

# 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](mailto:pacceleration@caiso.com). Submissions are requested by close of business on March 13th, 2009.

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

### 1. Compounding Interest

During the Payment Acceleration Implementation Workshop #2 on February 24<sup>th</sup>, 2009, a question on compounding interest was discussed. An example has been posted - Interest Payments Example.pdf - to the website for your review.

Do you have any further questions or concerns regarding the method being used for compounding interest?

The example of interest calculation is helpful, and the formulas that were included there should be included in the documentation of the Payment Acceleration procedures. SDG&E's primary concern is that potentially large and extensive revisions to MRTU prices that are not at all related to meter data or the result of particular Market Participant actions can have significant financial consequences when corrections are recognized in the True Up invoices. The simple and compound interest payments will only increase the impact from these price determination errors, making invoice revisions appear even greater than they otherwise would be without including interest payments. None the less, SDG&E supports the interest calculation methodology as described in the example provided.

### 2. Transition Period

A proposal for a 3.5 month transition period was presented at the February 24<sup>th</sup> Implementation workshop. An example was provided showing the payment (Invoice) calendar during the transition period.

Do you have any questions, concerns, or other ideas regarding the transition to Payment Acceleration?

SDG&E appreciates the added detail to the transition period invoice submittal schedule that specifies the MRTU and Payment Acceleration invoice types and dates for implementing the proposed deployment. The timeline is now straightforward and clearly presented.

### **3. Dry Run Approach**

A Dry Run Approach was introduced during the February 24<sup>th</sup> Implementation Workshop. CAISO will be developing the strategy, along with specific statement and invoicing timeline examples.

Please provide your comments and thoughts on how you would like to see the Dry Run period structured. Please keep in mind the Dry Run period duration of three months (6/1 – 8/31) when providing your comments.

The experiences from the MRTU Market Simulation should be instructive for the management of Payment Acceleration dry run testing, particularly relating to improvements to change management as corrections are identified and applied. Timeliness, attention to detail and accuracy, and communication on a continuing basis are essential to getting “buy in” from Market Participants for being comfortable with the accuracy of the calculations and results.

### **4. Other Comments?**

During the last workshop discussion of the Deployment Criteria, the CAISO related that they did not intend to “redefine” the notion of Production Accuracy for the Payment Acceleration project. This assumes that there is a stated definition already in place for the scheduled MRTU deployment for Production Accuracy, although a search through the latest MRTU tariff does not appear to uncover any details as to what the term might mean currently. At least for Payment Acceleration, the MRTU Market Simulation will be completed and actual data with real billing determinant calculations will be following its own schedule for validation and revisions as required for MRTU settlement statements and invoices. If Production Accuracy is to mean anything in either the MRTU or Payment Acceleration context, it should at least be a measurement of common sense regarding the development of necessary formulas, the calculation of interest and estimated meter data, the compilation of required MRTU data, and the production of invoice statements that are a true reflection of these components. If they are not received as such, the Market Participants will no doubt inform the CAISO with any problems.