New York up to 300kW, but most of the other states don’t even know it is an issue. Issue or not, if these units are either rented/leased by the utility or they are owned by the customers, the question of the distribution companies “owning” DG assets goes away.

Initially, we had “distributed generation” and “on-site generation” terms. In their original form, these were mostly location distinctions, with a mild ownership implication. “On-site” was a fairly clear description, but “distributed generation” never has been.

On-site is always distributed, but distributed is not always on-site. Utilities don’t like on-site because it is generally out of their control and they risk loss of load, so they have never embraced the term. It is like the C-word, “cogeneration.”

By confusing the terms, it seems several objectives are realized.

1. The utility can claim to be totally supportive of DG and not the obstacle that the DG community claims them to be.
2. The utility can claim all the societal advantages that DG supposedly offers.
3. The return on assets is enhanced with these off-balance sheet and/or virtual assets.
4. They can finesse themselves into becoming an integrated utility again, reconstituted at the sub-transmission voltage.

So what's the problem with this?

1. For sure, it is a way to skirt the ownership issue and it certainly does create the potential for the bundled utility abuses that deregulation initiatives were trying to address.
2. Wholesale permitting of diesel gensets, as a way to meet the demand peaks, is not an environmentally conscious act.
3. The commercial electric customers, who are forced to buy on peak won't likely see a better electric rate from all this....I have yet to meet anyone who intends to pass along the benefit of these investments to the commercial users.
4. This re-labeling focuses the distributed generation toward the substation, the smallest economical denominator of utility functionality and control. This sub-station centric, "electric-only" mind-set eliminates the opportunity to deploy cogeneration and power quality improvement solutions, both of which are in the best interests of the customers and the country.

Earlier, I had professed to be a card-carrying DG advocate. I still am.

These guys don't get a card!

Peter Baldwin
Contributing Editor
pete_baldwin@base-e.net

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