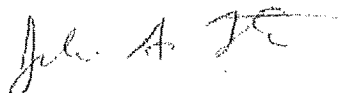


June 23, 2009

Retail Providers and Marketers of Imported Electricity

ARB staff proposes in the ISOR that any retail provider or marketer that is "the purchasing/selling entity at the first point of delivery in California of imported electricity" be subject to the fee regulation. This characterization of the entity obligated to pay the fee is consistent with the proposed point of regulation for a cap-and-trade program recommended in the joint decision issued by the CPUC and the Energy Commission. Marketers and retail providers that import electricity on transmission paths that cross the California border will need to incorporate the cost of the carbon fee into the power they sell. We do not foresee any impediment to retail providers' or marketers' ability to pass the costs of the fee downstream to subsequent purchasers or end users of imported electricity. To the extent the fee results in additional costs to investor-owned utilities, the CPUC will be able to allow them to recover the costs via appropriate regulatory proceedings. Thus, we are supportive of the approach to imported electricity as proposed.

Respectfully submitted,



Julie A. Fitch
Director, Energy Division