`Submitted By	Company	Date Submitted
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The August 24, 2015 Straw Proposal presents the following positions:

- The CAISO will determine opportunity costs for those resources whose operating restrictions can be translated into start- run hour or energy production limits.
- If operating restrictions cannot be translated into such limits, the resource owner may negotiate an opportunity cost.
- The CAISO will require that market participants translate operating restrictions into limitations on starts, run hours or energy production, and submit documentation substantiating the translation.
- The CAISO will use 15 minute prices in the opportunity cost model.
- The CAISO will incorporate an estimate of future power prices by using an 'inflator" in addition to LMPs derived from historical prices.
- The CAISO will update opportunity costs monthly.
- Use-limited Multi-Stage Generating Resources (MSG) may also use opportunity costs.
- How opportunity costs will be incorporated into commitment cost bids will be determined in the Bidding Rules stakeholder process.

NRG provides the following comments.

Generating unit owners should always have the opportunity to negotiate their resources' opportunity costs. NRG remains skeptical about a fundamental premise of this process, namely, that the CAISO can determine not just ***a***, but ***the*** opportunity cost for a use-limited resource using a mathematical model that uses a single set of 15-minute forward market prices that are derived from historical prices using a not-yet-fully-defined "inflator" value. The CAISO's opportunity cost is one view of the future; a resource owner may have a different view. Given that it is the resource owner that bears financial, legal, and environmental responsibility for a generating unit, the owner must have at least an equal role in determining the opportunity cost for its resources. The role must be greater than just translating operating restrictions into start-up, run hour or energy limits, no matter how simple that translation may be. The opportunity cost determined by the CAISO should inform the selection of an opportunity cost, but it should never completely substitute for the resource owner's risk tolerance, judgment and experience. The resource owner should always have the opportunity to negotiate its own opportunity cost, independent of the nature of the operating restriction. NRG fully agrees with the position that the opportunity cost for use-limited resources whose resources cannot be translated into start, run hour or energy limits use negotiated opportunity costs.

Negotiated opportunity costs. NRG supports the CAISO's position that owners with negotiated opportunity costs be permitted to update those costs on a monthly basis.

NRG requests that the CAISO provide additional detail on the process for negotiating opportunity costs. For example – with whom with those negotiations take place?

Incorporating the opportunity cost in bids. NRG does not disagree with the CAISO's position that the process to determine how the opportunity costs will be incorporated into bids will be determined in the Bidding Rules process. However, NRG is already concerned by the CAISO's position that the CAISO-determined opportunity cost is the unquestionably "right" value and no "headroom" should be provided for that opportunity cost. Again, it is hubris to think that the CAISO-determined opportunity cost is the absolute "right" value such that no "headroom" need be applied to it.