

December 2, 2008

COMMENTS ON FINAL PAYMENT ACCELERATION PROPOSAL ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON, PASADENA, AND RIVERSIDE

The Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California ("Six Cities") submit the following comments on the ISO's Final Proposal on Payment Acceleration, posted on November 24, 2008:

The Six Cities support the following features of the ISO's Final Proposal:

- Issuance of initial statements for both the Day-Ahead and Real-Time markets at T+7B
- Issuance of invoices at two week intervals
- Application of interest charges or credits to differences between the initial invoice and the second true-up invoice for a given period.

The Six Cities oppose the following elements of the ISO's Final Proposal:

- Inclusion of multiple months' data (initial statements for one month and true-ups for previous months) on a single invoice - - The mixing of multiple months of data on a single invoice will make it more difficult for Market Participants to review and validate the invoices. If the ISO is able to hold true-up invoices for a monthly billing cycle, it would not impose a significant additional burden to separate all true-up invoices so that each invoice reflects data for only one trade month.
- Delay of the second true-up to T+76B - - The Cities believe that all data necessary for the second true-up should be available in time to permit the second true-up to occur at T+51B and that it is preferable to issue the second true-up at that time.

The Six Cities request additional explanation with respect to the following points in the Final Proposal:

- Sunset provision - - The application of the proposed sunset provision requires further explanation or clarification. In particular, the sunset provision should not operate to erase a pending dispute that has not been finally resolved within the 36 month period.
- Compliance with requirement to submit meter data - - The Cities request further explanation regarding the following statement in the fourth paragraph on page 13 of the Final Proposal: "In addition, monitoring measures currently in place for under scheduled Load penalty will be leveraged at T+38B to determine impact of unscheduled Demand that remains un-submitted at T+5B."

- Revenue neutrality - - The Cities request further explanation regarding the following statement at the end of the third paragraph on page 18: “Any imbalance that results will be settled through the standard process to ensure revenue neutrality.”

Submitted by

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