

**COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS ON THE
CAISO's FEBRUARY 27, 2009 2nd DRAFT FINAL PROPOSAL FOR
A STANDARD RA CAPACITY PRODUCT**

March 6, 2009

The Alliance for Retail Energy Markets (AReM)¹ appreciates the opportunity to provide comments on the CAISO's 2nd Draft Final Proposal (CAISO's Proposal) for the Standard Resource Adequacy (RA) Capacity Product (SCP) issued February 27, 2009. AReM supports the CAISO's Proposal and urges completion of its stakeholder process, Board approval in March and filing at the Federal Energy Regulatory Commission (FERC) in early April. As mentioned in previous comments, a FERC filing by early April is crucial to ensure that FERC approval is obtained in time to be considered by the California Public Utilities Commission (CPUC) in the Final Decision for Phase 2 of R.08-01-025, which will address the use of the SCP by its load-serving entities (LSEs) for RA compliance. The CPUC Final Decision is scheduled for June 18, 2009.

The CAISO's Proposal has addressed several of AReM's previous concerns. For example, AReM was pleased to note that the CAISO will identify grandfathered resources in the NQC list.² AReM had requested this listing to assist LSEs in their negotiations with suppliers.

AReM appreciates the efforts of the CAISO's staff to seek common ground and make significant modifications in response to stakeholder concerns. AReM supports the CAISO's Proposal for the SCP and urges Board approval at the March meeting.

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On Behalf of AReM

¹ AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in the California's direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

² CAISO Proposal at 33.