**III.K.5 Dual Fuel Commissioning Service.**

As set out in this Section III.K.5, Market Participants with gas-fired Generator Assets will receive compensation to allay some of the auditing costs incurred in commissioning oil-fired dual fuel capability.

1. **Eligibility.** Gas-fired Generator Assets that have not demonstrated the ability to operate on oil on or after December 1, 2011 are eligible for compensation as set out in this Section III.K.5.
2. **Plan.** By December 1, 2014, the Market Participant must submit to the ISO, for the ISO’s review, a plan to render the Generator Asset capable of operating on oil as an additional fuel. The plan must specify the target date for commissioning. The ISO will then determine a cap on the compensation for which the Market Participant is eligible if it achieves dual fuel capability. The cap on compensation will be established based upon the following assumptions, and with reference to the information used by the Internal Market Monitor to calculate the Generator Asset’s cost-based reference level pursuant to Section III.A.7.5: (a) 20 hours of Energy cost at full load operation if the target commissioning date is on or before December 1, 2015; (b) 10 hours of Energy cost at full load operation if the target commissioning date is after December 1, 2015 and on or before December 1, 2016; (c) three start-ups from a cold state on the secondary fuel; and (d) an estimate of Energy revenues that would be paid while the Generator Asset is auditing.
3. **Successful Commissioning.**  A Generator Asset will have been successfully commissioned to operate on oil if the ISO determines that, on or before December 1, 2016, the Generator Asset: (i) has an oil tank able to hold sufficient fuel to start the Generator Asset from a cold state and support its operation at its Economic Minimum Limit for the greater of four hours or the Generator Asset’s minimum run time; (ii) from an online state, demonstrates the ability to switch fuels within 8 hours and, if the Generator Asset must shut down to perform the switch, returns to operation at its Economic Minimum Limit within eight hours; and (iii) demonstrates its ability to run on oil at its Economic Maximum Limit for 1 hour.
4. **Compensation.** The ISO shall compensate the Generator Asset for its auditing costs, up to the amount of the cap established in III.K.5(b), through Section III.F, the terms of which shall apply. If the Generator Asset has a target commissioning date on or before December 1, 2015 and is not commissioned by December 1, 2015 but is successfully commissioned on or before December 1, 2016, its compensation cap shall be recalculated consistent with the rules in III.K.5(b) for a Generator Asset with a scheduled commissioning date after December 1, 2015, and the Generator Asset shall refund any payments made in excess of that recalculated cap. If the Generator Asset is not successfully commissioned as described in Section III.K.5(c) on or before December 1, 2016, the Market Participant shall be required to repay the amount of auditing compensation that it received pursuant to this Section III.K.5.
5. **Ongoing Fuel Inventory Obligations.** Every Generator Asset that has been successfully commissioned pursuant to this Section III.K.5 must, as of each December 1 through and including December 1, 2017, have oil in its tank sufficient to start the Generator Asset from a cold state and to support its operation at its Economic Minimum Limit for the greater of four hours or the Generator Asset’s minimum run time, provided that the tank will be deemed to include: (i) oil that the ISO determines was burned to produce electricity on and after November 15; and (ii) a credit for oil that was burned in an audit of dual fuel capability for purposes of commissioning, provided that the oil used in the audit must be replenished by the later of January 1 or 15 days after the audit. In addition, a Generator Asset that has successfully commissioned its ability to operate on oil pursuant to this Section III.K.5 between December 1, 2014 and February 1, 2015, must, within 15 days of that demonstration, have oil in its tank sufficient to start the Generator Asset from a cold state and support its operation at its Economic Minimum Limit for the greater of four hours or the Generator Asset’s minimum run time. Generator Assets may be eligible for compensation for their fuel inventories pursuant to other sections of this Appendix K to the extent they meet the terms thereof.
6. **Ongoing Auditing Obligations.** Each year after the year in which the Generator Asset is commissioned to operate on oil, and continuing through 2018, the ISO shall schedule an audit pursuant to Section III.1.5.2(f) to confirm the Generator Asset’s capability to operate on oil and switch fuels within eight hours. The provisions of Section III.1.5.2(f) shall apply, provided that the Market Participant shall not receive compensation for more than one audit per year, even if the Market Participant undergoes multiple audits because one or more initial audits are unsuccessful. Notwithstanding the foregoing, if the Generator Asset is unable to undergo an audit in a given year due to an outage, the Generator Asset must undertake the audit within 30 days of its return to service, provided that, if the Generator Asset remains unavailable on May 31, 2018 as a result of an outage, and the ISO determines that the Generator Asset has had a protracted outage that threatens its future dual fuel capability, the Generator Asset shall be subject to the charge outlined in Section III.K.5(g).