

# 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](mailto: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 19<sup>th</sup>, 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.

*Calpine appreciates the CAISO's efforts to assess the viability of the DA and RT settlement bifurcation. We are encouraged by your findings that the barriers to implementing the proposal are manageable and Calpine continues to encourage early implementation.*

*The need for prompt action to accelerate settlements is increasing dramatically as the current credit crisis raises the probability of market defaults.*

*Calpine will ensure that its internal settlement and cash clearing mechanisms will be sufficiently flexible to accommodate the proposed bifurcation. We have no concerns regarding our systems and processes.*

## 2. Methodology for Estimating Meter Data

CAISO held a conference call on September 18<sup>th</sup>, 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).

*Calpine has indicated, and the recent conference call has confirmed, that estimating RT data is not a trivial task. The good news is that this complication is entirely avoidable in the short term with DA/RT bifurcation. RT estimation methodologies can be evaluated on a measured pace in a second phase of Payment Acceleration.*

*Calpine takes no position on the particular method of load estimation or mechanisms to ensure estimate accuracy.*

## 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

*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?

*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, Calpine would support a manual process if needed.*

**6. Invoicing Options**

Please comment on the following invoice preference:

- Monthly on a fixed date - i.e.) 20<sup>th</sup> of every month
- Proposed – 3<sup>rd</sup> Tuesday of each month
- Semi-Annual or Weekly

Mixing Initial & True-up Statement across Different Accounting Months on same invoice.

*Calpine recommends that invoicing be “early and often” in order to reduce default risk and lower collateral requirements. Most other organized markets settle weekly, or are in the process of changing to weekly settlements. We believe that the CAISO should also settle the DA markets weekly.*

*RT markets could settle on the current schedule until a second phase of this initiative concludes with final estimation methodologies.*

**7. Other Comments?**

*WPTF appreciates the opportunity to submit comments on this important matter.*