

NRG Energy, Inc. Comments on 5th Revised FRACMOO Straw Proposal

Name	Company	Date Submitted
Brian Theaker	NRG Energy, Inc. "NRG"	February 3, 2014

NRG Comments on changes from the 4th Revised Straw Proposal:

- **Using an average of the top five maximum daily three hour net-load ramps to allocate the flexibility requirement.** NRG supports this.
- **Separate year-ahead and month-ahead showings for flexible RA and system/local RA.** NRG would prefer not to have additional, separate showings, but does not oppose this.
- **Four "technology agnostic" flexible capacity categories.** NRG supports this direction and offers additional comments below.
- **Same price for backstopping flexible capacity as for backstopping local and system RA capacity.** NRG does not oppose this.
- **Delaying the Standard Flexible Capacity Product and Opportunity Cost Adder until Fall 2015 for the 2016 RA year.** NRG supports this delay, which also includes not having to provide replacement capacity for use-limited resources that have reached use limits or resources on forced outage that are providing flexible capacity until 2016.

Additional comments follow.

Flexible capacity categories. NRG supports the CAISO's proposal to create "technology-agnostic" flexible capacity categories to deal with use limits. However, NRG is concerned about the wide variation in the monthly category 1, 2 and 3 requirements shown on page 29 of the 5th Revised Straw Proposal. For example, an LSE would be required to meet 30% of its October flexibility needs through Category 1 resources, but less than 20% of its May and June flexibility requirements through Category 1 resources. It's not clear to NRG how these very different monthly flexibility category needs will affect procurement, but, in general, stable procurement requirements help translate into stable procurement practices.

It is also not clear to NRG which resources will be included in Category 2 and which will be included in Category 3. NRG requests that the CAISO, when it publishes its list of flexible capacity, identify which resources are in which flexibility category. Given that the CAISO indicates that the specific set of hours in which category 3 resources must submit economic offers will be determined seasonally, it will be helpful to all market participants for the CAISO to clearly identify which resources are in which flexibility category.