

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.

Powerex strongly endorses the bifurcation of the DA and RT market settlements and the settlement of DA markets on a weekly basis.

The frequent settlement of DA markets greatly reduces the credit and risk exposure of market participants and should lead to lower prices and greater participation in the CAISO markets.

Powerex 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.

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).

Powerex agrees with other market participants that there are a large number of contentious issues that would need to be resolved in developing a methodology for estimating meter data. Powerex encourages the CAISO to take the appropriate amount of time to resolve those issues but also strongly 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.

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

Please see Answer to Q2.

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

Please see answer to Q2.

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.

Yes.

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.

Powerex supports weekly invoicing for all markets but if that is not possible at MRTU Go-Live, Powerex supports weekly invoicing of at least the DA market.

For monthly invoicing, Powerex has a mild preference for a fixed date.

7. Other Comments?

In addition to these comments, Powerex also strongly supports the WPTF comments on Payment Acceleration.

Powerex appreciates the CAISO addressing this issue at this time and the opportunity to submit comments on this important matter.