

NRG Energy, Inc. Comments on
December 21, 2011 Transmission Reliability Margin Issue Paper and Straw Proposal

Submitted By	Company	Date
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NRG appreciates the CAISO's efforts to provide transparency regarding holding intertie transmission capacity to deal with uncertainty through the use of a Transmission Reliability Margin ("TRM").

NRG remains concerned about the lack of transparency regarding the similar practice of conforming the limits of internal transmission constraints to deal with uncertainty as well as the difference between market model results and actual flows.

As indicated in the CAISO's monthly market performance metric catalogs¹, the number of transmission paths whose limits were conformed in any of the day-ahead, real-time unit commitment and real-time dispatch markets² increased from 39 in January 2011 to 87 in July 2011, decreasing only to 72 in November 2011. Moreover, in July 2011, the CAISO's data indicates that the limits on Path 26, a principal north-south path between Southern and Northern California, were conformed in *all* hours at *substantial* levels. Market participants do not know the effects that these adjustments have on CAISO market prices, nor do they even know until well after the fact that the CAISO has even applied these adjustments.

NRG understands that the CAISO views the issue of conforming internal constraints to be outside the scope of the issue of applying TRMs to intertie scheduling points. However, NRG urges the CAISO to consider how it can provide additional transparency around the practice of conforming internal constraints and to endeavor to provide that transparency in the future.

¹ <http://www.caiso.com/Documents/Market%20performance%20metric%20catalog>

² A transmission path is counted in this tally if the CAISO indicates its limit was conformed in any of the three markets. A path that was conformed in all three markets would raise the count by three.