

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 by February 25th 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?

Western Area Power Administration (Western) does not support the implementation of the reforms as stated. Western sees the accelerated payment model to weekly and then daily, as causing additional administrative burden, increased full time equivalents and software operating costs, without a commensurate level of benefit.

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?

Western Area Power Administration (Western) does not support the implementation of the reforms as stated. Western sees the accelerated payment model to weekly and then daily, as causing additional administrative burden, increased full time equivalents and software operating costs, without a commensurate level of benefit.

3. Do you support elimination of the use of unsecured credit to collateralize participation in a Congestion Revenue Rights auction?

Western believes that the credit practices discussed in this notice of proposed rulemaking should be applied differently to Western and similarly situated market participants. It is Western's position that market participants with good credit ratings should not be required to post collateral.

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?

Western does not have a position on this matter at this time.

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?

Western believes this section discriminates against smaller entities and startup businesses from qualifying and participating in the markets.

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

Western believes this section discriminates against smaller entities and startup businesses from qualifying and participating in the markets. Western believes the ISO's current creditworthiness requirements are sufficient.

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"?

Western does not have a position on this matter at this time.

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

Western supports the ISO's current practice of applying different credit standards to market participants that are categorized as "a Rated or Unrated Public/Private Corporation, a Rated or Unrated Governmental Entity, or a Local Publicly Owned Electric Utility", as described in the ISO's tariff.

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?

Western is in favor of an aggregate credit cap to cover an entire corporate family as long as the aggregate cap is not punitive or unfair.