



**COMMENTS OF THE COGENERATION ASSOCIATION OF CALIFORNIA
ON THE DRAFT TARIFF LANGUAGE IMPLEMENTING THE ISO RECOMMENDATION TO
EXEMPT CERTAIN QFs FROM THE SCP**

The Cogeneration Association of California (CAC) generally supports the Independent System Operator’s recommendation regarding the treatment of certain QFs under the SCP. However, the proposed draft tariff language warrants some clarification to assure that the objectives of the CAISO recommendation are unequivocally obtained. The recommendation’s intent is to exempt certain Qualifying Facilities (QFs) with grandfathered¹ and CPUC-extended contracts² that provide Resource Adequacy (RA) capacity from the outage reporting requirements and availability standards in Tariff Section 40.9. The current draft tariff language presents the following issues for clarification and revision:

- The purpose of the phrase “*is not subject to the Outage reporting requirements of Section 9.3.10*” is unclear and creates confusion regarding its applicability. The phrase should be deleted or clarified.
- The inclusion of an effective date for the QF settlement creates uncertainty and should be clarified.
- The use of the term “*Regulatory Must-Take Generation*” (“RMTG”) should be revised to comport with its definition and improve readability.
- Two punctuation typos should be corrected.

The following revisions to the draft tariff address these issues:

- (7) Scheduling Coordinators for Qualifying Facilities that are Resource Adequacy Resources shall be exempt from the Outage reporting requirements of Section 40.9 if the resource ~~(i) is not subject to the Outage reporting requirements of Section 9.3.10, and (ii) is Regulatory Must-Take Generation that~~ provides Resource Adequacy Capacity under an existing agreement ~~for Regulatory Must-~~

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 and D.10-12-035.

~~Take-Generation~~ that is exempt from the application of Non-Availability Charges and Availability Incentive Payments pursuant to Section 40.9.2(2) or 40.9.2(3).

This exemption from the Outage reporting requirements of Section 40.9 shall end for each resource when its contract terminates or it is no longer eligible for exemption under Section 40.9.2(2) or 40.9.2(3), whichever is earlier.

- (8) Scheduling Coordinators for Qualifying Facilities that are Resource Adequacy Resources shall be exempt from the Outage reporting requirements of Section 40.9, and will not be subject to Non-Availability Charges or Availability Incentive Payments, if the resource ~~(i) is not subject to the Outage reporting requirements of Section 9.3.10, and (ii) is Regulatory Must-Take Generation that~~ provides Resource Adequacy Capacity pursuant to an existing agreement ~~for Regulatory Must-Take Generation~~ that was executed prior to the August 22, 2010 deadline for exemption under Section 40.9.2(2), and remains in effect pursuant to California Public Utilities Commission Decision 07-09-040 that extended the term of expiring contracts until _____. This exemption from the Outage reporting requirements of Section 40.9 shall end for each resource when its contract terminates.;

I. SECTION 9.3.10

It is not clear why the phrase *“is not subject to the Outage reporting requirements of Section 9.3.10”* is included in the draft tariff language. It does not appear to include or exclude any resource or contract types, and it creates confusion and redundancy, stating that a resource does need not to report outages if it is not required to report outages. The phrase should be deleted.

Alternatively, the CAISO should clarify how a contract is excluded from the Section 9.3.10 outage reporting requirements. That section discusses the applicability of forced outage reporting requirements, but it only includes an exemption based on the size of a resource or outage. Section 9.3.10 does not contain an exemption that would exclude a contract based on whether it holds a grandfathered or CPUC-extended contract. All CAC grandfathered and CPUC-extended contracts are excluded from the requirements of the Tariff in general, including the outage reporting requirements, because they are “*Existing QF Contracts*” under Section 4.6.3. CAISO should confirm whether the “*Existing QF Contracts*” exemption is the one it envisions to be applicable in the draft language with regard to Section 9.3.10. To accomplish this end, the CAISO tariff could utilize the term “*Existing QF Contracts*” in the language above.

II. TERMINATION OF THE EXEMPTION

The phrase “*that extended the term of expiring contracts until _____*” is unclear. CAC assumes that the blank will be left until the QF settlement effective date is determined, and the date for the termination of the exemption is set. CAISO should confirm this assumption regarding the referenced date in the tariff.

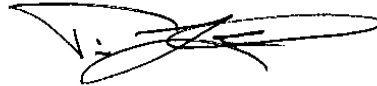
III. REGULATORY MUST-TAKE GENERATION

The definition of “*RMTG*” is unusual in that it addresses the resource itself, *i.e.*, the facility, instead of the energy or capacity provided by the facility. Therefore, a resource or facility is “*RMTG*”, it does not provide “*RMTG*”. CAC suggests revising the language as presented above in order to reflect the peculiar nature of that term.

IV. CONCLUSION

The above revisions should be adopted to provide clarity in the Tariff and better achieve the ISO's intent.

Respectfully submitted,



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

Counsel to the
Cogeneration Association of California

September 22, 2011