

Stakeholder Comments Template

Reliability Services Initiative - Phase 2 Second Revised Draft Final Proposal

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the second revised draft final proposal for the Reliability Services Initiative - Phase 2 that was posted on September 16, 2016. The revised draft final proposal and other information related to this initiative may be found at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/ReliabilityServices.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **September 30, 2016**.

If you are interested in providing written comments, please organize your comments into one or more of the categories listed below as well as state if you support, oppose, or have no comment on the proposal.

1. Forced outage substitute capacity for RA resources capacity in local capacity areas. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

NRG strongly supports the CAISO's proposal.

Requiring that system capacity (i.e., capacity that could be located at any location within the CAISO-controlled grid) sold within a local area be replaced by capacity within that same local area transforms one RA product into a different RA product and imposes a risk on the supplier of that capacity for which the supplier does not receive due compensation. This is unjust and reasonable, and the CAISO is right to finally correct this problem.

Local RA capacity is inherently a different product than system RA capacity, because it must be located within a given transmission-constrained area, and, more importantly, must be replaced by capacity within that same local area when it suffers a forced outage. To require a resource to replace capacity from within a given area when it is providing system capacity that should be able to be replaced from anywhere within the CAISO is highly problematic.

NRG supports the CAISO requiring that LSEs identify whether capacity is local or system on its RA showing.

NRG is indifferent as to whether the CAISO considers system capacity within a local area or only considers capacity shown as local capacity when evaluating whether that local area has an adequate

amount of capacity. It is perfectly reasonable to allow system capacity within a local area to count towards meeting the local area capacity requirement. However, if that system capacity within a local area experiences a forced outage, and the supplier replaces that unavailable system capacity from outside the local area (consistent with the system capacity product), the remaining capacity within that local area may not meet the local area requirement, which could trigger the need for a CPM designation within that local area. LSEs that purchase system capacity within a local area should be aware of that possible outcome. If an LSE wants the supplier to have to replace any capacity forced out of service within that local area, they should procure that capacity as local capacity, not as system capacity.

NRG also strongly supports the CAISO's proposal to allow partial unit designation as local capacity. Any other result would be completely inconsistent with the CAISO's long-held position that partial-unit RA contracting is appropriate.

2. Process to update Effective Flexible Capacity (EFC) list during the year. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

NRG supports the CAISO's proposal.

3. RA showing tracking and notification. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

No comment.

4. RA showing requirements for small LSEs. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

No comment.