

Comments of Calpine Corporation on

**California ISO Payment Acceleration Project**  
**Final Proposal**  
**December 2, 2008**

Calpine appreciates the opportunity to comment on the final payment acceleration proposal of the CAISO.

First and foremost, however, Calpine would like to recognize the devoted and painstaking efforts of the CAISO staff to arrive at this juncture. As will be shown in a matrix of stakeholder comments, this final proposal will be supported, in most significant aspects by virtually all stakeholders. This observation is by no means accidental, but rather is the direct result of the efforts of three individuals, and we suspect, many more. Calpine would like to specifically acknowledge the efforts of Steve Meinhofer, Janet Morris and Jill Powers for navigating this process with the clarity derived from a strong will for consensus.

The final proposal accomplishes much of what Calpine desires. While it does not endorse Calpine's own "bifurcation" proposal, it achieves the same end state – high frequency invoicing with a substantial reduction to the period between trade and cash clearing. The proposal reduces undue credit risk including the risk of default.

Calpine supports the final proposal. Now, however, we challenge the CAISO staff with two more tasks.

First, implement the project at the earliest possible opportunity after Go Live. The benefits of the project will only be realized with implementation. The CAISO should not be persuaded to delay implementation until some subjective sense of "system stability" is attained. Indeed, as a separate and distinct process, the frequency of invoicing and cash clearing can be advanced as other processes are refined.

Secondly, once an implementation plan is finalized, we ask that the staff move forward with a plan to meet the CAISO, FERC, and Calpine objective of weekly settlements.