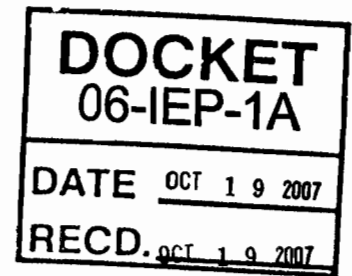


October 19, 2007

Jackalyne Pfannenstiel
Chairman and Presiding Member
2007 Integrated Energy Policy Report Committee
California Energy Commission
1516 Ninth Street, MS-29
Sacramento, CA 95814-5512

John L. Geesman
Commissioner and Associated Member
2007 Integrated Energy Policy Report Committee
California Energy Commission
1516 Ninth Street, MS-29
Sacramento, CA 95814-5512



RE: Draft 2007 Integrated Energy Policy Report Docket # 06-IEP-1

Dear Chairman Pfannenstiel and Commissioner Geesman:

The Alliance for Retail Energy Markets (AReM) respectfully submits the following comments on the Draft 2007 Integrated Energy Policy Report Update. AReM is a California nonprofit association of Energy Service Providers who collectively serve the majority of competitively served retail electricity in the state.

Retail competition in California accounts for approximately 11 percent of demand and serves across all customer classes from residential to commercial to industrial. Customer choice remains a viable option for the many fortunate individuals, institutions and businesses who have grandfathered contracts not subject to the current, yet outdated suspension of customer choice. Moreover, the Public Utilities Commission is in the process of reconsidering the suspension and it is important that that fact is recognized and acknowledged particularly with respect to the heightened concerns over climate change and the desire for greater renewable energy.

The Energy Commission has broad authority to undertake a continuing assessment of trends in the consumption and supply of electricity and other forms of energy and to analyze the social, economic, and environmental consequences of these trends. To that end, the Integrated Energy Policy Report has served as a comprehensive statement and analysis of energy related matters from a high level perspective useful in the education and direction of policymakers in their efforts to undertake energy policy in California.

It is clear that the integrated process of this report and the leadership of the Energy Commission as well as the Public Utilities Commission have served to stabilize the energy sector in the wake of the events of 2001. And as usual, the 2007 IEPR Update is packed with useful, insightful information that will serve policymakers well in their planning and execution of energy policy in the coming legislative session.

However, there is a glaring omission from the report that we would like to bring to your attention. Despite a detailed list of electricity providers on page 13, from Investor Owned Utilities to Municipal Utilities to Irrigation Districts, there is no mention of Energy Service Providers or the 11 percent of the load that they serve. We would respectfully request that you update your update to reflect the full spectrum of providers of electricity.

Further, there is currently a proceeding at the Public Utilities Commission (R07-05-025) to determine the details for the lifting of the suspension of customer choice, and any discussion of the state's energy outlook, and certainly any resource planning document should incorporate a discussion of this topic. We note and recognize that previous iterations of the IEPR have dealt with the topic of customer choice. Accordingly, we would respectfully request that you update your report to acknowledge this proceeding and recognize its importance to the energy policy landscape.

Finally, there is a great deal of discussion of Assembly Bill 32, climate change and greenhouse gas emissions as well as the role of renewable energy in the strategies for addressing these issues in the Draft Report. We acknowledge the importance of renewable energy, both for its own sake, as well as for the sake of climate change mitigation strategies, and believe it would be useful and constructive for you to consider another perspective.

An open retail market allows regular people to exercise choices as to the source of their electricity and allows them to decide how much of their electricity should come from renewable sources. Under the current regime, access to renewable energy is *invisible* to most Californians and those who don't have a grandfathered customer choice contract may not contract for higher levels of renewables than the amount that their utility is required to procure on their behalf- 20 percent.

If we are to empower Californians to take an active, personal role in the benefits of renewable energy- fuel diversity, reduced greenhouse gas emission, etc.- we must give them a means to achieve this desired end, and that means is customer choice.

We appreciate the opportunity to offer these comments on the Draft 2007 IEPR and hope that you can work this perspective into your document. Policymakers need to understand these details and the context in which they exist, and the people of California, if they are to have an avenue to meaningful participation in the shared responsibility of intelligent resource planning and consumption, deserve a discussion of these opportunities.

Respectfully,

/s/

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