

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
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Word) to pacceleration@caiso.com. Submissions are requested by close of business on March 13th, 2009.

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

1. Compounding Interest

During the Payment Acceleration Implementation Workshop #2 on February 24th, 2009, a question on compounding interest was discussed. An example has been posted - Interest Payments Example.pdf - to the website for your review.

Do you have any further questions or concerns regarding the method being used for compounding interest?

- PG&E intends to validate compounded interest charges or revenues in order to ensure compliance with FERC guidelines for interest calculations. Consequently, PG&E would like to know what specific billing determinants for the interest calculation will be provided at the statement level. Can CAISO provide us with an example of exactly how this would appear on a statement?*

2. Transition Period

A proposal for a 3.5 month transition period was presented at the February 24th Implementation workshop. An example was provided showing the payment (Invoice) calendar during the transition period.

Do you have any questions, concerns, or other ideas regarding the transition to Payment Acceleration?

- PG&E would like to know the phase-in process for Payment Acceleration if MRTU reversion to the legacy system occurs in April. Furthermore, how will the success of MRTU production be measured prior to implementing Payment Acceleration? Specifically, how will MRTU production stability and accuracy be defined?*

- *Please provide the details to the procedures for calculating a Market Participant's Estimated Aggregate Liability (EAL) during the 3.5 month transition period. What is the transition plan between the Unsecured Credit Limit (UCL) of \$150 Million under MRTU and the revised UCL amount under Payment Acceleration? How will the revised UCL be determined? Will PG&E have one or two EALs during the transition period? Is it possible to provide the CAISO's weekly EAL calculations on an ongoing basis in order for a Market Participant to validate and monitor its EAL?*
- *During the December 2008 CAISO Board meeting, the CAISO board tentatively approved a reduction in the maximum unsecured credit limit to \$50 million dollars upon implementation of Payment Acceleration. PG&E is not yet convinced that \$50 million is the correct maximum UCL upon implementation of payment acceleration and does not agree with the methodology applied by the CAISO in arriving at the \$50 million target. PG&E understands that the CAISO will revisit the level of the maximum UCL after MRTU commencement. PG&E suggests that stakeholders discuss the appropriate level of the maximum UCL and, a corresponding rationale, several months after MRTU implementation. PG&E requests that the CAISO update its position on the maximum UCL (to be used upon implementation of Payment Acceleration) in its response to this round of stakeholder comments.*

3. Dry Run Approach

A Dry Run Approach was introduced during the February 24th Implementation Workshop. CAISO will be developing the strategy, along with specific statement and invoicing timeline examples.

Please provide your comments and thoughts on how you would like to see the Dry Run period structured. Please keep in mind the Dry Run period duration of three months (6/1 – 8/31) when providing your comments.

- *PG&E would like to see a specific schedule with milestones for testing during the dry run period. What months will be tested? When will the statements and invoices be published? What specific statements and invoices will a complete monthly cycle include for testing? (e.g., initial invoice #1, initial invoice #2, 1st recalc, 2nd recalc, etc.) How will success be measured? What happens to the implementation date of October 1 if the testing is not successful?*
- *Will the market participants be given the opportunity to comment on the proposed testing period? Because of systems and software changes that have to be made, it is imperative that testing not commence until all the market participants are ready to proceed.*

4. Other Comments?

- *PG&E would like a better understanding of exactly how the CAISO will administer and accept changes between meter data submitted at T+5B and T+43C. For*

example, will there still be same day acknowledgement that T+43C data has been accepted and validated by the CAISO or will a T+43C file fail validation because T+5B data has been posted previously for the same trade date? For business purposes, PG&E prefers to receive same day acknowledgement from the CAISO for files posted on T+5B and T+43C. We assume any data re-submittals done after T+43C which require manual intervention will remain unchanged from the current business practice.

- *PG&E would like to know if the CAISO intends to maintain separate files for meter data submitted by the MP at T+5B, T+43C and T+47B with the understanding that OMAR will only display the latest data that was posted.*
- *PG&E would also like to have an update on the modification of the MDEF format for posting of data. The current file layout does not support the use or include a field for status flags. Has ITRON provided any guidance or information about possible format changes or updates for this file format? PG&E currently posts data in this format and would prefer to continue to utilize this format. If modification for this binary format is not feasible, will it still be a valid format for data submission on T+5B and T+43C and T+47B if needed?*
- *If data is posted as actual data at T+5B and there are changes to the data and this data is posted on T+43C as actual, will this data overwrite or supersede any previously posted data?*