

June 24, 2011

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA REGARDING
PROPOSAL TO EXEMPT CERTAIN QUALIFYING FACILITIES FROM
STANDARD CAPACITY PRODUCT REQUIREMENTS**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments in response to the June 9, 2011 Joint Proposal of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company to Exempt Certain Qualifying Facilities from Standard Capacity Product Requirements (the "QF Exemption Proposal").

At this time, the Six Cities have not yet developed a position on the QF Exemption Proposal. The Cities have identified several questions, however, and hope that the responses will assist in achieving a more comprehensive understanding of the implications of the Proposal. Accordingly, the Cities request that the IOUs and/or the ISO provide responses to the following questions:

- 1) What would be the impact on the ISO's Resource Adequacy program of exempting 4000 MW of RA capacity from outage reporting and availability requirements?
- 2) Could the proposed exemption give rise to a greater need for procurement of backstop capacity by the ISO?
- 3) If it does, who will pay for the backstop capacity?
- 4) By what time do the IOUs expect that the contracts they propose to exempt will be replaced with new contracts that will comply with the SCP requirements?

The Six Cities look forward to further consideration of the QF Exemption Proposal in light of the response to the questions above as well as the ISO's comments on the Proposal.

Submitted by

Bonnie S. Blair
Thompson Coburn LLP
1909 K Street N.W.
Suite 600
Washington, D.C. 20006-1167
bblair@thompsoncoburn.com
202-585-6905

Attorney for the Cities of Anaheim, Azusa,
Banning, Colton, Pasadena, and Riverside,
California