

DOCKETED

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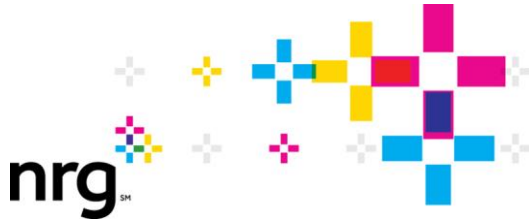
Comment Received From: Brian Theaker

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Comments on July 15 Revised Governance Principles

Additional submitted attachment is included below.



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August 2, 2016

California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Regional Grid Operator and Governance Workshops, Docket No. 16-RGO-01 –
Comments of NRG Energy, Inc. on July 15, 2016 California Independent System
Operator Revised Proposal: *Principles for Governance of a Regional ISO*.

To Whom it May Concern:

NRG Energy, Inc. (“NRG”) hereby submits comments on the July 15, 2016 California Independent System Operator Corporation Revised Proposal: Principles for Governance of a Regional ISO (hereinafter, “Revised Proposal”). The Revised Proposal was presented at the July 26, 2016 Joint Agency Workshop in Sacramento.

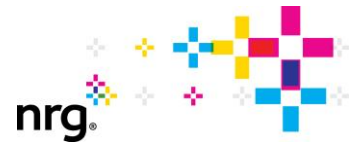
NRG offers the following comments on two aspects of the Proposal:

1. Preservation of State Authority:

- The Revised Proposal narrows, but does not eliminate, the prohibition on a regional ISO proposing or endorsing a centralized market for the forward procurement of capacity products. As narrowed, the regional ISO would be prohibited from proposing or endorsing such a market that would (1) require capacity to clear at a market clearing price in order to count for resource adequacy purposes absent the unanimous consent of the Western States Committee, or (2) allow the participation of load-serving entities from a state without the authorization of the applicable state regulator or local regulatory authority.

NRG comment: While the CAISO has narrowed this prohibition, NRG remains concerned with any prohibition on a regional ISO considering a centralized capacity market. As noted in NRG’s earlier comments, such a prohibition raises a host of legal, policy, and jurisdictional issues. Further, the regional ISO should be able to develop the optimal market construct without restrictions.

3. Transitional Committee of Stakeholders and State Representatives:



- The Revised Proposal (Section 3.4) sets forth that each stakeholder sector will nominate two candidates that must come from different states, and the CAISO Board will choose the sector representative from between the two candidates. The CAISO Board may also appoint additional members to ensure that the Transition Committee representatives are geographically diverse and the committee as a whole represents the views of the region.

NRG comment: While NRG appreciates the CAISO's intent to ensure geographically diverse representation on the Transition Committee, stakeholder sectors should be entitled to select their own representatives, and not have the CAISO Board make the final decision as to the sector's representative.

Additionally, while regional diversity is a worthy goal, giving the CAISO Board the authority to appoint an unknown number of additional representatives to promote regional diversity may skew the composition of the Transition Committee. It is not possible to know whether or how that skewing might affect the dynamics and work of the Transition Committee until the CAISO Board has developed the charter for the Transition Committee. Absent a Transition Committee charter, it is difficult to judge the reasonableness of provisions that make the final composition of the Transition Committee uncertain.

Respectfully submitted,

/s/ Brian Theaker

Brian Theaker
Director, Regulatory Affairs
NRG Energy, Inc.