

<b>Submitted by</b>	<b>Company</b>	<b>Date Submitted</b>
Brian Theaker	NRG Energy, Inc.	July 5, 2013

NRG offers these comments on the CAISO’s June 18, 2013 Contingency Modeling Enhancements (CME) Revised Straw Proposal and the CME discussion at the July 2, 2013 Market Surveillance Committee (MSC) meeting.

NRG continues to strongly support the CAISO’s efforts to enhance its market models to (1) reflect the CAISO’s need to hold unloaded capacity at certain locations in order to be able to restore transmission paths to below their ratings following a transmission or generation contingency, and (2) provide compensation for such capacity that appropriately signals the value of capacity at that location.

While NRG supports allowing bidding for all CAISO spot market products, NRG acknowledges that providing bidding for corrective capacity surfaces significant questions, both about the additional amount of complexity allowing bidding would introduce into the design and compensation of the corrective capacity product as well as how to apply local market power mitigation to that product. Rather than delaying the implementation of this product while the details of such bidding are worked out, NRG supports implementing the corrective capacity design using locational marginal price energy opportunity cost pricing as the initial basis for compensating such capacity.

Southern California Edison (SCE) has called for a “summit” between the CAISO and “transmission operators” to “agree on requirements and allowable responses.” (See SCE Presentation to the MSC, Slide 2, available at [http://www.aiso.com/Documents/ISO\\_ContingencyModelingProposal-SCE\\_Presentation.pdf](http://www.aiso.com/Documents/ISO_ContingencyModelingProposal-SCE_Presentation.pdf).) NRG does not object to yet another discussion on the requirements defined in NERC and WECC standards that the CAISO must adhere to. If the CAISO engages in such a summit, however, NRG strongly urges the CAISO to make that a fully public discussion in which all affected and interested stakeholders may participate.