Stakeholder Comments Template

Subject: Payment Acceleration Proposal

This template has been created for submission of stakeholder comments on the following topics in regards to Payment Acceleration. Upon completion of this template please submit (in MS

Submitted by	Company	Date Submitted
Gloria Edwards *(916) 353 - 4691*	*Western Area Power Administration*	*10/24/2008*

Word) to pacceleration@caiso.com. Submissions are requested by close of business on October 24th, 2008.

Please submit your comments to the following questions for each topic in the spaces indicated.

1. **Bifurcation of DA/RT, Estimation & Settlement Timeline Options**
    During the Payment Acceleration Stakeholder meeting on October 16th, 2008, alternatives were discussed in regards to the Settlements timeline, estimation, and bifurcation of DA/RT settlements. The following options were discussed:

    - Option #1 - Add a Settlement calculation at T+9B (in addition to the proposed 'DA only' calculation at T+2B). This would provide a settlement run for RT charges prior to the proposed T+50B timeline, as well as allow for a DA/RT bifurcation at T+2B. The T+9B calculation would use one of the following estimation options absent polled or SC submitted data availability:
        - DA IFM Schedules Only
        - DA IFM + adjustment based on CAISO Actual Load
        - Current Credit Liability Meter Data estimation (uses the IFM DA schedule and adder of + /- 10% factor (or other % Factor).
      In addition, T+9B would replace the T+7B credit run.

    - Option #2 - Replace the proposed T+2B DA Only Settlement calculation with a T+5B calculation that includes both DA and RT charge codes. The T+5B calculation would use an estimation methodology based upon hourly load forecast data, which is used for all real-time load settlement calculations prior to receiving actual meter data. In addition, T+5B would replace the T+7B credit run.

	Timeline	Estimation
Option #1	T+2B – DA Only T+9B – DA &RT T+50B – 1st true-up T+100B – 2nd true-up	One of three proposed options (i.e. DA IFM schedules)

	T+18M - 3rd true-up T+35M - 4th true-up	
Option #2	T+5B – DA &RT T+50B – 1st true-up T+100B – 2nd true-up T+18M - 3rd true-up T+35M - 4th true-up	DA schedules + hourly load forecast data

Please provide comments on these options:

(Submit Comments Here)
Option #1, allows for pseudo reasonableness calculation of RT. However burden falls on our ability to satisfy SQMD deadline. In this option, it would include the applicable DAM charge codes that apply to our portfolio(s).
Agree with SCE's issue that there must be some incentive to submit reasonable estimates of load (or generation). Conversely if the opposite should occur, such as participating in the RTM in lieu of DAM, agree there should be some consequences for "paying for output they did not produce and not charging people for load they knowingly consumed.
Assume the calculation would be the delta between the DAM initial and the recalculation statement. Also assume penalty applies to discrepancy between DAM and RTM
A penalty however enforced whether "Code of Conduct" or metering tariff, could be perceived as an offset to "gaming" in the market.

2. **Methodology for Estimating Meter Data**
   SCE has suggested the CAISO to seek additional alternatives to the three estimation options presented on September 18th. In particular, SCE recommends the CAISO to investigate the meter estimation methodology used by the New York ISO. It is their understanding that the NYISO methodology is based upon hourly load forecast data which is used for all real-time load settlement calculations prior to receiving actual meter data. NYISO has been using this methodology since its market inception in 1999 and may provide the CAISO with a fair and viable alternative to the estimation approaches currently being proposed.

   CAISO is exploring this option. Would you support an estimation methodology based on hourly load forecasts?

   (Submit Comments/Pros/Cons Here)
   Not sure if I would support NYISO methodology. In addition, not quite comfortable with a methodology based on hourly forecasts.

3. **Implementation Schedule**
   Do you a support the phased implementation approach discussed in the October 16th Stakeholder Meeting? Assuming invoicing remains the same as the MRTU implementation (monthly at month-end), could you support an accelerated timeline within 1-3 months post MRTU go-live? .

   (Submit Comments Here)
   The CAISO must be able to produce a settlement quality statement and subsequently settlement quality invoices before entertaining thoughts of implementing 1-3 months post MRTU go-live.
   Although the first settlement invoice is after-the-fact and if deployment occurs within 1-3 months post MRTU, the CAISO must ensure that vendors have sufficient time to design and develop any significant changes to all BPMs that impact settlement charges.

4. **Invoicing**
   Would you support an invoice solution that meets the following criteria?

   - Does not mix initial and true-up statements from previous accounting months
   - Includes trade dates from a specific month only, but not necessarily includes trade dates that encompass a full month (i.e. could include a partial month).
   - Monthly charges are on invoice that included the month end date.

   Please provide detailed examples of your preferred invoicing solution.

   (Submit Comments Here)
   Western is a proponent of calendar month invoices. We had stated this on first and second "request for feedback".
   If the alternative is either of the other two choices, what is the CAISO's solution for calculating and charging the charge codes that are calculated and billed monthly?

5. **Other Comments?**

   (Submit Comments Here)