

NRG Energy, Inc. Comments on Reliability Services Initiative Phase 2 Revised Draft Final Proposal

Submitted By	Company	Date Submitted
Brian Theaker	NRG Energy, Inc. ("NRG")	July 22, 2016

NRG offers the following comments on the following issues in the Reliability Services Initiative Phase 2 Revised Draft Final Proposal ("RSI2RDFP"):

- Clarify Local Regulatory Authority (LRA) interaction and process alignment
 - CAISO proposal: The CAISO is no longer proposing to develop a default template detailing the information it needs regarding the LRA's Resource Adequacy (RA) program.
 - NRG Comment: No comment.
- Substitution for flexible capacity resources on planned outage
 - CAISO proposal: The CAISO proposes to subject flexible capacity to the same outage submittal, approval and substitution process developed in RSI Phase 1. While the CAISO Board approved this proposed outage process in March 2015, the CAISO has targeted implementation of this new process for 2017 and has not yet submitted this proposal to the Federal Energy Regulatory Commission (FERC).
 - NRG Comment: NRG understands the CAISO's intent and desire to include flexible capacity in this new outage process as well. NRG has already submitted comments on the proposed process to the CAISO, and expects to comment on the approved proposed process when the CAISO submits this proposed process to FERC.
- Separate local and system RA for purpose of forced outage substitution
 - CAISO proposal: The CAISO proposes to:
 - Require LSEs to separately show local and system capacity on their RA plans.
 - Allow for partial unit designations of local and system capacity (e.g., a unit could show part of its capacity as local capacity and part as system capacity).
 - Allow a supplier who has sold system RA capacity from a generating unit located within a local capacity area to replace that system capacity on forced outage with system capacity rather than requiring it to replace that capacity with capacity within the same local capacity area.
 - Use only capacity procured and shown as local capacity to evaluate whether there is enough generation to meet the local area requirements.
 - NRG Comment: NRG **strongly** supports the CAISO's proposal. It is unreasonable to impose an expensive requirement to replace that capacity with capacity within the same

local area on parties who have sold system capacity at reduced prices from resources within that local area. The obligation to replace capacity must be consistent with the type of capacity product sold. If an LSE wants to ensure that the generator selling that capacity has an obligation to replace that capacity within the same local area, it should procure that capacity as local capacity, not as system capacity.

- Process to update Effective Flexible Capacity (EFC) list during the year
 - CAISO proposal: the CAISO clarifies that, within an RA year, it will update a resources' EFC and flexible category only upon request from the Scheduling Coordinator.
 - NRG Comment: NRG does not object to this proposal.
- Address the RAAIM exemption currently in place for combined flexible capacity resources
 - CAISO proposal: to eliminate the RAAIM exemption for combination flexible resources and develop a calculation that treats both resources in the combination as a single resource for RAAIM purposes.
 - NRG Comment: NRG does not object to this proposal.
- Streamlining monthly RA showings
 - CAISO proposal: The CAISO is no longer proposing to automatically roll an LSE's annual RA showings into its monthly RA showings. Instead, the CAISO has developed a tool to monitor the submittal of RA showings and a process to quickly contact LSEs if an RA showing is not received by the due date.
 - NRG Comment: Does the CAISO intend to apply this tool and process to the submittal of supply plans as well? If so, NRG supports that. If not – why not?
- RA showing requirements for small Load Service Entities (LSEs)
 - CAISO proposal: The CAISO proposes to allow LSEs with a forecasted RA requirement of one (1) MW or less to show zero (0) MW of capacity in their RA showings for that month.
 - NRG Comment: NRG does not object to this proposal.