

NRG Energy, Inc. Comments on Reactive Power Requirements and Financial Compensation and Financial Compensation Revised Straw Proposal

Submitted By	Company	Date Submitted
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**Financial Compensation**

- **Capability Compensation**

NRG continues to oppose the CAISO’s position to not provide capability payments. The CAISO is fundamentally abdicating its responsibility to provide compensation and create robust markets for critical services needed to maintain grid reliability by assuming those costs are being recovered through some other mechanism. Should the CAISO not change its position on this matter, NRG will oppose this position when filed at FERC.

- **Provision payments - new ExD category**

NRG appreciates the CAISO’s direction to begin thinking about compensation for reactive power from “unconventional resources” that are not producing real power (e.g., conventional combustion turbines fitted with clutches to be able to provide reactive power without heat in the machine, and smart inverters on solar resources being able to provide reactive power while the sun is not shining). While NRG appreciates the CAISO’s focus on these emerging sources of reactive power, using extra-market Exceptional Dispatch to provide compensation to resources that are likely to be an increasingly large source of reactive power does not align with a core CAISO principle, namely, creating meaningful markets and price signals for the reliability services the CAISO needs to reliably operate the grid.

With that said, while NRG does not support using Exceptional Dispatch as the means for compensating any reliability service, should the CAISO use ExD as an interim compensation method, the CAISO should include O&M costs in the compensation for that service. While operation as a synchronous condenser without heat in the machine does not contribute as much to the need for future maintenance as operating the machine with heat in it contributes to the need for future maintenance, the O&M costs for a rotating machine are not zero.