

Citigroup Energy Inc. ("CEI") submits these comments in response to the real-time imbalance energy offset presentation that the CAISO delivered to stakeholders on August 28, 2009. Please contact Lisa Yoho at 713-752-5004 if you have any questions.

CEI believes that it is best to allocate charges based on "cost causation." Consequently, the suggestions raised during last week's stakeholder call of "doing nothing" or having "exports settle at the real-time price, like the NYISO," are not viable options as they would over-allocate costs to energy exports without taking into account cost causation. The costs associated with SCs deviating generation in real-time and SCs over-scheduling generation in the day-ahead market should not be passed on to market participants that have static schedules that are not deviating from their dispatch. The current methodology of passing these costs back to exports, or the approach of making HASP schedules that follow dispatch settle in the real-time market, would ultimately and unjustly penalize the market participants participating in those activities.

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