

Submitted By	Company	Date Submitted
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NRG appreciates the CAISO convening the December 19, 2017 CRR Working Group meeting, and thanks the parties that gave presentations for their perspectives on this issue.

NRG supports the position that eliminating CRR auctions from the long-standing standard market design may well increase costs to consumers as suppliers likely will incorporate risk premiums into their bids to account for their inability to hedge congestion risk.

NRG offers these comments:

- NRG continues to find CRRs to be an important product to hedge the congestion delivery risk for generating units that are not under an RA obligation at all times (e.g., may be contracted for a “summer months strip” but may be un-contracted across other months of the year).
- The bilateral “matching market” proposed by DMM would not provide any reasonable assurance that parties would be hedge their congestion risk. NRG does not find this proposed solution to be practically workable.
- Consistent with the approaches that other ISOs have undertaken in response to this not-unique-to-California issue, there are steps that the CAISO could and should take short of eliminating the CRR auction:
 - Incorporate better outage information into the CRR auction model;
 - Consider paradigms like those adopted by other ISOs in which CRRs are auctioned across multiple opportunities;
 - Screen for and eliminate CRRs for electrically adjacent locations for which there is little or no opportunity for congestion;
 - Consider a reasonable price floor for CRRs; and
 - Consider restricting the amount of network capacity that is released for the auction.

NRG agrees that the next steps should be to collectively examine options like those outlined in sub-bullets above so as to improve, but not abandon, the CRR auction process.