

Submitted by	Company	Date Submitted
Brian Theaker	NRG Energy, Inc. ("NRG")	October 3, 2018

NRG strongly supports the CAISO's proposal to allow for manual consultations to allow Scheduling Coordinators (SCs) to adjust generating units' reference levels as needed under volatile gas market conditions. (Issue Paper/Straw Proposal at pages 30-31).

While NRG strongly supports this proposal, the mechanics by which this proposal will be implemented matter. These proposed consultations will likely happen in real time under stressed conditions. NRG respectfully urges the CAISO to quickly work with market participants to develop the details as to what cost documentation must be submitted and when it must be submitted. Given that this consultation will be happening prior to the CAISO market running, it is important to remember that what the market participant will be conveying to the CAISO is its expectation of the price at which it will be procuring gas to follow the CAISO's market award. NRG urges the CAISO to keep this in mind when it develops the details for the mechanics of the consultation process.

The Issue Paper Straw Proposal says (at page 30) that "...[T]he CAISO now proposes to provide for manual review of market participant requests to adjust reference levels used for the CAISO's *real-time* market." (emphasis added.) NRG requests the CAISO clarify as to whether the CAISO also intends to allow market participants to consult with the CAISO regarding reference level adjustments to be used for the *day-ahead* market.

The needed work to develop the details for these consultations and what supporting materials must be provided notwithstanding, NRG also respectfully encourages the CAISO to re-consider the need for *ex ante* verification. If the CAISO or FERC later discovers that a market participant adjusted its reference level based on false or misleading information, that market participant will be subject to severe sanction, especially if that market participant's bid sets the market clearing price; this threat of sanction should dissuade rational actors from seeking to use an unsupportable reference price adjustment. Without any certainty regarding timely *ex ante* verification, merely providing for after-the-fact cost recovery will ensure that the CAISO's market clearing prices will fail to reflect actual gas supply conditions, to the detriment of the market.