

August 5, 2011

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA REGARDING DRAFT
FINAL PROPOSAL ON IMPACT OF CONVERGENCE BIDDING ON INTERTIES**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments in response to the July 29, 2011 Draft Final Proposal on the Impact of Convergence Bidding on Interties (the "Final Proposal").

The Six Cities fully support the ISO's determination in the Final Proposal to remove interties as eligible convergence bidding nodes. In addition, however, the ISO should continue to monitor carefully the levels of Real-Time Imbalance Energy Offset costs and act promptly to mitigate such costs if they return to the high levels experienced in several previous months. Although the Cities understand that the ISO plans to address the broader effects of persistent differences between HASP and Real-Time prices in the Renewable Integration: Market and Product Review Phase 2 stakeholder process, the ISO should pursue accelerated measures to address Real-Time Imbalance Energy Offset costs if excessive levels recur.

Submitted by

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