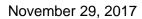


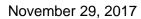
## Response to Stakeholder Comments on Draft Tariff Language Consolidated EIM Initiatives

Tariff Section	Stakeholder Comment	ISO Response
11.6.5	Southern California Edison (SCE) questions the last two sentences of Section 11.6.5:  "When operating in a negative range between PMin and 0, the CAISO will not consider a Non-Generator Resource or a resource using Non-Generator Resource Generic Modeling functionality as Measured Demand so long as the resource can generate Energy. If a Non-Generator Resource operates solely as dispatchable demand response, the CAISO will treat the resource as Measured Demand."  SCE asks "why?" as it is not familiar with the nuances of Non-Generator Resources.	There are settlement charges which are allocated to measured demand (the withdrawal of energy from the grid). These settlement charges are not allocated to generators (the injection of energy to the grid). The NGR model supports an economic bid seamlessly between withdrawing and injecting energy to the grid. Thus, we need a rule to determine which settlement charges apply. If a resource can inject energy, we treat the resource as a generator regardless of whether it can also withdrawal energy from the grid and it is settled accordingly. If the resource cannot inject energy to the grid, it will be treated as demand and measured demand charges will apply.
27.10		For clarification, the CAISO proposes to make the following incremental changes to this section.  27.10 Election to Use Non-Generator Generic Modeling Functionality  The CAISO employs functionality to model Non-Generator Resources' participation in the CAISO's markets. As further



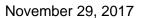


Tariff Section	Stakeholder Comment	ISO Response
		described in the Business Practice Manual and consistent
		with the CAISO's Full Network Model database release
		schedule, Scheduling Coordinators may elect to use Non-
		Generator Resource Generic Modeling functionality for
		individual resources or an aggregation of resources that
		have a PMax greater than zero. For these resources, the
		CAISO will not observe costs normally associated with
		resource management, including but not limited to Start-Up
		Costs, Minimum Load Costs, or Transition Costs. The
		CAISO will also not observe these resources' MWh
		constraints. Consistent with Sections 31.2 and 34.1.5, Bids
		submitted by resources electing to use Non-Generator
		Resource Generic Modeling functionality will be subject to
		all applicable market power mitigation under the CAISO
		Tariff, including Local Market Power Mitigation, and may use
		any of the methods under the CAISO's Tariff to establish a
		Default Energy Bid. As specified in its Business Practice



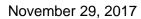


Tariff Section	Stakeholder Comment	ISO Response
		Manual, Bids on behalf of Non-Generator Resources are
		considered in the MPM solution; however these Bids are not
		subject to mitigation. Bids from resources comprised of
		multiple technologies that include Non-Generator Resources
		will remain subject to all applicable market power mitigation
		under the CAISO Tariff, including Local Market Power
		Mitigation. Resources electing to use Non-Generator
		Resource Generic Modeling functionality are not eligible to
		be Resource Adequacy Resources.
		Add the following language to existing sections 31.2 and section 34.1.5.1:
		"Bids from resources comprised of multiple technologies that include Non-Generator Resources will remain be subject to all applicable market power mitigation under the CAISO Tariff, including Local Market Power Mitigation."
29.7(g)	Southern California Edison (SCE) comments that the term "Manual Dispatch" in the ISO tariff is intended for an unusual event that would impact reliability that the ISO's system cannot resolve. SCE states that by including the automatch feature designed to manage an EIM Entities' bilateral interchange in the manual	The CAISO agrees with the proposed change and will remove the reference to "EIM Auto-Match" in section 29.7(g).



