

Payment Acceleration Stakeholder Comments

Client	Bifurcation	Estimation	Interest	Invoicing
JP Morgan	As long as the proposal would not impact the MRTU go live date. Can support initial settlement of the MRTU day-ahead energy market based on final day-ahead schedules. A key consideration in J.P. Morgan's support for bifurcation would be that the bifurcated approach not further delay accelerated payment of the real-time market.	Supports use of final day-ahead market schedules as the basis for accelerated settlement. Is not opposed to more refined approaches (e.g., DA IFM schedules plus adjustments based on actual CAISO load or Credit Liability Meter Data estimation), but would be concerned if development and implementation of such methodologies would delay implementation of payment acceleration.	Conceptually supports the application of interest charges to differences between initial settlement statements and final settlement statement. Application of interest charges to these differences will create an incentive for market participants to, if applicable, provide best estimates meter data at T+5B and will preserve the intended incentives of the load under-scheduling charge and real-time deviation charges.	No Comments
Dynegy	Believes bifurcation would result in additional coding to their market interface product, and additional work on the shadow settlement process, but little change in accounting settlements.	Supports estimating meter data using DA IFM schedules only.	Does not support	Prefers fixed monthly date. Mixing initial & true-up statements from different accounting months on the same invoice will add complexity that has not yet fully evaluated and considered.
NCPA	Believes that the benefits associated with lower collateral requirements and reduced default risk currently outweigh the risk of under scheduling (which can be controlled with the correct incentives).	Does not support to use of estimated meter data due to the added complexity this would add to the process. Settlement quality meter data should be used if available, but if settlement quality meter data is not available NCPA does generally support the use of IFM Schedules for settlement, but the definition of Schedule must be clearly defined to ensure full transparency to all Market Participants.	No, Interest is an unnecessary complexity. appropriate compliance measurements and enforcement should be used to discourage unreasonable scheduling practices (i.e. imposition of UDP). If the CAISO does observe that Market Participants are consistently scheduling in an unreasonable fashion to avoid IFM settlement other corrective measures can be considered.	NCPA is still in the process of evaluating the impact weekly settlement may have on its internal invoicing process, but generally supports monthly settlement on a fixed date coincident with bilateral contracting.
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 settlements.	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. 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.	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.	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 & 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 & that could lead to a lower quality invoice in those months. Should not mix initial & true-ups across different accounting months on the same invoice. This will make it more difficult for MPs to process & evaluate invoices.
Six Cities	Oppose separation of the Day Ahead & Real Time Markets. In the Cities' view, there is to 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.	Oppose the use of Day Ahead IFM schedules only. 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.	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.	Supports monthly and 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 frequent than twice a month due to the additional staffing that would be imposed by more frequent invoicing.

Payment Acceleration Stakeholder Comments

APM	No issues with the theory of bifurcation, but the preference would be to keep DA and RT settlements together for smoother accounting/accrual operations, and to provide invoicing based on a full trade month.	Supports the use of estimated meter data for settlement purposes. Other ISO entities use estimated meter data, and absent such meter data, the State Estimator Solution data; this is a recognized and acceptable practice. LSE's should also be encouraged to ensure they have installed the latest technology for meter reads, which would allow the CAISO to implement a shorter timeline in which to submit SQMD to the ISO.	A tolerance band should be established for implementing a penalty (as opposed to interest) in the event that an SC submits meter data in an attempt to unfairly short the market. This should be monitored and imposed by the Independent Market Monitor.	Supports monthly invoicing, and prefers a timeline that matches current industry standards for bilateral settlements – invoicing on the 10th with payments due on the 20th of the month following Trade Month-end. Does not support the mixing of Initial or True-Up Statements across accounting months Although weekly settlements do occur in other markets (MISO, for example) they have not been shown to be the most efficient method for settlements given the number and duration of settlement reruns (true-ups) in those markets. Also, weekly settlements causes a mixing of trade dates across multiple settlement months, which is not preferred
PG&E	Hesitant to support a proposal that would increase the frequency of invoice processing; this would not only create a higher level of processing time for Market Participants, but also fragment a given Trade month into several separate invoices. Further, bifurcating the settlement process into separate DA & RT invoices, adds another level of reconciliation complexity.	Using DA IFM Schedules Only is most compatible with current work processes. Will need to do further research in regards to technology they currently use.	Yes. To the extent that Meter Data estimation is based upon DA schedules, this creates the incentive for schedulers to be as accurate as possible and compensates Market Participants for the time value of money.	Should remain as current calendar. Do not combine more than one month on a single invoice.
Powerex	Strongly endorses the bifurcation of the DA and RT market settlements and the settlement of DA markets on a weekly basis. Would be able to modify its internal systems and processes for weekly settlements of the DA market. The costs for the modification are insignificant compared to the benefits.	Encourages the CAISO to work diligently to implement weekly settlements of the DA market (which does not require any meter data) at MRTU Go-Live or shortly thereafter.		Supports weekly invoicing for all markets but if that is not possible at MRTU Go-Live supports weekly invoicing of at least the DA market. For monthly invoicing, has a mild preference for a fixed date.
Mirant	Supports bifurcation of DA/RT settlements as a first phase of the payment acceleration process. Because invoicing based on Day Ahead commitments can occur without the added complexity of meter estimation, bifurcation should occur as soon as possible to expedite reform of Day Ahead invoicing – ideally at the time of MRTU start up, if possible. After addressing Day Ahead payment acceleration, the CAISO can then turn its attention to RT payment acceleration.	No opinion	At this time, does not support applying interest charges on the difference between initial and true-up statements. However, if experience with the new framework indicates a significant shortfall between initial and true-up statements, assessing interest charges may provide an incentive to improve estimating methodologies.	Generally prefers monthly settlement as consistent with industry practice. The third Tuesday would be a preferred approach to the 20th of each month.
MID	Endorses the bifurcation of DA and RT market settlements.	Due to potential unintended consequences of introducing an additional highly technical and complicated aspect to an already highly technical and complicated market, does not currently endorse using estimated meter data at the onset of the Payment Acceleration Proposal. Furthermore, the current settlement schedule for real time activities may incent more participation in the ISO's DA market if the revenues collected from that market are distributed in an expedited fashion.	Does not support applying interest charges to the Payment Acceleration Proposal at this time. It is an unnecessary complication that does not need to be introduced in the near term.	Supports invoicing which is consistent with the bilateral market, typically the 20th of each month.

