

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System) Docket No. ER16-1886-000
Operator Corporation)**

**ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO COMMENTS**

The California Independent System Operator Corporation (CAISO) provides this answer to the comments filed by Southern California Edison Company (SCE) in this proceeding on the CAISO's June 6, 2016 tariff amendment to implement components of its pricing enhancements initiative.¹

No intervenor opposes the June 6 tariff amendment, and SCE asks the Commission to accept the June 6 tariff amendment as filed. In addition, SCE requests that the CAISO update the existing detail and examples in its business practice manual for market operations to numerically illustrate how the CAISO will calculate the separate cost components of the locational marginal price (LMP) under the Energy Imbalance Market (EIM).²

While the request for detailed numeric examples that illustrate the LMP disaggregation under the EIM is outside the scope of this proceeding, the CAISO agrees to work with SCE to determine what additional detail and examples related to EIM pricing are necessary. Currently, the business practice manual contains different numerical examples related to pricing in the EIM. Further, as part of its standard procedure for any policy-driven changes, the CAISO identifies changes required to

¹ The CAISO files this answer pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213.

² SCE at 2-3.

provide updated information in its business practice manuals that illustrates how these enhancements will impact pricing. The CAISO will make any necessary changes through the business practice manuals change management process, which includes opportunities for interested stakeholders to comment. SCE and other market participants should participate in that stakeholder process to request details they believe are necessary for transparency on how prices are calculated in the CAISO markets. The CAISO expects to post in August the draft business practice manual changes related to the tariff revisions proposed in this proceeding and to ensure that the changes are completed in time to coincide with the September 7, 2016 effective date requested for the tariff revisions.

For the reasons explained above, the CAISO requests that the Commission accept the June 6 tariff amendment without modification and subject only to the CAISO's commitment to update its business practice manual to include necessary numerical examples as proposed by SCE.

Respectfully submitted,
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Dated: July 12, 2016

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 12th day of July, 2016.

Anna Pascuzzo

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