

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Integrate and
Refine Procurement Policies and Consider
Long-Term Procurement Plans

R.12-03-014
(Filed March 22, 2012)

**OPENING COMMENTS OF NRG ENERGY, INC.
ON THE TRACK 3 PROPOSED DECISION**

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February 18, 2014

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In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), NRG Energy, Inc. (“NRG”) provides these brief opening comments on the January 28, 2014 proposed decision (“PD”) of Administrative Law Judge (“ALJ”) David M. Gamson in Track 3 of the Long-Term Procurement Plan (“LT PP”) proceeding. (“PD”), as subsequently revised in a draft circulated on February 4, 2014. While NRG does not address all aspects of the PD in these opening comments, NRG reserves the right to reply to other parties’ opening comments as necessary.

I. COMMENTS

A. NRG Supports the PD’s Position With Regards to Existing Plants Participating in RFOs for New Generation

The PD proposes to clarify whether existing power plants can bid into new generation Requests for Offers (RFOs) by providing proposed definitions for the terms “upgraded plants” and “repowered plants,” as shown below:

Upgraded plants: Upgrades are defined as expanding the generation capacity at, or enhancing the operation of, a generation facility, so long as such incremental MW can provide the necessary attributes that the Commission has authorized the utility to procure. An upgraded plant or a plant with incremental capacity additions would be a plant where the main generating equipment is retained and continues to operate.

Repowered plants: Repowers are defined as capital investments that extend the useful life of a generation facility, after the planned retirement date. A repowered facility is a facility where the main generating equipment (such as the turbine) is changed out for new equipment.

The proposed definition of upgraded plants would allow the owners to bid the additional MW provided by an upgrade into new generation RFOs. Similarly, the proposed definition of repowered plants would allow a facility to be bid into new generation RFOs if the main generation equipment has been replaced so as to continue operations beyond the planned retirement date.

NRG supports these proposed definitions. These definitions make clear the conditions under which existing facilities can be bid into new generation RFOs: if they provide additional MW, or if they, by replacing equipment, prolong the life of a project past its retirement date (so that the life extension is not merely related to operating the old equipment beyond its projected useful life).

NRG continues to take the position that the CPUC's Resource Adequacy program can and should be modified to provide for multi-year RA obligations. These multi-year obligations would then provide an opportunity to bid in existing facilities that have undertaken capital improvements that allow those existing facilities to continue in operation – capital improvements that cannot be reasonably amortized over the single-year term of the current RA obligations. However, NRG also adheres to the position that solicitations undertaken pursuant to procurement authorized in the Long Term Procurement Planning Proceeding should be limited to new generation – which would now include “upgraded plants” and “repowered plants” as defined in the PD.

The discussion of this issue in the PD notes that “While current rules do not specifically prohibit the combination of RFOs for existing or new facilities, we hereby clarify that *certain* upgraded and repowered plants are allowed to bid in new generation RFOs.” The PD then goes on to provide definitions of “upgraded plants” and “repowered plants” – the types of plants that, by inference, are assumed to be allowed to be bid into new generation RFOs. However, the PD does not specifically identify “upgraded plants” and “repowered plants” as the “certain” kind of existing plants that are allowed to bid into new generation RFOs. While NRG takes this as the PD’s intent, it may be beneficial to make this linkage explicit in the final decision.

II. CONCLUSION

NRG appreciates the opportunity to provide these comments in support of the PD.

Respectfully submitted,

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