

Submitted by	Company	Date Submitted
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NRG's comments focus on two aspects of FRP bidding.

- **Requiring Resource Adequacy ("RA") capacity to submit \$0/MW bids to supply Flexible Ramping Product up and down capacity is not consistent with the CAISO's current treatment of Ancillary Service bids from RA capacity.**

The CAISO proposes to require that RA resources bid \$0/MW in the Day-Ahead ("DA") market to supply FRP up and down capacity. (Straw proposal at 9.) NRG does not object to requiring RA capacity to provide bids to supply FRP. Such treatment would be completely consistent with the current must-offer obligations that apply to RA capacity, which obligate Scheduling Coordinators ("SCs") to provide both energy and ancillary service bids from RA capacity. However, the CAISO does *not* require SCs to provide \$0/MW bids for ancillary services from RA capacity. Tariff Section 40.6.1 (1) requires Economic Bids for ancillary services, not \$0/MW bids, from RA resources certified to provide ancillary services.

SCs are obligated by Section 40.6.1 (5) to submit \$0/MW RUC Availability Bids from RA capacity. Again, however, SCs are not required to submit \$0/MW ancillary service bids from RA capacity. The proposed FRP is far more analogous to the CAISO's ancillary service products than to RUC capacity. The FRP, like ancillary services capacity, is ramping capacity held for possible use for energy in the real-time market. Conversely, RUC capacity is capacity committed by the CAISO to meet CAISO forecast of demand. The CAISO has not fully explained why it believes FRP capacity should be treated like RUC capacity instead of like Ancillary Services capacity.

Consistent with the ancillary services must-offer obligation that currently attaches to RA capacity, the CAISO should require RA capacity to provide an DA Economic Bid – not a \$0/MW bid - to provide FRP.

- **NRG does not support eliminating the opportunity to submit FRP bids in the DA market.**

The CAISO seeks input on whether to disallow day-ahead bidding to provide FRP capacity. (Straw proposal at 9.)

Up until this most recent straw proposal, the CAISO was developing FRP based on the premise that this would be a fully biddable product, like the CAISO's Ancillary Service products. While the CAISO did not propose to eliminate day-ahead bidding for FRP in the Straw Proposal, it seems clear from the Straw Proposal – along with comments provided by the CAISO's Department of Market Monitoring in the 2013 Annual Report on Market Issues and Performance – that this is the CAISO's preferred outcome.

NRG does not support the elimination of day-ahead bidding to provide FRP. Doing so would not be consistent with the CAISO's long-standing treatment of bids for its Ancillary Service products – a treatment that did not change with the implementation of Resource Adequacy obligations. To the extent that the CAISO believes it is necessary to deal with market power concerns for the FRP, the CAISO should propose treatment along the lines of its current market power mitigation methodologies rather than propose to eliminate all bidding for this product.