

NRG Comments on Variable Operations and Maintenance Report
January 15, 2019

Submitted by	Company	Date Submitted
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NRG offers these comments on the CAISO's December 26, 2018 Variable Operations and Maintenance ("VO&M") report, as discussed with market participants on the CAISO's January 8, 2019 call.

NRG supports the CAISO establishing technology-specific default VO&M rates as a rational and efficient way to avoid the complicated and difficult effort of establishing unit-specific rates with individual generating units.

In reviewing the estimated 2018 variable costs of two of its resources, the new VO&M rates proposed by the CAISO are significantly less than VO&M rates estimated by NRG. While NRG is not citing these costs in these comments because those costs are confidential and have not been made public, NRG would be willing to provide those estimated costs to the CAISO as cost information for the CAISO to be held as non-public and confidential information if requested to do so by the CAISO.

NRG agrees with the observation made by Mark Smith from the Calpine Corporation on the January 8, 2019 call that the CAISO's new proposed VO&M rates significantly understate actual water costs. This appears to be a major source of the discrepancy between NRG's estimated 2018 VO&M rates and the CAISO's proposed VO&M rates.

NRG also agrees with and supports the points raised in the comments submitted by the Western Power Trading Forum on this topic, including the potential lack of comparability between nationally-available costs and California-specific costs.

Finally, NRG agrees with market participants' comments for the CAISO to work with market participants to establish a standard CAISO definition of VO&M rates.