



**COMMENTS OF THE COGENERATION ASSOCIATION OF CALIFORNIA AND THE CALIFORNIA COGENERATION COUNCIL ON THE ISO RECOMMENDATION TO EXEMPT CERTAIN QFS FROM THE SCP**

The Cogeneration Association of California and the California Cogeneration Council support the Independent System Operator's recommendation to exempt certain Qualifying Facilities (QFs) from tariff §§40.9.5 and 40.9.6 of the Standard Capacity Product (SCP). The recommendation correctly states that numerous grandfathered<sup>1</sup> and CPUC-extended contracts<sup>2</sup> for QF Resource Adequacy (RA) resources do not require the generators to submit SCP-quality forced outage data. The ISO should therefore exempt the scheduling coordinators for these resources from reporting such data as well as the associated availability incentives and penalties.

The ISO recommendation should apply to all grandfathered contracts, including Legacy Contracts<sup>3</sup> with provisions revised under Option C.1<sup>4</sup> of the QF/CHP Settlement. Some stakeholders on the September 9, 2011 call suggested that generators with revised terms under Option C.1 of the settlement could be excluded from the ISO's recommendation. This would have the effect of including such resources in the RA SCP. The ISO's adoption of such a position would thwart QF/CHP Settlement. Parties undertook herculean efforts to negotiate certain components of the Legacy Contracts. The choice to revise those terms, and the choice to leave untouched all other terms in

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<sup>1</sup> Grandfathered contracts are QF contracts executed before August 22, 2010.

<sup>2</sup> CPUC-extended contracts are QF contracts extended pursuant to CPUC D.07-09-040.

<sup>3</sup> The QF/CHP Settlement defines Legacy Contracts as existing contracts for facilities that are operational at the settlement effective date (which is anticipated later this year).

<sup>4</sup> Execution of an Option C.1 contract transforms the Legacy Contract into a tolling agreement for a dispatchable generator.

those contracts, including the applicability of the ISO tariff, was purposeful and heavily negotiated. An ISO determination subjecting legacy contracts to the RA SCP would undermine these QF/CHP Settlement terms and conditions.


The recommendation should be adopted in its entirety for all grandfathered and CPUC-extended contracts, including those that execute Option C.1 amendments.

Respectfully submitted,

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/s/

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