

**Comments of
Mirant California, LLC,
Mirant Delta, LLC, and
Mirant Potrero, LLC
On Payment Acceleration Proposal**

Submitted by	Company	Date Submitted
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On behalf of Mirant California, LLC, Mirant Delta, LLC, and Mirant Potrero, LLC (collectively, Mirant), we offer the following comments tracking the template set forth by CAISO staff for purposes of generating stakeholder comments on the following topics pertaining to Payment Acceleration.

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.

Response: 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. Mirant emphasizes, however, that payment acceleration for both Day Ahead and Real Time settlements should remain a high priority.

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).

Response: Mirant has no opinion on this topic.

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

Response: Mirant has no opinion on this topic.

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

Response: At this time, Mirant 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.

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.

Response: Mirant supports the use of interim measures to achieve payment acceleration prior to MRTU go-live. Accordingly, Mirant supports any reasonable invoicing process, including a manual invoicing process if necessary, to accelerate the payment process as soon as possible.

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.

Response: Mirant generally prefers monthly settlement as consistent with industry practice. The third Tuesday would be a preferred approach to the 20th of each month.

7. Other Comments?

Response: Mirant supports the CAISO's efforts to improve the payment process. The current payment schedule is simply not tenable once the CAISO increases its market activity as expected under MRTU.