

Stakeholder Comments Template

Subject: Payment Acceleration Proposal

Submitted by	Company	Date Submitted
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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 Word) to pacceleration@caiso.com. Submissions are requested by close of business on October 2nd, 2008.

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

1. Bifurcation of DA/RT Settlements

During the Payment Acceleration Stakeholder meeting on August 19th, 2008, Calpine presented a proposal to bifurcate the DA/RT settlements (proposal was posted for MP review on 8/20/08). CAISO is conducting an impact analysis on this proposal and to date has concluded the following:

- No legal or policy issues exist that would prevent a DA/RT market settlement bifurcation.
- System and process impacts exist, however; CAISO feels they are manageable.
- Due to system/process impacts, implementation would occur post MRTU go-live.
- Complexity of Meter Estimation is eliminated.

Please provide comments on any impacts this proposal would have on your systems and/or processes.

SDG&E Response: SDG&E advocates postponing this until the ISO and market participants attain reliable processing of MRTU settlement statements. Attempts to implement this any sooner, such as concurrent with MRTU go-live, would add further demands on both ISO and market participant settlement staffs already impacted by the complexity of MRTU settlement statements.

2. Methodology for Estimating Meter Data

CAISO held a conference call on September 18th, 2008 to discuss potential methodologies for estimating Meter Data at T+5B absent polled or SC submitted data availability. Options discussed are listed below:

- Using DA IFM Schedules Only
- Using DA IFM + adjustment based on CAISO Actual Load
- Use current Credit Liability Meter Data estimation (uses the IFM DA schedule and adder of +/- 10% factor (or other % Factor).

SDG&E Response: SDG&E does not support using DA IFM Schedules because real time conditions could deviate substantially from DA conditions. Use of DA IFM + adjustment based on CAISO Actual Load could be acceptable if the ISO is able to make adjustments to SCs based on regional loads, not just total ISO Actual Load. This would account for conditions specific to a region that either might not be large enough to significantly change ISO Actual Load or might be small changes for a specific region even though ISO Actual Load had significantly changed from DA forecasts. SDG&E does not support using the Credit Liability Meter Data because it is based on DA IFM schedules that could deviate substantially in real time and in addition this method would use a subjective average factor that may not reflect actual real time activity.

3. Guidelines for SC submitted T+5B Meter Data

- “measurement file” guideline vs. SQMD requirement
- Determining accuracy for SC submitted “measurement file” or SQMD
- Responsibilities for compliance for SC submitted “measurement file” or SQMD

SDG&E Response: Any SC proposing to use its own measurement file should provide data supporting the accuracy of its proposal compared to actual meter data over a period of at least one year.

4. In cases where Meter Data estimation is used, do you support applying interest charges on the variation between initial & true-up statements?

SDG&E Response: The concept is reasonable although it adds complexity. The ISO could have a test period of 2 months to determine if variations are significant enough to warrant applying interest.

5. Implementation Schedule

Would you support a manual invoicing process to accelerate payments and cash clearing on an interim basis until the final Payment Acceleration solution can be implemented post MRTU go-live? The manual process would not require any SaMC external interface changes. It would be based on pre-payment of DA charge codes and be reflected on the SaMC invoice.

SDG&E Response: No. This would be a further strain on both ISO and market participant settlements personnel and increase the chances of human error.

6. Invoicing Options

Please comment on the following invoice preference:

- Monthly on a fixed date - i.e.) 20th of every month
- Proposed – 3rd Tuesday of each month
- Semi-Annual or Weekly

Mixing Initial & True-up Statement across Different Accounting Months on same invoice.

SDG&E Response: SDG&E supports monthly invoicing based on a schedule that provides the ISO the same number of business days after the end of each month to process and issue settlement statements. Use of a fixed date or day of the month would mean the ISO would have fewer days to process and issue invoices in some months compared to others and that could lead to a lower quality invoice in those months.

The ISO should not mix initial and true-up statements across different accounting months on the same invoice. This will make it more difficult for market participants to process and evaluate invoices.

7. Other Comments?

SDG&E Response: None