

SDG&E offers the following comments on the CAISO's most recent proposed tariff language titled "Enforcement Action on Late Payments Draft Tariff Language"

SDG&E has two comments on the January 27, 2010 draft of the Late Payment Enforcement Tariff amendment. The first is to request the CAISO to provide examples of how the proposed tariff would operate, including the flow of funds between the CAISO Clearing Account, the CAISO Reserve Account and the CAISO Penalty Reserve Account. This would ensure that everyone has a clear understanding of the proposed tariff which is not always easy to do from reading proposed tariffs.

Second, please clarify the apparent difference between the default allocation in Section **11.29.9.6.4(a)** and in Section **11.29.9.6.4.1(c)**. See the respective excerpts below. The first allocates default in accordance with the Tariff; the second allocates defaults to Creditors. If these are intended to be separate methods of allocating defaults, then please explain why that is. If not, then the sections should be conformed to each other.

“If available funds in the CAISO Penalty Reserve Account are insufficient to clear the CAISO Clearing Account and the payment default is not cured, the payment default will be allocated in accordance with the CAISO Tariff.”

“If, after taking reasonable action, the CAISO determines that the default amount (or any part) and/or Interest cannot be recovered, such amounts shall be deemed to be owing by those Market Participants who were CAISO Creditors on the relevant Payment Date pro rata to the net payments they received on that Payment Date and shall be accounted for by way of a charge in the next Settlement Statements of those CAISO Creditors.”