

**PG&E Comments on  
CAISO's Proposed Process to Reevaluate CRR Credit  
Requirements Under Extraordinary Circumstances**

Submitted by	Company	Date Submitted
Derick Stowe (415) 973-5662 Mike White (415) 973-6978	Pacific Gas & Electric	March 27, 2009

Pacific Gas & Electric Company (PG&E) appreciates the opportunity to submit stakeholder comments regarding the CAISO's proposed process to reevaluate CRR credit requirements under extraordinary circumstances. PG&E is supportive of the CAISO's efforts to prepare in advance for extraordinary circumstances. However, while the CAISO's proposal is designed to clarify the procedures in the event of these circumstances, it also generates a number of questions and concerns for PG&E.

First, the CAISO's definition of an extraordinary circumstance in this proposal is unclear. PG&E believes that it is important to provide a more specific definition in order to improve market participants' understanding and implications of this issue. In addition, more information about the CAISO's expectations for the potential size, scope and ramifications would be valuable, and would give us a better understanding of how often these circumstances might occur as well as the potential impact. With the present vague level of definition clarity, PG&E is in turn concerned that the proposal may grant the CAISO unrestricted discretion in its determination of what would or would not qualify as extraordinary circumstances. Given the possibility of significant financial implications, a more clearly articulated definition would be helpful and would serve to alleviate concerns about how and when the CAISO might deem a circumstance extraordinary.

Second, PG&E requests that the CAISO provide additional details regarding the methodology that would be employed in the event of an extraordinary circumstance. We believe that is important for the CAISO to provide more clarity about the bases, assumptions, inputs, and limitations for the proposed methodologies and calculations. For our internal planning purposes we also request that the CAISO share more details about the design of the proposed simulations.

Third, what is the proposed recourse in the event that PG&E or another market participant disagrees with a CAISO decision? If a policy does not currently exist, we request that the CAISO develop a special recourse policy for extraordinary circumstances.

PG&E looks forward to working with the CAISO staff in further developing and finalizing this issue. For follow-up or questions, please contact Derick Stowe (415-973-5662) or Mike White (415-973-6978).