

From: Don Brookhyser [mailto:deb@a-klaw.com]
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Comments on behalf of Cogeneration Association of California and the Energy Producers and Users Coalition regarding impact of the new "use-limited" definition on CHP:

Having corresponded extensively with Kallie, my concern remains that the new definition requires that a resource to qualify as "use-limited" needs the "ability" to reflect opportunity costs in commitment costs. For some CHP resources, there may be use limitations above their RMTG capacity. That upper range may also be subject to limitation based on the design considerations of a CHP resource. That additional capacity above the RMTG may only be generated if the industrial host demands thermal energy. But I don't think there is any opportunity cost to the production within that upper capacity range. So the CHP resource does not have the *ability* to calculate an opportunity cost.

I think the proper definition is that a use-limited resource is one that cannot be optimized without an opportunity cost. That definition doesn't require that they have the ability to calculate or derive one, or that they be susceptible to optimization. The proposal should use the revised definition and then provide that if a resource wishes to participate in ISO markets and be optimized, it would obtain an opportunity cost using the processes in the proposal.

Don

Donald Brookhyser / Attorney
Alcantar & Kahl, LLP / Suite 1100 / 121 SW Salmon St. / Portland, Oregon / 97204
Phone: 503.402.8702 / Fax: 503.402.8882

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