

July 10, 2009

**Comments of Pacific Gas and Electric Company (PG&E) on the California ISO's
(CAISO) Proposed Tariff Modifications Concerning
CRR Hourly Settlement Pro-Ration**

PG&E's comments are submitted pursuant to the CAISO's market notice dated June 30, 2009.

PG&E generally supports CAISO's proposed CRR Hourly Settlement Pro-Ration Amendment Filing to remove the hourly pro-ration requirement from the Tariff, so that there is no pro-ration to the hourly CRR settlements in case of a shortage or surplus.

PG&E, however, has three requests for clarification regarding the CRR Settlements.

1. We would like CAISO to confirm that this Tariff change would result explicitly in the elimination of the monthly Charge Code (CC) 6728. This is not clear from the draft language in section 11.2.4.4.1, in which the first sentence calls for a monthly true-up of the CRR Holders, even though the proposed tariff change would apparently obviate the need for such a true-up as the CRR Holders are made whole on the hourly CRR Settlements. If that is the case, then the CAISO should also consider removing that sentence to clear the ambiguity.
2. In conjunction with the implementation of Payment Acceleration planned for November 1, 2009, we would like CAISO to elaborate how payment of CC 6700 will be made to the SCs within the two-week time frame, when there is a shortage in the IFM Congestion Fund. More specifically, how will the monthly CC 6790 be settled at end of the month and where will CAISO obtain the funds for the bi-monthly payment in the case of IFM Congestion Fund being underfunded?
3. We would also like the CAISO to clarify whether, in the BPM implementation, the ratio will be set to 1 or explicitly removed altogether. We request this information in order to prepare our internal shadow settlement system in advance of the change.

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