



## COMMENTS OF CAC AND EPUC ON CAISO'S REVISED PROPOSAL TO MODIFY THE DEFINITION OF REGULATORY MUST-TAKE GENERATION

The Cogeneration Association of California and the Energy Producers and Users Coalition (CAC/EPUC) generally support the direction of the revised definition of “*Regulatory Must-Take Generation*” in the CAISO Revised Straw Proposal. CHP generators may lose status as regulatory must-take generation under the current definition once utility mandatory purchase obligations are removed pursuant to a settlement agreement approved by the California Public Utilities Commission in D.10-12-035. Access to prioritized self-scheduling, guaranteed by express tariff language, is vital to CHP operations.

To serve their operational purpose, CHP units must be insulated from physical curtailment. If the CHP electricity output to the grid is curtailed, it may jeopardize its ability to meet a host facility’s thermal energy requirements predictably and without interruption. Curtailment thus not only affects the economic interests of the generator, but also affects, and could damage, the physical operations of the industrial host facility. Bidding CHP units into the MRTU markets, which optimize supply and demand bids, would not guarantee the right to physically deliver energy to the grid. Consequently, prioritized self-scheduling provided by regulatory must-take status is critical.

Comments in the February 2, 2011 stakeholder call suggested that the CAISO’s initiative will expand the number of facilities and the total MWs that qualify as must-take generation. CAC/EPUC are working with other stakeholders to draft a definition that would avoid broadening the population of eligible CHP resources, and, in combination with verification provisions suggested by CAISO, could reduce the MWs of must-take

generation. CAC/EPUC request that CAISO delay the proceeding for two weeks to allow stakeholders to continue to develop appropriate language.

Respectfully submitted,



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