Submitted By	Company	Date
Brian Theaker	NRG Energy, Inc. ("NRG")	January 8, 2013

NRG supports efforts to create markets and processes that do not artificially favor one class of market participants. The inefficiencies and problems created by the Hour-Ahead Scheduling Process HASP are well known and long standing. NRG urges the CAISO to press ahead to eliminate the HASP as soon as possible.

NRG appreciates the CAISO's work in putting together the stakeholder matrix and responding to specific concerns raised by market participants.

NRG offers the following comments:

- First, the CAISO's Department of Market Monitoring (DMM) has raised a concern with exempting full-hour schedules awarded in HASP from separate 15-minute congestion prices, namely, that doing so could add to uplifts, as any 15-minute congestion prices not paid by parties with full-hour schedules will have to be recovered through uplift. The CAISO and other parties have previously used the amount of uplift costs as justification to impose restrictions on market functionality. NRG would be very concerned if such uplifts could be similarly used to restrict market functionality in the future, and, as such, shares DMM's concern.

- Second, DMM has proposed that the CAISO consider uninstructed deviation penalties to discourage market participants from deviating from their 15-minute schedules to avoid eroding their profits.[1] NRG would hope that the 5-minute instructions would reflect a unit's incremental and decremental energy bids and that following CAISO instructions would reflect an economically optimal use of those resources and not degrade a unit's revenues. Spurious 5-minute prices are in no party's interest, and NRG urges the CAISO to take the steps necessary to ensure that prices are accurate. NRG would prefer the CAISO focus on getting the 15-minute and 5-minute prices right than to resurrect yet another discussion regarding uninstructed deviation penalties. However, if there must be another discussion about uninstructed deviation penalties in the light of this process, it must be a comprehensive discussion.

- Third, NRG shares LSA's concerns about eliminating the Participating Intermittent Resource Program (PIRP) without first providing conclusive evidence that the proposed new scheduling

[1] From DMM comments (from the Stakeholder matrix): "First, internal resources may have the incentive to deviate from their 5-minute dispatch instruction in order to protect their profits in the 15-minute market from being eroded by revenue shortfalls in the 5-minute market. If a resource follows its 5-minute market dispatch instruction away from its 15-minute market schedule, spurious 5-minute market LMPs may create a revenue shortfall for the energy settled in the 5-minute market. This shortfall would net against the resource's profits from its 15-minute market schedules. Risk-averse resources content with their profits from the 15-minute market have incentives to deviate from the 5-minute dispatch instructions in order to operate at their 15-minute schedules and avoid exposure to 5-minute market prices."

timelines for Variable Energy Resources (VERs) will eliminate the need for market participants to use PIRP to manage balancing energy risk for those resources. NRG also shares LSA's concern about the efficacy of producing three identical 5-minute forecasts from submitted 15-minute forecasts instead of using separate 5-minute forecasts.

Again, NRG appreciates the CAISO's response to individual stakeholder comments. NRG looks forward to further discussion in this process.