

Submitted By	Company	Date Submitted
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The Draft Final Proposal ("DFP") consists of these items:

1. Allow resources without day-ahead schedule to rebid commitment costs in real-time market until committed
2. Don't insert bids in STUC for non-resource adequacy resources that do not have a day-ahead market award and do not resubmit bids into the real-time market
3. Extend filing right at FERC for after-the-fact fuel cost recovery consideration
4. Improve formulation of fuel region to reflect commodity price, transportation costs and credits including cap-and-trade credits
5. Improve resource-specific start-up electricity costs in proxy costs based on wholesale projected electricity price unless resource verifies costs incurred are retail rates

NRG supports proposals 1, 2, 4 and 5 and offers no additional comment on those four proposals.

NRG offers the following comments on proposal 3:

- **Need to address OFO situations.** The CAISO proposes that a generator's ability to recover costs above the 125% cap on commitment costs be limited to recovery of gas commodity costs, and not extend to costs like OFO charges and pooling costs. While NRG understands the rationale for limiting recovery of gas costs to fuel commodity costs, the potential still exists that a generator could incur OFO penalties for following CAISO dispatch instructions. In situations in which a generator cannot procure the gas needed to follow CAISO dispatch instructions at any price and cannot avoid OFO charges, NRG proposes the following:
  - The generator notifies the CAISO that it cannot procure gas at any price.
  - The CAISO, gas pipeline operator and the generator immediately confer via three-way conference call involving all three parties.
  - If the gas pipeline operator says that providing the unit with "un-nominated" gas would compromise the reliability of the gas pipeline system, the unit shall be de-committed or its operation limited to a level that would not compromise the gas supply system without penalty to the generator.
  - If the gas pipeline operator says that the unit can be provided with "un-nominated" gas without compromising the reliability of the gas pipeline system, and the CAISO requires the unit to operate, the CAISO shall agree to pay all OFO charges associated with the unit's operation during the OFO event.
  - If the gas pipeline operator says that the unit can be provided with "un-nominated" gas without compromising the reliability of the gas pipeline system, but the CAISO does not require the unit to operate, the unit shall be de-committed or operated at a level that would not cause it to incur OFO charges.

A generator should never be put in the situation in which it will incur charges that it cannot recover in order to follow CAISO dispatch instructions. If the CAISO requires the unit to operate and OFO charges cannot be avoided, the CAISO must agree in advance to cover the generator's OFO charges.

- **Submitting information to FERC.** The CAISO has proposed that the following information be part of what a generator would submit to FERC as part of an "after-the-fact" cost recovery filing:
  - Data supporting actual applicable fuel costs for applicable electrical operating day(s) including but not limited to invoices for both sales and purchases,
  - Information associated with resource's participation in any gas pooling agreements,
  - Explanation of why actual costs exceeded commitment cost cap, and
  - ISO written explanation of applicable day's events on market participant request

NRG believes these data requirements are reasonable.

- **Timing.** The CAISO has proposed the following timing for "after-the-fact" submittals:
  - The generator must notify ISO of its intent to file for cost recovery within 10 business days after the operating day in which commitment costs above the bid cap were incurred.
  - Within 20 business days, the ISO will provide a written explanation of the applicable day's events.
  - The generator must submit its "after-the-fact" filing to FERC no later than 60 days after operating day where excessive gas costs were incurred.

NRG believes this timing to be reasonable. NRG asks the CAISO to clarify if "60 days" means "business days" or "calendar days".