

# 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](mailto: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 19<sup>th</sup>, 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.

The Cities oppose separation of the Day Ahead and Real Time Markets. In the Cities' view, there is too great a potential for inequitable overpayments based on schedules in the Day Ahead Market (for example, payments to resources scheduled in the IFM but deleted in the HASP) or underpayments (for example, load that is not scheduled in the IFM) that would not be trued up for a number of months.

## 2. Methodology for Estimating Meter Data

CAISO held a conference call on September 18<sup>th</sup>, 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).

The Cities oppose the use of Day Ahead IFM schedules only for the reasons described in response to Item 1 above. Further, the Cities request that the CAISO provide additional information concerning the need for an estimation process and the scope of the problem. It is not clear why data from the OMAR and/or SCADA systems would not be available for all Market Participants by T+5B to be utilized for initial payment calculations.

## 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

See response to Item 2 above.

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

The Cities support the application of interest calculated in accordance with FERC interest rates to the differences between initial and true up statements. In addition, if estimated data are used for initial statements, penalties should be considered for systematic under-estimation of load or over-estimation of resources.

## 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.

The Cities oppose implementation of Payment Acceleration through a manual process if that process would apply solely to Day Ahead charge codes.

## 6. Invoicing Options

Please comment on the following invoice preference:

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

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

The Cities support either of the first two options, but in either case the invoice should include all Trade Dates for the entire previous month. Each invoice should cover one month (and only one month) of data, whether an initial invoice or a true up invoice. The Cities oppose issuance of invoices more frequently than twice per month due to the additional staffing burden that would be imposed by more frequent invoicing.

**7. Other Comments?**

None at this time