

Stakeholder Comments Template

Subject: Payment Acceleration Proposal

This template has been created for submission of stakeholder comments on the following topics in regards to Payment Acceleration. Upon completion of this template please submit (in MS

| Submitted by | Company | Date Submitted |
|-----------------------------------|-------------------------------------|------------------|
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Word) to pacceleration@caiso.com. Submissions are requested by close of business on January 23rd, 2009.

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

1. Deployment Criteria and Implementation Schedule

During the Payment Acceleration Implementation Workshop on January 14th, 2009, alternatives were discussed in regards to the Deployment Criteria and Implementation Schedule. CAISO has published a proposal with consideration to input received during the workshop. Please provide comments on the proposal.

SDG&E supports the Payment Acceleration (PA) Deployment Criteria as represented in the CAISO's 01/16/2009 proposal except for the statement in Section II. Production Stability that PA "is not including accuracy as part of the deployment criteria." Timeliness and accuracy are the key components necessary to realize a successful implementation of any settlements statement and invoicing proposal. Market participants do not assume that the MRTU *go live* on April 1st will be without challenges and will require close scrutiny to ensure, as much as possible, that the results present a reasonable reflection of actual transactions, pricing, and calculation of invoice amounts. It may be that, during the PA dry run period, MRTU invoices have not been demonstrated to be acceptable and will require further study and/or software adjustments. In this case, market participants need to be able to extend the PA dry run period and the PA *go live* date month-by-month as long as necessary to be comfortable with both MRTU and PA invoice results. Allowing for the PA implementation timeline to be "re-evaluated in the case of severe accuracy issues" is vague and does not provide any assurance that these issues will be resolved prior to implementation of the PA schedule. Market participants will need to give the "go ahead" at the end of each month during the PA dry run period in order to secure PA implementation per schedule.

The Implementation Schedule for a three-month dry run period with a PA implementation "go live" date of October 1, 2009 is otherwise acceptable, but the transition of monthly invoices and invoice payments from MRTU schedule to the PA schedule is not clear in the Payment Acceleration Deployment Timeline included with the PA proposal. The CAISO has already indicated that it does not intend to mix schedules for monthly invoices, and the PA *go live* date would require the first PA bi-monthly invoice for October 1-15 to be published on October 26.

Although not specified on the CAISO timeline, it would appear that the MRTU schedule would have to be followed for all initial invoices (at T + 38B) and recalculation invoices (at T + 76B) from April through September 2009. The last recalculation invoice for the final month of September is not scheduled to be published in that case until late January 2010. If this is what the CAISO proposal has in mind, then this should be clearly stated.

2. Estimation Flag

Do you support a requirement to add a status flag to OMAR identifying Actual vs. Estimated values? This would require additional work on the MP's systems to pass the value to CAISO through a .CSV or MDEF file.

If the estimation flag functionality in OMAR was implemented, would you utilize it?

Do you support a mechanism for identifying CAISO estimated values on Settlements Statements? This would require file format changes and need potential MP system changes.

SDG&E supports the requirement to add a status flag to OMAR, which would be utilized to identify the estimated meter data in order to compare to actual meter data available at a later date and to determine the impact of such deviations on the interest calculation and resulting invoice amounts. SDG&E would also support a mechanism for identifying CAISO estimated values on Settlement Statements. Development of software and protocol revisions will need to be completed with sufficient time to all market participants and contract consultants to make necessary adjustments to their own systems as well.

3. Noon Deadline for submission of SQMD at T+5B

In order to complete processing for a T+7B settlement timeline, CAISO is requesting meter data be submitted by noon at T+5B. Do you support a noon deadline for submission of SQMD at T+5B?

SDG&E takes no position on the deadline proposed by the CAISO for submission of meter data but supports any reasonable compromise as necessary between the CAISO and market participants.

4. Business Use Cases

During the Payment Acceleration Implementation Workshop on January 14th, 2009, a concept of business use cases was presented as a way to engage stakeholders early in the requirements phase and reduce potential issues during the implementation phase.

Would you support participating in this activity during our next Implementation Workshop?

SDG&E supports the concept of business use cases that may be developed for use in the PA simulations but does not intend to provide the level of direct participation in this activity that may be required by the CAISO. Contributions to be made toward this effort will likely be through review of the business use case results and outcome during the PA dry run period.

5. **Other Comments?**

No other comments at this time.