

NRG Energy, Inc. Comments on CRR Track 1B Straw Proposal

Submitted By	Company	Date Submitted
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First, NRG acknowledges that other ISOs (PJM, MISO) have adopted techniques similar to the technique proposed by the CAISO to address CRR underfunding. Further, NRG is intrigued by the CAISO's proposal to reduce CRR payments on a constraint-by-constraint basis – a novel approach relative to PJM and MISO. The constraint by constraint approach, if properly implemented, has the potential to be the most equitable way to address CRR underfunding.

Second, NRG agrees with the CAISO that an approach that reduces CRRs *ex ante*, before the running of the Day-Ahead market, giving market participants an opportunity to react and adjust their transactions to ensure the sufficiency of their congestion hedge prior to the running of the Day-Ahead market would be a superior and preferred approach. While NRG does not dispute the CAISO's assertion that such an approach would be logistically more complicated and difficult to implement than the *ex post* settlement approach proposed by the CAISO in the Track 1B straw proposal, NRG urges the CAISO not to abandon consideration of this approach.

Third, NRG agrees with the CAISO's position that the option described in Section 5.3.3 – Eliminating the release of all available transmission in the CRR auction – would result in an unworkably illiquid market in which non-LSE market participants could obtain CRRs and does not warrant further consideration.

Finally, NRG respectfully urges the CAISO to continue to explore ways to improve CRR network modeling. NRG understands the CAISO's position that it is not possible to replicate the dynamic complexity experienced across an entire year or month through a CRR allocation or auction snapshot. Still, NRG believes that improving the CRR network model is the single biggest improvement the CAISO can make to the CRR process without compromising its effectiveness.