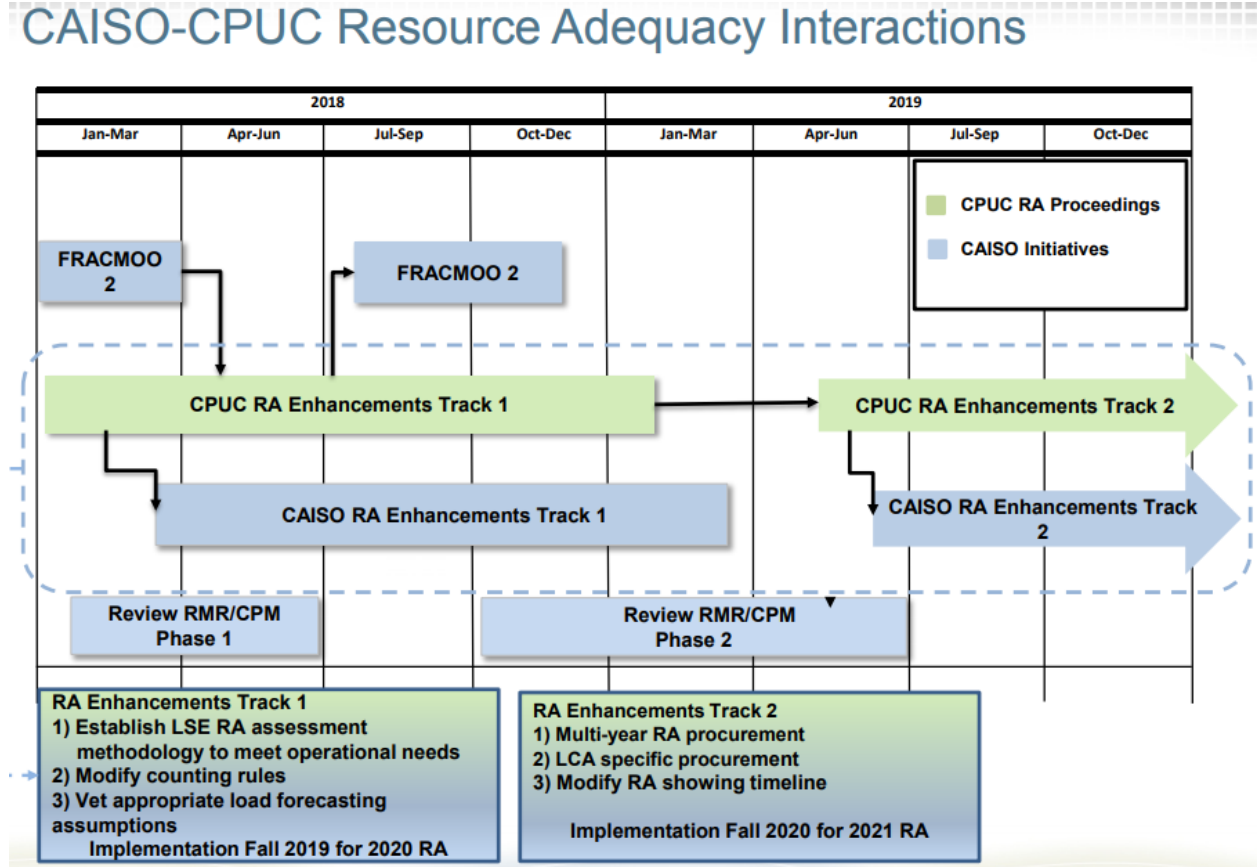


NRG offers the following comments:

Resource Adequacy and RMR/CPM

The 2018 Draft Policy Initiatives Roadmap lays out the following schematic for the simultaneous consideration of RA Enhancements and RMR/CPM Review:



Source: <http://www.caiso.com/Documents/2018DraftPolicyInitiativesRoadmap.pdf>, slide 16

Phase 1 of the RA Enhancements Process is proposed to include:

- Establish RA capacity assessment that is better aligned with operational needs of the transforming grid
- Modify resource counting rules for non-availability and outages
- Vet load forecasting assumptions used to set RA requirements

Phase 2 of the RA Enhancements Process is proposed to include:

- Establish multi-year RA requirements to ensure procurement of essential resources through transition to a low carbon grid
- Ensure sufficient capacity procured in each local capacity area

- Modify RA showing timeline to enable orderly retirement decisions

Source: <http://www.caiso.com/Documents/2018DraftPolicyInitiativesRoadmap.pdf>, slide 11

The proposed two-phased RMR/CPM review is laid out as:

- Phase1: Consider more immediate changes to the longstanding Reliability Must Run contract, its terms and conditions
- Phase 2: Consider integration of RMR and CPM into a single, cohesive CAISO backstop procurement mechanism

Source: <http://www.caiso.com/Documents/2018DraftPolicyInitiativesRoadmap.pdf>, slide 13

The increased use of RMR and CPM is a sign of the growing failure of the RA program to identify and compensate the resources needed to maintain reliability. The issues in the RA and RMR/CPM programs are interrelated and cannot and should not be “fixed” sequentially. Doing so will create the real possibility that once the RMR/CPM issues are “fixed”, there will remain no incentive to tackle the harder, more fundamental problems underlying the RA program. The two interrelated initiatives must be undertaken – started and finished – together, not sequentially.

The Perpetual Limbo for Lesser Items Must Be Addressed

Long-languishing initiatives such as Item 6.1.33, Inter-Scheduling Coordinator Trade Adjustment Symmetry, perpetually appear in each new catalog as “Discretionary” items while other initiatives, heretofore uncatalogued (e.g., RMR/CPM Revisions), make their first appearance in the 2018 catalog as urgent “ISO-Committed” initiatives. While NRG recognizes that some issues take on an unanticipated urgency, it is unreasonable to indefinitely defer other items. Items like 6.1.33 do not require anything close to the level of consideration that must be given to new initiatives like 5.10. 6.1.33 is a focused initiative that could be resolved through a minimal amount of engagement – namely, to define the problem (the asymmetry of adjustments), provide a rationale and basis for the current treatment, and then consider and act on a solution (to make the adjustments symmetrical). The CAISO can and should create a process whereby these smaller, single-issue items can be timely considered and not indefinitely deferred.

Submitted by Brian Theaker