

# Stakeholder Comments Template

## Subject: Payment Acceleration Tariff Draft

Submitted by	Company	Date Submitted
<i>Tom Girlich (415) 973-9381</i>	<i>Pacific Gas and Electric Company</i>	<i>May 15, 2009</i>

Please see PG&E's comments below regarding the Payment Acceleration tariff draft posted on the CAISO website May 6, 2009. PG&E has divided its comments into two sections. The first section "Summary" highlights two significant issues that PG&E wishes to comment upon: the lowering of the Maximum Unsecured Credit Limit (MUCL) and the proposed settlement statement dispute process. The second section "Commentary Detail" highlights specific areas where PG&E wants clarification of draft language.

### SUMMARY

#### 1. Maximum Unsecured Credit Limit

As expressed previously during CAISO board meetings in December 2008 and March of 2009, PG&E continues to oppose a reduction in the (MUCL) from \$150 million to \$50 million upon implementation of the CAISO's payment acceleration proposal. PG&E strongly recommends that the CAISO initiate further discussions with stakeholders with regard to the appropriate level for the MUCL. MRTU has reintroduced Day Ahead markets with considerably larger energy volumes for large load serving entities (relative to pre-MRTU markets). MRTU has been in operation for only one and one half month during very moderate system conditions. Given price uncertainties with CAISO markets this summer it is premature to determine if \$50 million is the appropriate MUCL for large load serving entities like PG&E. Reducing the MUCL excessively may result in increased credit posting costs and a reduction of credit liquidity for large load serving entities and the energy consumers they serve. The CAISO has already lowered the MUCL from \$250 million to \$150 million. This recent change substantially reduces credit risks for CAISO market participants. Additionally, the substantial acceleration of payments under the CAISO's payment acceleration proposal further reduces payment risks for those entities supplying energy through the CAISO's new markets. PG&E strongly recommends that the CAISO defer proposing a reduction in the MUCL until the CAISO is able to more fully discuss this issue with market participants.

#### 2. Proposed Settlement Statement Dispute Process

PG&E is concerned that initial settlement statement disputes are limited to non-estimated data. This introduces uncertainty into the dispute process in terms of allowable and non-allowable disputes. PG&E proposes that disputes be allowed for everything on the initial (T+7B) statements, based on the assumption that whatever meter data was available for that statement (actual SQMD, SC-estimated SQMD or

CAISO-estimated SQMD) is correct. On subsequent recalculation statements, only incremental changes can be disputed. PG&E recommends this because it avoids the risk of missing the dispute window due to lack of clarity around what meter data was estimated or not, and it also allows for sooner identification and resolution of any disputable errors that are NOT due to estimated meter data. It will also be less cumbersome for the CAISO (having to specify what is based on estimated data or not for each statement) and for PG&E based on how our shadow settlement system and current processes are set up. Please see Question 8 below for additional questions on this issue.

## **COMMENTARY DETAIL**

### **1. Pages 1,2 - 10.1.2 to 10.2.1.3**

- What is the difference between the terms "Estimated Meter Quality Data (ESQMD)" and "Revenue Quality Meter Data (RQMD)"? Should all references be to ESQMD? RQMD is not included in the glossary.
- Is the statement "Settlement Quality Meter Data (**actual**) for that entity using the **estimation** procedures..." a contradiction of terms (see Page 2, paragraph (c))?

### **2. Pages 2,3,etc**

- There is discussion of Settlement Quality Meter Data where "actual" and/or "SC estimated" are in parentheses. Does this need to be a parenthetical expression? Perhaps just stating "actual" and/or "estimated" before "Settlement Quality Meter Data" may be sufficient?

### **3. Page 5 - 10.3.6.2**

- The heading refers to T+36B. This should be T+38B.
- Paragraph (b), last sentence, references that SC submitted ESQMD will be used for Recalc settlement statements if actual data is not available. PG&E was under the impression that estimates would not be used in the Recalc settlement statements even if submitted by an SC?

### **4. Page 6 - 10.3.6.3**

- The heading and paragraph refer to "T+36B". This should be T+38B.

### **5. Page 7 - 11.1.5**

- Reference is made to "SQMDS". Why the trailing "S"? Is this a misprint or a new process?
- Paragraph (b) states "CAISO Estimated Settlement Quality Meter Data for metered Demand will be based on Scheduled Demand by LAP and/or CLAP". Should this say DLAP?

### **6. Page 8 - 11.23**

- Refers to FERC authorization of UDP. Please confirm this tariff change does not request FERC to authorize UDP.

