

October 26, 2009

Board of Governors
California Independent System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Dear Governors:

SUBJECT: Board Decision on Convergence Bidding

The Alliance for Retail Energy Markets¹ (“AReM”) submits this letter regarding the CAISO’s proposal for Convergence Bidding. AReM is a regulatory alliance, which includes electric service providers (“ESPs”) that are active in the California retail direct access market as load-serving entities (“LSEs”). AReM’s members are active participants in the CAISO’s markets, including the buying, selling and scheduling of power on a wholesale basis.

AReM appreciates the opportunity to offer its comments to the Board on Convergence Bidding. AReM generally supports the CAISO’s Convergence Bidding design as presented in its September 14, 2009 Draft Final Proposal for the design of Convergence Bidding, as appended on October 2, 2009. Convergence Bidding offers liquidity, promotes competition, and provides a tool for AReM members to adjust for load forecast errors day ahead. AReM supports CAISO Board approval in October and a FERC filing soon thereafter. Implementation of market improvements, such as convergence bidding, is essential to ensuring that the CAISO market price signals are accurate and hedgeable.

We thank the Board members for your consideration.

Sincerely,

/s/ Sue Mara

Sue Mara
RTO Advisors, L.L.C.

ON BEHALF OF THE ALLIANCE FOR RETAIL
ENERGY MARKETS

cc: Yakout Mansour, CEO, CAISO

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.