CAISO MRTU Payment Acceleration Final Proposal
**SDG&E Comments**
January 9, 2009


SDG&E welcomes the opportunity to provide comments in advance of the MRTU payment acceleration implementation workshop scheduled for January 14, 2009. SDG&E has the same concerns with this settlements and invoicing deployment plan as with the original payment schedule at the MRTU *go live* date, which is simply that the resulting data be accurately determined and represented in the settlements statements and invoices and that it be completed in a timely manner per the schedule. The criteria needed to fully implement the payment acceleration plan must be based, first and foremost, on getting the settlement statement and invoices accurate and on time in accordance with the original MRTU payment schedule.

SDG&E has indicated in previous comments regarding the deployment schedule that the CAISO allow for enough time in simulation and implementation to ensure that the proposed payment acceleration plan is working as intended before fully completing the transition to payment acceleration. In the CAISO's final proposal (version 1.1), dated December 5, 2008, at page 16 briefly outlines a schedule for simulation and implementation based on a March 1$^{st}$ MRTU *go live* date, which presumably would be moved back by one month to fit the updated MRTU *go live* date of April 1$^{st}$. This should be stated and revised in the CAISO follow up to the latest final version. Attached for reference is a sample Payment Schedule calendar indicating dates from April 1, 2009 for payment acceleration settlement statements and invoices, as well as a combined calendar for Pre-MRTU, MRTU *go live*, and MRTU payment acceleration dates.

Following this updated schedule, the CAISO calls for the first two trading months (i.e., April and May 2009) to follow the original MRTU payment schedule with monthly Initial and Recalculation invoices while working with a simulation program of producing semi-monthly initial and 1$^{st}$ True Up invoices for that period. The CAISO's payment acceleration schedule is then implemented with the 3$^{rd}$ trading month (June) with actual semi-monthly invoices since the simulations will have been completed at that point. With this deployment schedule, the payment acceleration implementation will be completed with the trading month of June 2009 at the end of the 5$^{th}$ calendar month (August 2009). As long as everything operates as intended, this should provide adequate time to verify that the payment acceleration process is acceptable.

The first criteria for exiting the simulation stage of the proposal, however, is to ensure that the simulation process over those first two months is done concurrently with the successful implementation of the MRTU from its initiation. If the MRTU is experiencing significant problems relating to settlements and invoicing under its original payment schedule, any simulation of the payment acceleration plan will be essentially worthless. Therefore, the payment acceleration simulation of trading months after MRTU *go live* should not be considered successfully completed without paralleling the first two successful MRTU trading months. If the first month of simulation is not done in conjunction with a verifiably correct MRTU first month through the Recalc Market Invoice, then the simulation must be extended until two accurate and timely settlement and invoice months are established. Implementation of the semi-monthly

invoicing must be delayed until at least the first MRTU trading month has completed its cycle successfully.

Some criteria should also be developed to determine the accuracy of the estimated meter projections by the Scheduling Coordinators and the CAISO during the simulation and implementation process so that any resulting proposal for adjustments to the meter data estimation can be examined and considered by market participants. For example, there may be a "trigger" point and time limit for review and making approved changes that would be based upon a comparison of estimated meter data to actual meter data, the deviation from a tolerance band around actual meter data, or some limit to the amount of interest calculated as a result of estimate deviations. If the deviations exceed the trigger points relative to meter data or interest, then the use of estimated meter projections would need to be revised.

Additionally, the final payment acceleration proposal requires an SC to submit estimated SQMD within five business days of the relevant trading date. Since end-use meter data is normally received on a schedule based upon calendar days, which is consistent with daily meter submittals, payment acceleration meter estimates should rationally follow a calendar-day schedule. SDG&E recommends submitting estimated SQMD within six calendar days.



Payment
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