

## Stakeholder Comments Template

### FERC Notice of Proposed Rulemaking (NOPR) – Credit Reforms in Organized Wholesale Electric Markets

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the credit reform topics covered by FERC's NOPR. Upon completion of this template, please email your comments (as an attachment in MS Word format) to [CreditPolicyComments@caiso.com](mailto:CreditPolicyComments@caiso.com) by February 25<sup>th</sup> at 12:00 p.m.. All comments will be posted to CAISO's Credit Policy Stakeholder Process webpage at <http://www.caiso.com/docs/2003/04/21/2003042117001924814.html>.

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

1. Do you support the proposal to have a seven (7) day settlement period versus California ISO's current fifteen (15) day settlement period?

Disagree based on practicality. CAISO has just implemented a 15-day settlement cycle with all the procedural and software requirements completed by all stakeholders less than one year after implementation of MRTU. Now would be the time to allow everyone to get experience, understanding and value out of the systems before making more significant changes. Let's take time to make sure that the lessons learned are the right lessons.

It also needs to be asked whether there are real direct benefits to offset the indirect costs of shrinking the settlement period again? Frankly the cost to consumers needs to be taken into consideration in implementing changes with unknown value. If the typical obligation is less than \$12K for 85% of market participants on a daily basis – what is the typical obligation over a 15-day period for 85% of market participants? What is the typical obligation over a 7-day period?

2. Do you support organized wholesale electric markets implementing daily settlement periods? Do you support implementation of daily settlements within one year of the proposed seven day settlement period?

See answer to #1. SVP reserves the right to provide more comments at a later date.

3. Do you support elimination of the use of unsecured credit to collateralize participation in a Congestion Revenue Rights auction?

No. Unsecured credit should be available for CRR auctions at the least for entities that have an obligation to serve load (and thus hedge transmission need) and that otherwise meet the established credit requirements. Exactly how does the elimination of the use of unsecured credit for the participation in Congestion Revenue Rights create the least cost for ratepayers - not investors or speculators - but ratepayers? Why should this market be treated differently from other markets?

4. Do you believe there is a need for California ISO to become a party to each transaction so as to eliminate any ambiguity or question as to its ability to manage defaults and offset market participants' obligations?

SVP reserves the right to provide more comments at a later date.

5. Do you support reducing the number of days to post additional collateral resulting from a collateral call from the current three (3) business days to two (2) business days?

No. CAISO conducted a stakeholder process which set the current three business day requirement plus a progressive discipline action plan. This action appears to have very little benefit (less than \$12K for the majority of participants) for the effort to make a one day reduction.

6. Do you agree that the ISO should establish minimum creditworthiness requirements to participate in the market?

SVP reserves the right to provide more comments at a later date.

7. Do you agree that the ISO must establish standards over and above its existing standards for requiring additional collateral as the result of a "material adverse change"?

SVP reserves the right to provide more comments at a later date.

8. Are you in favor of the ISO applying different credit standards to different types of market participants?

Yes. Using a stakeholder process, the ISO has already implemented different credit standards to different types of market participants.

9. Do you agree that there should be a further aggregate unsecured credit cap to cover an entire corporate family? Should the cap be different for markets of different sizes?

SVP reserves the right to provide more comments at a later date.