

## Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the FRACMOO Phase 2 stakeholder initiative Revised Straw Proposal posted on May 1, 2017.

Submit comments to [InitiativeComments@CAISO.com](mailto:InitiativeComments@CAISO.com)

**Comments are due May 22, 2017 by 5:00pm**

The Revised Straw Proposal posted on May 1 and the presentation discussed during the May 8 stakeholder web conference may be found on the [FRACMOO](#) webpage.

Please provide your comments on the Revised Straw Proposal topics listed below and any additional comments you wish to provide using this template.

### **Proposal to modify eligibility criteria**

1. Start-up time less than 4.5 hours

#### **Comments:**

NRG believes that this proposed change in eligibility criteria is myopic. The primary operating challenge created by the steep afternoon net load ramp can be reasonably and accurately predicted outside of the time horizon of the CAISO's Short-Term Unit Commitment algorithm. There is no reason why the CAISO cannot anticipate this afternoon net load ramp and issue start-up instructions to resources with a start-up time longer than 4.5 hours through its day-ahead market. There may be some combination of start-up time and minimum run time that would comprise a meaningful limit on a resource's ability to provide flexible capacity – but it is not clear to NRG why

4.5 hours, apart from being the time horizon of the CAISO's STUC algorithm, is the proper duration at which to draw the eligibility line.

2. Minimum run-time less than 4.5 hours

**Comments:**

Again, NRG believes that this proposed change in eligibility criteria is too restrictive. First, assuming that avoiding undue Pmin burden is a necessary goal, NRG agrees that it is reasonable to impose a limit on minimum run time. As with the CAISO's proposal with regards to start-up time, it's not clear to NRG why 4.5 hours is the right place to draw this line.

Assume, for example, a resource with an eight-hour start-up time and a six-hour minimum run time. Such a resource would be excluded from providing flexible capacity under the CAISO's instant proposal. Further assuming this resource had something less than a ten-hour minimum off time, however, such a resource could be cycled on every day to meet the afternoon net load ramp and evening peak demand and then cycled off without exacerbating the Pmin burden either in the morning low load hours or the afternoon low net load hours.

In sum, while NRG agrees that it is reasonable to consider how a resource's Pmin would exacerbate issues with a system-wide Pmin burden, resources with start-up times and minimum run times longer than the CAISO's proposed 4.5 hour limit could be operated to meet the afternoon net load ramp and evening peak and still shut off to avoid exacerbating the Pmin burden in other periods.

3. Category 3 flexible capacity resources must be available seven day per week

**Comments:**

NRG does not object to this proposed change.

**Future considerations**

The ISO identified the following six objectives for long-term RA enhancements:

- 1) Provide for the efficient retention and retirement of resources needed to maintain reliable grid operations by aligning resource adequacy requirements with operational needs;

NRG strongly supports this objective, but believes that neither the interim nature of the proposed changes nor the proposed changes themselves fully align with this objective.

- 2) Simplify RA procurement and showing processes through alignment with system and local capacity provisions;  
NRG supports this objective.
- 3) Enhance requirements to more closely differentiate particular resource attributes of flexible capacity needed to maintain operational reliability and achieve state policies;  
NRG supports this objective, but believes that the CAISO’s proposal goes beyond what it is needed to meet this objective.
- 4) Align long-term planning and annual RA processes to ensure the long-term planning objectives and assumptions are properly reflected through RA procurement and vice versa;  
NRG strongly supports this objective, but believes that the interim nature of the proposed changes does not align with this objective.
- 5) Provide opportunities for internal and external resources to qualify to supply flexible capacity if they are able meet the specified requirements; and
- 6) Solutions should be scalable regardless of number of LSEs or size of LSEs  
NRG supports these objectives. To ensure that internal and external resources are treated equitably with regards to their eligibility to provide flexible capacity, NRG suggests adding the word “same” between “the” and “specified requirements”.

Please provide comments, as appropriate, on these objectives.

**Comments:**

Please see comments on individual objectives above.

Should additional objectives be added?

**Comments:**

**Other**

Please provide and comments not addressed above, including any comments on process or scope of the FRACMOO2 initiative, here.

**Comments:**

The CAISO’s straw proposal is presented as “short term solutions”. In NRG’s view, what is needed now are not interim short-term solutions that may only serve to accelerate

the already certain retirement of once-through-cooled generating units by a year or two, but durable flexible capacity products that will provide real and lasting value to help ensure financial viability for the resources that will be needed beyond the retirement of the once-through-cooled units. Durable flexible capacity products that can be contracted for multiple years in advance, and not interim short-lived modifications to eligibility criteria that will only serve to discourage the LSEs from longer-term contracting in the near-term, should be the CAISO's FRACMOO2 focus.