

Submitted By	Company	Date Submitted
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In the Issue Paper for this stakeholder process, the CAISO is seeking comment on:

- The scope of this initiative;
- The process for selecting and procuring additional black start capability;
- Appropriate compensation for that capability; and
- Whether the CAISO should consider specific approaches adopted by other ISOs/RTOs for procurement and cost allocation

NRG offers the following comments:

Schedule

NRG supports the aggressive schedule the CAISO has proposed for taking a final proposal to its Board of Governors. However, as of this writing, the CAISO has not yet released a straw proposal setting forth (1) the requirements for providing black start service; (2) the contractual mechanism through which this service will be procured; (3) the process through which this service will be procured; (4) how this service will be compensated; and (5) how the costs of this service will be allocated. The CAISO must commit sufficient resources to assure that a fully developed straw proposal is available for stakeholder review on February 14, as proposed, to assure that stakeholder comments are reasonably reflected in the final proposal the CAISO takes to its Board of Governors on May 1 or 2, 2017.

Further, the CAISO desires to have parties begin providing this service by January 1, 2018, which means that the CAISO has proposed very aggressive schedules, both for this policy initiative and for the provision of the service. In particular, the proposed date by which parties must be available to provide this service may limit the number of parties that can respond and the number of options the CAISO has for procuring this service, or the proposed date for acquiring this service may result in parties incurring additional cost to provide the service on that time frame. The CAISO should, early on in this process, carefully consider whether requiring all proposals to be able to start providing black start services by a date certain is realistic. Specific criteria for how delays beyond January 1, 2018 would be considered in the evaluation should be developed and included in the straw proposal.

Principles

NRG expects that black start service will be acquired through a competitive procurement process in which eligible offers are considered based on technical characteristics and cost. To the extent that parties compete to provide this service, they will compete on the basis of their location, cost, and when they can make this service available to the CAISO.

The CAISO's stakeholder process and procurement mechanisms should adhere to the following principles:

- In advance of procuring this service, the CAISO must:

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- Publish the technical requirements for providing black start service
- Publish a list of the compliance requirements associated with providing black start service
- Publish a list of the area(s) in which the black start generator(s) can be located, and, preferably, where it would be preferable to locate the black start generator
- Publish a list of transparent and comprehensive criteria the CAISO will use to evaluate and select the units to provide this service. Such criteria likely will include:
 - Location
 - Unit size
 - Source of black start power supply
 - Price
 - Date the service would be available to the CAISO
 - Proposed duration of contract
- Explain in detail how the cost of procuring black start service will be recovered.
- Provide a detailed schedule for the post-selection process, including dates for:
 - Final negotiation of the black start agreement
 - Filing any agreements with FERC
 - Desired in-service dates for the black start generator, and how alternate on-line dates will be considered in the evaluation
- Ideally, the CAISO should develop a proposed black start agreement and provide that proposed agreement in advance of any solicitation and selection process. The proposed black start service agreement must:
 - Be between the CAISO and the Scheduling Coordinator for the generating resource providing the black start service
 - Allow flexibility to submit bids that provide for full recovery of the capital costs and O&M costs incurred to provide the service
 - Flexibility to allow the supplier to offer a longer term of service to amortize the investment will lower unit rates for black start service
 - Clearly set forth both parties' termination rights. Early termination by the CAISO should only be allowed if the supplier has the opportunity to price that risk or include an additional charge for early termination
 - Clearly set forth the CAISO's testing and dispatch rights, describe the expected frequency of testing, and provide the supplier with the opportunity to recover all direct and indirect expenses associated with such testing
 - Provide for the generator to include in its pricing the recovery of costs associated with the ongoing maintenance needed to provide black start service
 - Identify all of the compliance requirements (NERC, WECC and CAISO) with which the black start generator must comply