

**COMMENTS OF STRATEGIC ENERGY, L.L.C. AND
SEMPRA ENERGY SOLUTIONS LLC ON
SEPTEMBER 14, 2007 PROPOSAL FOR MARKET RELEASE 1A**

Strategic Energy and Sempra Energy Solutions strongly support the CAISO's decision to move Dispatchable Demand Response (Roadmap Section 2.2.5) to Release 1A. The CAISO must move forward quickly in implementing price-responsive demand in MRTU. The California Public Utilities Commission has authorized billions of dollars for deployment of advanced metering for retail consumers. These expenditures will fail to provide the expected results in peak-demand reduction without the clear ability for retail customers to respond to price signals in the wholesale market. Essentially, retail customers who bid in price-responsive demand are choosing their own desired level of reliability, which increases overall market efficiencies and mitigates supplier market power. Mitigation of supplier market power is particularly important, considering that a form of scarcity pricing will be implemented in Release 1A. For these reasons, Strategic Energy and Sempra Energy Solutions urge the CAISO to adopt its current proposal to include Dispatchable Demand Response in Release 1A.

Submitted:

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