

## Stakeholder Comments Template

### FERC Notice of Proposed Rulemaking (NOPR) – Credit Reforms in Organized Wholesale Electric Markets

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the credit reform topics covered by FERC's NOPR. Upon completion of this template, please email your comments (as an attachment in MS Word format) to [CreditPolicyComments@caiso.com](mailto:CreditPolicyComments@caiso.com) by February 25<sup>th</sup> at 12:00 p.m.. All comments will be posted to CAISO's Credit Policy Stakeholder Process webpage at <http://www.caiso.com/docs/2003/04/21/2003042117001924814.html>.

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

1. Do you support the proposal to have a seven (7) day settlement period versus California ISO's current fifteen (15) day settlement period?  
**Sempra Generation expresses no opinion on this issue.**
2. Do you support organized wholesale electric markets implementing daily settlement periods? Do you support implementation of daily settlements within one year of the proposed seven day settlement period?  
**Sempra Generation expresses no opinion on this issue.**
3. Do you support elimination of the use of unsecured credit to collateralize participation in a Congestion Revenue Rights auction?  
**No. Existing CAISO policies with respect to the limitations on unsecured credit for CRR transactions are appropriate.**
4. Do you believe there is a need for California ISO to become a party to each transaction so as to eliminate any ambiguity or question as to its ability to manage defaults and offset market participants' obligations?  
**No.**

5. Do you support reducing the number of days to post additional collateral resulting from a collateral call from the current three (3) business days to two (2) business days?

**No.**

6. Do you agree that the ISO should establish minimum creditworthiness requirements to participate in the market?

**Yes.**

7. Do you agree that the ISO must establish standards over and above its existing standards for requiring additional collateral as the result of a “material adverse change”?

**No. Existing standards are adequate.**

8. Are you in favor of the ISO applying different credit standards to different types of market participants?

**Sempra Generation expresses no opinion on this issue.**

9. Do you agree that there should be a further aggregate unsecured credit cap to cover an entire corporate family? Should the cap be different for markets of different sizes?

**Sempra Generation has previously expressed its concerns about applying credit policies to parent-affiliate relationships in a mechanistic way. Sempra Energy has both regulated public utility and merchant businesses subsidiaries within the same corporate family. Both the CPUC and the FERC have detailed rules with respect to affiliate transactions. These rules are designed to prevent any form of cross-subsidization between rate-regulated and merchant businesses. Any aggregation of credit limits, or imputing credit guarantees or other elements of credit support across affiliated corporate boundaries could run afoul of the affiliate transaction rules. Consequently, Sempra Generation urges that credit guarantees by a corporate parent be permitted up to the full credit limit for the relevant market segment, subject to appropriate creditworthiness review, for each individual subsidiary of the corporate parent. Permitting the guarantee to secure the individual subsidiary’s obligations will insure that the credit guarantee scheme will not create inadvertent conflicts with state and federal affiliate transaction rules.**