Payment Acceleration Stakeholder Comments

SCE	Several questions identified: How will large deviations in generation & load between DAM and RTM be addressed? For example, Generator Trips? How will payments/charges for Bid Cost Recovery be settled Day Ahead? Other DA charges contingent on RT data? Uplift costs for RUC? Impact of Convergence (Virtual) Bidding. Impact to small LSE's with peak load of 500MW or less that do not schedule in the DAM.	Generators with settlement quality meters should have their initial settlement statements based upon the CAISO's polled meter data. SCE does not recommend that the CAISO pursue the development of guidelines for SCs to submit estimated metered data	Does not recommend that the CAISO pursue the development of guidelines for SCs to submit estimated metered data. Instead, SCE recommends interest be applied to the difference between the initial settlement statement based upon estimated metered data and the first true-up statement.	Recommends a "fixed" date rather than constant changes of date on every 3rd Tuesday of each month. Moreover, SCE prefers the "20th of every month" as the appropriate date for the settlement invoices. Does not support the proposal to invoice a mix of initial and True-up settlement statements from previous accounting months on the same invoice
CDWR	Separating DAM & RTM settlements looks attractive; however, it would have some problems. First, it would make invoicing more complex. Sending two invoices for one trading day would make it harder for MPs to analyze their power operation and market participation. Separating DAM and RTM invoicing will cut the connections between the DAM and RTM, the connections are very important to both CAISO and MPs on system reliability and market efficiency. When two invoices are developed on different dates; it will also be harder for the CAISO to maintain revenue neutrality and to re-run the market. The same is true for Market Participants to perform shadow settlements and for disputes. For the reasons noted above, CDWR-SWP can not support the DAM Settlement Process.	No Comments	No Comments	CDWR-SWP supports the monthly invoice approach. Too frequent billing will also increase work load for MPs settlement staff, which could result in more misunderstandings or disputes.
CPN	Strongly supports - Author of Proposal.	Not needed with a DA/RT Bifurcation solution		Weekly
APX	Agrees to bifurcation, but has questions regarding load which does not schedule in the day-ahead market and RUC Settlements.	APX agrees with using the DA IFM Schedules Only as it aligns with the support of the Calpine Proposal. Using DA IFM Schedules Only will eliminate the need to estimate meter data and the methodology is consistent with other ISOs. APX strongly opposes credit liability meter data estimation methodology that adds additional costs and risks to its customers. The CAISO should research further the meter estimation methodology used by the NYISO. The methodology is based upon hourly load forecast data which is used for all real-time load settlement calculations prior to receiving actual meter data.	Does not support applying interest charges on the variation between initial and true-up statements. Currently there isn't an interest charge assessed between preliminary and final settlement statements. The concept of PA is that you are receiving payment sooner to minimize any carrying costs. Since the true up should be relatively minor compared to the overall settlement, the effort and complexity associated with calculating and applying interest would be counter productive.	Prefers invoicing on a "fixed" date of the 20th day of every month. Monthly invoices should include trade dates that encompass a full month of Initial settlement statement and a full month of subsequent True-up settlement statements on separate monthly invoices. Does not support weekly invoices.
WPTF	Strongly endorses the idea of initially bifurcating DA/financial and RT market settlements. DA energy and other financial transactions can be settled right away because the quantities and prices that result are known with certainty by the CAISO shortly after the DA market closes. Accelerated settlement and payment of DA/financial transactions would also allow the CAISO's financial markets to operate on the same basis as other financial markets around the world, where transactions are typically settled within two or three business days.	Believes that trying to accelerate any RT settlements introduces too much complexity with little incremental benefit. Especially given all the incentives under MRTU to conduct activities in the DA market, RT market volumes should be relatively small. Opposed to pursuing the 2nd or 3rd estiamtion options outlined, and finds no reason to hold up implementation of payment acceleration for DA/financial transactions to address such issues.	Given their position to accelerate payment of DA/financial transactions and to deal with transactions that rely on meter data at a later date, WPTF believes that it is not necessary to address interest payments at this time.	Invoices should be issued no less frequently than invoices are issued in the bilateral (e.g., EEI/WSP) market, which currently takes place 20 days following the end of the trade month.
	Note: These comments are summarized for inclusion in this matrix. Complete comments can be found at http://www.caiso.com/docs/2005/03/23/2005032307323521863.html .			