

September 4, 2009

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,  
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA  
CONCERNING REAL-TIME IMBALANCE ENERGY OFFSET CHARGES**

In response to the CAISO's updated Issue Paper posted on August 26, 2009, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California ("Six Cities") submit the following comments regarding Real-Time Imbalance Energy Offset Charges (CC 6477):

The magnitude of the Real-Time Imbalance Energy Offset Charges experienced during the first four months of MRTU operations indicates a significant market design issue. The information released by the CAISO to date, however, is not sufficient to identify clearly the causes for the Imbalance Energy costs or to facilitate development of a solution that will both be effective in reducing the incidence of such costs and avoid collateral, unintended negative impacts. With respect to the near-term Tariff revision proposed by the CAISO and the potential longer-term actions outlined at page 7 of the Issue Paper - -

- The Six Cities support revision of the Tariff to exempt Load Following Metered Sub-Systems from Real-Time Imbalance Energy Charges so long as Load Following MSSs remain responsible for utilizing their resources to follow their loads and are subject to separate penalties for deviations.
- The Six Cities take no position at this time regarding a two-tier allocation method for Real-Time Imbalance Energy Charges but are still considering the appropriateness of revising the Tariff to implement such an allocation method.
- The Six Cities strongly encourage the CAISO to continue and to expedite its efforts to identify the causes for large differences between RTD and HASP prices and to formulate effective measures to mitigate such differences.
- The Six Cities conditionally support alignment of the settlement intervals for Real-Time load and generation subject to further information and analysis concerning the feasibility and potential collateral impacts of such alignment.

- The Six Cities at this time take no position regarding the suggestion to settle HASP Imbalance Energy using Real-Time prices.
- Given the magnitude of the Real-Time Imbalance Energy Charges experienced to date, the “Do nothing” option is not acceptable.

Submitted by

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