

Stakeholder Comments Template

Subject: Payment Acceleration Proposal

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

Submitted by	Company	Date Submitted
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Word) to pacceleration@caiso.com. Submissions are requested by close of business on October 24th, 2008.

Please submit your comments to the following questions for each topic in the spaces indicated.

1. Bifurcation of DA/RT, Estimation & Settlement Timeline Options

During the Payment Acceleration Stakeholder meeting on October 16th, 2008, alternatives were discussed in regards to the Settlements timeline, estimation, and bifurcation of DA/RT settlements. The following options were discussed:

- Option #1 - Add a Settlement calculation at T+9B (in addition to the proposed 'DA only' calculation at T+2B). This would provide a settlement run for RT charges prior to the proposed T+50B timeline, as well as allow for a DA/RT bifurcation at T+2B. The T+9B calculation would use one of the following estimation options absent polled or SC submitted data availability:
 - DA IFM Schedules Only
 - DA IFM + adjustment based on CAISO Actual Load
 - Current Credit Liability Meter Data estimation (uses the IFM DA schedule and adder of +/- 10% factor (or other % Factor).

In addition, T+9B would replace the T+7B credit run.

- Option #2 - Replace the proposed T+2B DA Only Settlement calculation with a T+5B calculation that includes both DA and RT charge codes. The T+5B calculation would use an estimation methodology based upon hourly load forecast data, which is used for all real-time load settlement calculations prior to receiving actual meter data. In addition, T+5B would replace the T+7B credit run.

	Timeline	Estimation
Option #1	T+2B – DA Only T+9B – DA &RT T+50B – 1 st true-up T+100B – 2 nd true-up	One of three proposed options (i.e. DA IFM schedules)

	T+18M - 3 rd true-up T+35M - 4 th true-up	
Option #2	T+5B – DA &RT T+50B – 1 st true-up T+100B – 2 nd true-up T+18M - 3 rd true-up T+35M - 4 th true-up	DA schedules + hourly load forecast data

Please provide comments on these options:

Calpine is more concerned with expedited processing of invoices than it is with the timing of the production of settlement statements. Therefore, if advancing the settlement of the RT market – as reflected in both of these options – has the effect of delaying implementation of Payment Acceleration, Calpine would oppose both.

However, if the CAISO can commit to an implementation of expedited invoicing within 1-3 months after Go-Live AND accelerate the RT settlement Calpine could support either option.

2. Methodology for Estimating Meter Data

SCE has suggested the CAISO to seek additional alternatives to the three estimation options presented on September 18th. In particular, SCE recommends the CAISO to investigate the meter estimation methodology used by the New York ISO. It is their understanding that the NYISO methodology is based upon hourly load forecast data which is used for all real-time load settlement calculations prior to receiving actual meter data. NYISO has been using this methodology since its market inception in 1999 and may provide the CAISO with a fair and viable alternative to the estimation approaches currently being proposed.

CAISO is exploring this option. Would you support an estimation methodology based on hourly load forecasts?

No comment.

3. Implementation Schedule

Do you support the phased implementation approach discussed in the October 16th Stakeholder Meeting? Assuming invoicing remains the same as the MRTU implementation (monthly at month-end), could you support an accelerated timeline within 1-3 months post MRTU go-live? .

Calpine continues to support an “early and often” approach to clearing cash. We believe that the benefits of a weekly settlement initially on MRTU Go-Live substantially outweigh the costs.

However, Calpine could also support a phased implementation as follows:

Phase 1 would include an acceleration of cash clearing of at least the DA IFM market within the first 3 months post-Go Live. Our support for Phase 1 would require weekly or semi-monthly cash clearing.

Phase 2 would produce accelerated RT settlements at T+5 or 9, and would accelerate cash clearing to the same frequency as phase 1.

Phase 3 would ensure that all invoicing is done on a weekly basis.

Calpine sees some benefit in accelerating cash clearing from current practice of ~T+47B to the end-of-month plus 20C. However, Calpine notes that this leaves beginning-of-month DA trades known, calculated, idle and exposed to default risk for 50 days. We support higher frequency cash clearing, particularly of DA IFM as soon as possible after implementation..

4. Invoicing

Would you support an invoice solution that meets the following criteria?

- Does not mix initial and true-up statements from previous accounting months
- Includes trade dates from a specific month only, but not necessarily includes trade dates that encompass a full month (i.e. could include a partial month).
- Monthly charges are on invoice that included the month end date.

Please provide detailed examples of your preferred invoicing solution.

Calpine supports the three criteria mentioned above. Segregating invoices into calendar months will facilitate and simplify accounting.

5. Other Comments?

Thanks again, for the opportunity to comment.