



California ISO
Your Link to Power

News Release

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New payment plan begins

Top priority market enhancement reduces financial risks for wholesale participants

FOLSOM, Calif. – The California Independent System Operator Corporation (ISO) is launching on November 1 the much-anticipated streamlining of its billing and settlement process that will lower risks for entities participating California’s organized wholesale electricity market.

The ISO agreed with our customers that the old payment calendar was too long. Under the old policy, the initial daily settlement statement took 38 days while cash clearing needed up to 56 business days. The time gap exposed market participants to increased financial risks that included having to pay more for borrowing money to fund transactions that in turn made wholesale power more expensive. The new billing and settlement system approved by the ISO Board of Governors in September reduces daily settlements to seven business days and cash clearing to about 29 days.

“Smartly managing financial risks is good for the market and reduces costs that benefit retail consumers,” said Janet Morris, director, ISO program management office.

The ISO and stakeholders worked closely together in rewriting the old rules that began in May 2008 as well as holding dry run system tests this year. To help market participants prepare for the new system, the ISO conducted several training sessions over the past few weeks.

Last year, stakeholders and market participants chose Payment Acceleration as a top priority enhancement to the new market design that began April 1.

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The California ISO operates the state's wholesale transmission grid, providing open and non-discriminatory access supported by a competitive energy market and comprehensive planning efforts. Partnering with more than 90 client organizations, the ISO is dedicated to the continual development and reliable operation of a modern grid that operates at the least cost to the benefit of consumers. The ISO bulk power market allocates space on transmission lines, maintains operating reserves and matches supply with demand. Recognizing the importance of global climate change, the ISO welcomes new, advanced technologies that will help meet the energy needs of 30 million Californians efficiently and cleanly. The ISO is a nonprofit public benefit corporation.