

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your written comments on the stakeholder initiative "Temporary Shutdown of Resource Operations."

Submit comments to InitiativeComments@CAISO.com

Comments are due July 13, 2017 by 5:00pm

The Straw Proposal posted on June 21, 2017 and the presentations discussed during the June 28, 2017 stakeholder conference call can be found on the [TSRO Website](#).

Please use this template to provide your written comments on the straw proposal topics listed below and any additional comments that you wish to provide.

1. Who is eligible?

Comments:

NRG has no comments on this aspect of the proposal.

2. Whether the CAISO may allow a Participating Generator to temporarily shut down operation of its Generating Unit for economic reasons.

Comments:

NRG supports allowing a Participating Generator to temporarily shut down its Generating Unit for economic reasons – or for any reason, for that matter – when the Generating Unit is not

under a Resource Adequacy (“RA”) or Reliability Must-Run (“RMR”) contract. An un-contracted resource has been deemed to be not needed for any purpose, and should be allowed to shut down for a period of time without cause.

3. The conditions under which the CAISO may grant a request for temporary shutdown.

Comments:

NRG has no comments.

4. Reliability Studies.

Comments:

NRG agrees with the approach laid out by the CAISO.

5. The form of compensation, if any, that the CAISO would provide the Participating Generator if the CAISO denies the Participating Generator’s request to take the Generating Unit out of service for a temporary shutdown.

Comments:

NRG agrees that the payment should be the CPM payment.

If the CAISO determines that the resource is needed during the time of the requested shutdown period, the CAISO should, consistent with the proposal in the CPM Risk of Retirement stakeholder process, provide a “balance of period” designation and associated payment. As an example – assume the Participating Generator wants to take the unit out of service from October through January. If the CAISO determines that the resource is required in January, the CPM payment should begin in October. To not start the payment in October would be to assert that the resource is required to remain in operation without any reasonable certainty that it could or would recover its fixed costs until the month that it is needed.

NRG also requests the CAISO clarify that the current minimum CPM designation terms would still apply in situations in which the CAISO calls a resource on temporary shut-down back to service. For example, NRG requests that the CAISO confirm that if the CAISO called the resource back to service 20 days from the end of its shut-down period, that resource would be owed at least a 30-day, and, if called back for local reasons, a 60-day CPM designation.

6. The CAISO may want to establish a limit on the minimum amount of time that a Generating Unit can shut down its operations, and perhaps a maximum amount of time.

Comments:

The CAISO has proposed that the minimum shut-down time be two months, and the maximum shutdown time be four months. The CAISO, however, has also proposed that the resource be able to be returned to service within ten business days at the CAISO's request.¹ If the resource owner has to maintain the generating unit in a state to be able to return the generating unit to service within ten days at the CAISO's request, then the effective minimum shut-down period is ten days, because that is the level of 'return-ability' that the CAISO requires and the generating unit owner must maintain. This level of return-ability – which comes at a cost for which the CAISO has offered no compensation - effectively provides the CAISO with a free option on the resource's service. If the CAISO wants to set a two-month minimum duration to dissuade Participating Generators from shutting down their units for a short period, the CAISO should either provide an option payment to maintain ten business day "return-ability" within that two-month period, or set the level of return-ability equal to the two-month minimum shut-down period.

On the June 28 call, the CAISO indicated that the four-month maximum duration was selected to coincide with the seasonal study process. While the CAISO is proposing to allow a generating unit to extend the four-month shutdown period by submitting another request no sooner than 15 days prior to the end of the current shut-down period, tying the maximum study period to the seasonal study process implies that the seasonal study process can impose reliability requirements outside of and independent from the currently-prescribed RA process. Further, NRG believes that the proposed requirement that the resource owner not be able to request an extension until no earlier than 15 days prior to the end of the shut-down period does not provide adequate time for the resource owner to request, and the CAISO to consider, such an extension request. If the need for the unit would arise from a need to maintain reliability in a local capacity area, the local capacity needs should be defined in a year in advance, and a generating unit not selected to meet these requirements (or any other RA requirements) should be allowed to shut down without cause for a calendar year.

7. The CAISO will need to establish a specific timeline for requesting shutdown of operations allowing for appropriate operations planning time and notification of approval and denial.

Comments:

The CAISO's proposed process is very asymmetric – a Participating Generator needs to submit a shut-down request 60 days in advance, which the CAISO needs only provide notification as to the disposition of the request a mere eight days prior to the requested effective date.

¹ Straw Proposal at page 20.

8. Is there a level of “return-ability” that would need to be maintained while the Generating Unit is in shutdown status?

Comments:

Please see the response to question 6.

If a Participating Generator has temporarily shut down operations of its Generating Unit, would it be eligible to be used as a RA resource in a RA showing for that period?

Comments:

NRG agrees that a resource on temporary shut-down should not be eligible to be used in a RA showing while it is shut down. NRG requests that the CAISO confirm that, if the resource was able to secure an RA contract that took effect during the shut-down period and returned the unit to service of its own volition, the resource then would be eligible to be used in an RA showing.

9. If a Generating Unit has shut down operations in one BAA and is now operating in an adjacent BAA, would it be eligible to be counted as a RA resource in the BAA for which it has shut down its operations?

Comments:

No.

10. Other Comments

Please provide any additional comments not associated with the topics listed above.

Comments:

Maintaining the unit’s operating characteristics during the shutdown period

NRG disagrees that the Participating Generator should be required to return the generating unit to service after the shutdown with the same operating characteristics that the generating unit had prior to the shutdown. On the June 28 call, the CAISO indicated that this was to “freeze” the unit’s PGA during the shutdown, and to keep the unit maintained during the shutdown period. However, NRG is neither persuaded as to why the CAISO needs to “freeze” the PGA during the shutdown, nor persuaded as to why the generating unit needs to be returned to service with the same operating characteristics it had prior to the shutdown.

To NRG’s thinking a shutdown would be an ideal time to change the resource’s operating characteristics, should the resource owner wish to do so. NRG acknowledges that the resource would have to undergo testing upon its return to service to validate the new operating characteristics and update any ancillary services capability certifications in place.

Nevertheless, the CAISO’s insistence that the unit return to service in exactly the same state it

was in prior to the shutdown amounts to yet another free option acquired by the CAISO. Again, the fundamental premise behind allowing a resource to shut down is that the resource has been determined to not be needed for reliability. The owner of a resource deemed not to be needed owes no obligation to any party to provide a certain level of service. The only obligation the resource owner owes to the CAISO is to accurately represent to the CAISO the unit's operating characteristics. This does not mean that the owner cannot change the characteristics at any time; it just means that the owner has an obligation to demonstrate those characteristics to the CAISO upon the unit's return to service.