

Citadel comments originally received in email format from Joe Tesoriero

Affiliates of Citadel Investment Group, L.L.C (“Citadel”) are market participants in the California markets and participated on today’s Stakeholder discussion related to the CRR/FTR Contingency Plan (the “Plan”) proposed by CAISO. Citadel’s comments on the Plan are as follows:

1. Citadel generally supports the Plan as proposed. It takes the appropriate approach in terms of providing for refunds (or payments) of amounts paid (or received) for CRRs awarded in the recently settled auction. It also recognizes the time and efforts of market participants and CAISO in terms of the auction and effectively preserves the reasonable expectations of participants in the auction in light of unfortunate delay in the implementation of MRTU. Having said this, Citadel would request CAISO inform market participants as to the timing of refunds and interest payments as soon as reasonably possible. Citadel also would request CAISO be more specific in terms of how and when refunds would be made should MRTU be delayed even beyond its currently anticipated start date of June 1, 2008.
2. Citadel offers its support to CAISO and endorses the implementation of MRTU as soon as operationally feasible. We have no specific objection to FTR auctions as long as it does not divert critical resources from having MRTU implemented ASAP.
3. Citadel notes all participants on the Stakeholder call supported the integrity of the recently completed CRR auction. It is our understanding one or two market participants have suggested in other forums that CAISO “redo” the settled auction at some later date. Citadel would strongly oppose any such notion. Citadel stands for the integrity of the auction process and dedicated spent considerable time and resources on the CRR auction and reasonably relied on the CAISO tariff and representations of CAISO management at the time of the auction regarding the timing of MRTU implementation. To this end, Citadel would be prepared to support CAISO and its auction process should challenges arise at a later date.

Please feel free to contact me (312-395-3374) if you have any questions or if I can be of assistance.

Sincerely,
John Tesoriero
General Counsel – Global Energy
Citadel Investment Group, L.L.C