

October 28, 2009

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

Dear Governors:

SUBJECT: Board Decision on Extension of Grid Management Charge and
Modification to Market Usage Forward Energy Charge

Constellation NewEnergy, Direct Energy, RRI Energy, and Sempra Energy Solutions, members of the Alliance for Retail Energy Markets (“AReM”), submit this letter in support of the CAISO’s final proposal for modifying the Market Usage Forward Energy (“MUFE”) charge and extending the Grid Management Charge (“GMC”) through 2010. 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 supports the CAISO’s proposal and urges the Board to adopt it. AReM supports this compromise as an interim solution until the CAISO implements new rates that more closely follow cost causation principles. AReM understands that the CAISO plans to conduct a new cost of service study in 2011 and implement such new rates in 2012. In addition, AReM commends the CAISO’s staff for its willingness to be flexible and seek reasonable compromises.

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