



**COMMENTS OF THE COGENERATION ASSOCIATION OF CALIFORNIA AND
THE ENERGY PRODUCERS AND USERS COALITION
ON THE IOUS' PROPOSAL TO EXEMPT CERTAIN QFS FROM THE SCP**

The Cogeneration Association of California and the Energy Producers and Users Coalition (CAC/EPUC) support the utility proposal to exempt certain Qualifying Facilities (QFs) from tariff §§40.9.5 and 40.9.6 of the Standard Capacity Product (SCP). The PG&E, SDG&E and SCE (IOUs') proposal correctly states that numerous grandfathered¹ and CPUC-extended contracts² for QF RA resources do not require the generators to submit SCP-quality forced outage data. It is logical, therefore, that the California Independent System Operator (CAISO) would exempt the IOU scheduling coordinators for these resources from reporting such data and from the associated availability incentives and penalties.

Further, it is unrealistic to expect generators with CPUC-extended and grandfathered contracts to submit the required outage data. The contracts at issue are administratively priced with inflexible capacity and energy payments. Many of the contracts were executed before the CAISO existed, let alone the Resource Adequacy (RA) SCP program. The contracts do not provide any value to the generator for designation as RA capacity, and the administratively priced nature of the contracts prevents recovery of any added costs to comply with the SCP reporting requirements.

CAC/EPUC also agree with the IOUs that renegotiation of the forced outage reporting requirements in these contracts is infeasible. As the IOU proposal states, the recently concluded CHP settlement included a large number of grandfathered and


¹ Grandfathered contracts are QF contracts executed before August 22, 2010.

² CPUC-extended contracts are QF contracts extended pursuant to CPUC D.07-09-040.

CPUC-extended contracts, accounting for approximately 4,000 MW of RA capacity. Negotiation and approval of the settlement has been a herculean effort of great expense to the parties involved, and it should not be repeated to accommodate SCP forced outage reporting requirements. Moreover, many of these facilities will transition to new contracts with the required outage reporting requirements, making the notion of renegotiating the contracts even less practical.

The IOU proposal is a sound solution to the issue and should be adopted in its entirety.

Respectfully submitted,



Evelyn Kahl
Michael Alcantar
Tim Lindl
Alcantar & Kahl LLP
33 New Montgomery Street, Suite 1850
San Francisco, CA 94105
415.421.4143 office
415.989.1263
ek@a-klaw.com

Counsel to the Cogeneration
Association of California and the
Energy Producers and Users Coalition

June 24, 2011