

NRG Energy, Inc. Comments on Stakeholder Initiatives Catalog – Initial CAISO Ranking

Submitted By	Company	Date Submitted
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Issue	Comment
RA initiatives (14.1, 14.2 and 14.3)	The CAISO should consolidate issues 14.1 (Multi-Year Regional RA, ranked 5 <sup>th</sup> by the CAISO), 14.2 (Multi-Year Risk of Retirement, ranked 34 <sup>th</sup> by the CAISO) and 14.3 (Risk of Retirement Process Enhancements, ranked 3 <sup>rd</sup> by the CAISO) into a highly ranked Multi-Year RA initiative. As described by the CAISO, Initiative 14.3 this initiative would narrowly look at the timing of the process and a process for selecting between competing resources. Such scope is inadequate to address the myriad issues that must be addressed in a multi-year RA and backstop procurement process. The CAISO should not devote substantial resources to address RA issues in a wider footprint that does not yet exist when critical unresolved RA issues already exist within its current footprint.
CRR Auction Efficiency (12.1)	<p>The relatively high “7” scores assigned by the CAISO in the “desired by stakeholders” and “improving overall market efficiency” categories do not reflect a consensus among the CAISO’s market participants and are overstated.</p> <p>The impetus for this initiative appears to be concerns with CRR revenues exceeding payments; however, a number of factors, especially including network model differences, bear on this difference. If the CAISO wants to try to narrow the gap between auction revenues and CRR payouts, it should examine and seek to correct the fundamental reasons for this disparity instead of proposing a wholesale and contentious change to standard market design.</p>
Real-Time Market Enhancements (9.1)	While NRG appreciates the benefits that would result from being able to perform certain functions (e.g., local market power mitigation) more frequently and closer to real-time, NRG has mixed feelings about the overall efficacy of extending the look-ahead. To provide clear and compelling benefits, increasing the real-time look-ahead must be accompanied by a corresponding increase in the accuracy of the look-ahead forecasts. Extending the look-ahead without improving the look-ahead forecast will not yield better outcomes.
Inter-Scheduling Coordinator Trading Symmetry (9.3)	<p>NRG offers comments on this particular initiative both as one it proposed (and is again disappointed that it is ranked quite low) but also as a general question about initiatives that should not require a lengthy and involved stakeholder process to address.</p> <p>It may take longer to describe this issue than to resolve it. The issue is binary: should ISTs only be adjusted downward when their forecast changes close r to real time, or should the IST adjustment follow the forecast in both directions? There may be some narrow and long-languishing issues which, while they do not yield an impressive score as measured by the CAISO’s ranking criteria, could be resolved with a focused, short and simple stakeholder process. Leaving such issues unaddressed in perpetuity because the CAISO has very limited bandwidth to address market design problems encourages market participants to seek to resolve those issues unilaterally rather than through what could and should be a short CAISO process.</p> <p>NRG questions whether the CAISO should (1) add “time in queue” as an evaluation criterion – something that would add some impetus for dealing with issues that have</p>

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	languished for a long time, and (2) find a more effective criterion that could differentiate those issues that could be addressed through a short, focused stakeholder process.
General Comment	When the CAISO presents the results of this process to its Board, NRG respectfully requests that the CAISO provide for the Board an in-depth evaluation indicating (1) why the CAISO has so little bandwidth for taking on new initiatives and (2) what would be necessary to acquire the needed additional bandwidth to take on additional initiatives.