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Northern California Power Agency Comments CAISO Final Proposal – Payment Acceleration Project

December 2, 2008

Northern California Power Agency (“NCPA”) would like to thank the CAISO for the opportunity to provide comments on the Payment Acceleration Project final proposal. The comments found below address a specific element of the proposal. The lack of comment on other elements of the proposal should not be interpreted as full acceptance of the proposal.

Settlement of Compliance Based Charge Codes

As described in detail within the CAISO proposal, the CAISO is recommending Option #1 for Payment Acceleration implementation. NCPA does not oppose the CAISO recommendation in general, but would suggest that the following detail either be clarified within the proposal, or added to the proposal for implementation. The recommendation implies at T + 7B all CAISO charge codes will be included within the initial settlement. NCPA recommends that this blanket application be reconsidered or clarified to exclude all compliance related settlement charge codes that are dependent on settlement quality meter data (“SQMD”). As an alternative NCPA recommends that all compliance related settlement charges codes that are dependent on SQMD for accuracy be initially settled within the first true-up settlement statement rather than be included within the initial settlement statement. The CAISO currently proposes that the first true-up settlement statement be calculated and published 38 business days after the trade date (T + 38B), and will use actual SQMD submitted by SCs not later than T + 43 calendar days. With the lack of complete SQMD at T + 7B market participants may be unjustly harmed by inaccurate calculation of compliance related settlement charge codes such as No Pay, which could be significant for a multiple of reasons. In particular, NCPA, who is a Load-Following Metered Subsystem Aggregator, is concerned with the compliance settlement of Load-Following Deviation Penalties based on estimated or forecasted meter data. The Load-Following Deviation

Penalty settlement is highly dependent on the availability of SQMD, and to the extent inaccurate meter data is used, false charges of significant magnitude may be inappropriately assessed, which would impact NCPA's credit expose and cash flow. As an alternative, NCPA recommend that compliance based charge codes only be introduced and included within the first true-up settlement statement, and not be included within the initial settlement statement.