### **7. Page 16 - 11.29.8.2**

- What does it mean to report an exception and how is that different than a dispute?
- If an SC cannot dispute items based on estimated settlements quality meter data, then that should be noted here as well, since current language implies that anything not disputed is considered "validated" and is binding.

### **8. Page 18 - 11.29.8.4.1**

- This section seems to conflict with section 11.29.8.2 which states that anything NOT disputed within 14B of issuance of initial statement will be considered validated and therefore binding.
- Not allowing disputes on initial settlement statement disputes when ESQMD is used in the calculation may be a burden to monitor where, like CC 6475, there will be meter data based on actual and estimated meter data. What about those CC where an allocation is based on estimated demand? Does CAISO have a list of those CC that can be disputed on the initial statement? If estimated LOAD meter data is included, then this represents a large portion of the real time charge codes (allocation charges, A/S obligation, etc.) With multiple meter data sources (actual SQMD, SC-estimated SQMD, CAISO-estimated SQMD) and provisions to use estimated data in an "emergency" (11.29.10.5) there is a significant risk of missed dispute opportunities due to lack of transparency regarding which charges can and cannot be disputed on a given initial statement.
- Even if there is estimated meter data involved, an SC should be able to dispute on the basis of whether CAISO is using the correct meter data based on what was submitted by the applicable deadlines, etc. Meter data, especially load meter data, can have a huge impact on our total CAISO settlement amount. We are obligated to pay the T+7B values, but any disputes based on estimated meter data couldn't be submitted until T+38B and wouldn't be reflected until T+76B. This could impact our Estimated Aggregated Liability significantly.
- In order for this to be practicable, CAISO needs to clearly distinguish what may or may not be disputed on each T+7B initial statement. There is a lot of room for confusion on this point given that the CAISO-poll data may or may not be available at T+7B (10.2.1.3) and the risk it too great that an SC will miss their one and only opportunity to dispute a given charge code.
- What is meant by "items"? Does this refer to just the estimated meter values themselves or any charge code quantities or amounts that depend on upstream estimated SQMD?

### **9. Page 18-19 - 11.29.8.4.2**

- Do the "incremental changes" include all changes due to replacement of estimated SQMD with actual SQMD?
- What about a special case where the actual data exactly equals the estimated data? According to this language would the SC ever have an opportunity to dispute that specific charge code interval?
- What if the SC believes that an item should have changed incrementally from the initial to the recalc but there is no change on the CAISO side. Can we dispute this?

**10. Page 22 - 11.29.8.4**

- In the last sentence on the page there is a reference to "ninety (90) days". Is this calendar or business days?

**11. Page 23 - 11.29.8.6**

- Tariff language does not hold CAISO to any deadlines to resolve disputes, and it is unclear what happens to disputes that they do not resolve in time for the next recalculation statement.
- There appears to no longer be a deadline for the CAISO to rule on whether disputes are considered valid or not. What happens to the dispute in this case? There will be no incremental change, so an SC will not be permitted to dispute it again on subsequent statements. Is the dispute considered to be still open or pending until resolved? The SC has the same dispute deadline for all items regardless of complexity of the issue involved, and should not be penalized as long as disputes are submitted within those deadlines. CAISO currently has deadlines to respond to disputes and that should not change.

**12. Page 24 - 11.29.10**

- "...on the **seventh day** after the Trading Day..." This should read: "on the seventh **business day**..."

**13. Page 27 - 11.29.10.5**

- "Details of the variation and the method chosen to produce estimated data, Settlement Statements and Invoices and Payment Advices will be published on the CAISO Website." Can this be defined in the BPM?

**14. Page 29 - 11.29.23**

- In the last sentence on the paragraph there is a reference to "ten (10) days". Is this calendar or business days?

**15. Page 29-30 - 11.29.24.1**

- Can the payment calendar also include dispute deadlines for incremental changes in T+38B and T+76B recalculation statements?

**16. Pages 42,52**

- Appendix A and Definitions seem redundant. Can this be combined into one Payment Acceleration Tariff definition section? Can this also include acronym definitions?

**17. Pages 45-52**

- Why are these pages included? What is the purpose since they appear to be a repeat of the tariff language in the previous sections?

**18. Page 48 - 11.29.8.4**

- Language is not consistent with similar language found on page 22. See the highlighted words in the reference below. "A Scheduling Coordinator, CRR Holder, Black Start Generator or Participating TO may request the CAISO to treat as recurring a dispute

or exception raised in accordance with Sections 11.29.8.1 and 11.29.8.2 above, if a dispute or exception would apply to subsequent Initial **and the Initial Settlement Statement Reissue and** Recalculation Settlement Statements."