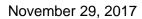


Tariff Section	Stakeholder Comment	ISO Response
	dispatch definition, there may be unintended consequences. SCE explains that it is unclear how this might also impact the business practice manual. SCE further comments that the term "EIM Auto-Match" is described in proposed tariff Section 29.34(s), and that for purposes of settlement, the term "EIM Auto-Match" is included in the draft, and that the addition of "EIM Auto-Match" to the description of "EIM Manual Dispatch" is unnecessary. As such, SCE proposes to strike the phrase "or through an EIM Auto-Match."	EIM Manual Dispatch. The EIM Entity may issue an EIM Manual Dispatch to an EIM Participating Resource or a non- participating resource in its Balancing Authority Area, outside of the Market Clearing of the Real-Time Market, when necessary to address reliability or operational issues in the EIM Entity Balancing Authority Area that the CAISO is not able to address through normal economic Dispatch and Congestion Management—or through an EIM Auto-Match.
29.11(q)	Puget Sound Energy (PSE) comments and recommends that the ISO revise the proposed tariff language in Section 29.11(q). PSE comments that the tariff language should reflect that the ISO will settle energy transfer schedule changes from EIM Entities' base schedules between EIM Entity Balancing Authority Areas. PSE requests that the ISO perform the settlement function between the EIM Entities for the Energy transfer schedule changes. PSE further states that this approach would be beneficial for the EIM Entities by reducing the administrative burden of settlement, and should represent a minimal commitment of resources for the ISO since it already has the information needed for the settlement.	In addition to the settlement information that the CAISO would provide under Section 29.11(q), the CAISO did agree to include an optional provision to account for financial settlement of imbalance energy associated with EIM transfer system resource base schedule changes between EIM Entity Balancing Authorities, and will reflect that in the tariff as follows:  (r) EIM Transfer System Resource Settlement.  (1) EIM Transfer System Resource Registration.  The CAISO will provide EIM Entities with financially binding Settlement of Energy transfer



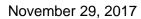


Tariff Section	Stakeholder Comment	ISO Response
		schedule changes from their respective base
		schedules between EIM Entity Balancing Authority
		Areas if—
		(A) each EIM Entity that shares an EIM Internal
		Intertie and desires such Settlement agrees
		upon a to/from EIM Transfer system
		resource pricing location in their respective
		EIM Entity Balancing Authority Area;
		(B) each EIM Entity Scheduling Coordinator
		registers the agreed upon to/from EIM
		Transfer system resource pricing locations,
		including the ratio of the pricing at each
		location to be shared among them, in
		accordance with the procedures in the
		Business Practice Manual for the Energy
		Imbalance Market; and
		(C) each EIM Entity Scheduling Coordinator





Tariff Section	Stakeholder Comment	ISO Response
		submits E-Tags that associate Energy
		transfer schedule changes with the
		registered EIM Transfer system resource.
		(2) Settlement of EIM Transfer System Resource
		Changes. The CAISO will settle EIM Transfer
		system resource changes established pursuant to
		section 29.11(r)(1) as—
		(A) FMM Instructed Imbalance Energy or RTD
		Instructed Energy based on the Settlement
		Interval in which the E-Tag is received,
		without regard for other Energy types
		identified in sections 11.5.1.1 or 11.5.2.2, or
		as an Operational Adjustment if the E-Tag is
		received after the end of the Operating Hour
		for purposes of Energy accounting in
		accordance with the applicable WECC
		business practices;



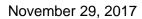


Tariff Section	Stakeholder Comment	ISO Response
		(B) based on the difference between the E-Tag and the EIM Transfer system resource base schedule;  (C) at the ratio of the Locational Marginal Prices for each registered financial EIM Transfer system resource location; and  (D) excluding any contribution that the base EIM Transfer system resource might have otherwise had on the Real-Time Imbalance Energy Offset pursuant to section 29.11(e)(3) and RTM Bid Cost Recovery pursuant to section 29.11(f).
29.34(s)(1)	Powerex comments that the Draft Final Proposal clearly contemplates that the auto-matching functionality will be available to address changes in <i>both</i> imports and exports, while the proposed tariff language could be interpreted as limiting the functionality to only import schedule changes. Powerex recommends that the reference to "import schedule changes" in Section 29.34(s)(1) be replaced with	The CAISO agrees to correct this provision to reflect that the schedule changes may be either an import or an export, and to clarify that such changes may also occur at CAISO Scheduling Points through EIM Mirroring, as follows:  (s) EIM Auto-Match.



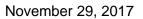


Tariff Section	Stakeholder Comment		ISO Response
	"interchange schedule changes." Powerex states that this change will clarify that the non-participating resource registered for purposes of the auto-matching functionality can be used to match changes in both import and export schedules.	<u>(1)</u>	Designation. An EIM Entity may submit a designation to the Master File of EIM non-participating resources, up to the number specified in the Business Practice Manual, in its Balancing Authority Area to automatically match import/export schedule changes outside of the Market Clearing of the Real-Time Market because of changes to E-Tags at one or more designated EIM Interties or Scheduling Points, up to the number designated in the Business Practice Manual for the Energy Imbalance Market.  Duration of Designation. Any designation under paragraph (1) of this subsection shall remain in effect until the EIM Entity notifies the CAISO that it is terminating the designation by a submission to the Master



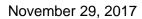


Tariff Section	Stakeholder Comment	ISO Response
		<u>File.</u>
		(3) CAISO Actions in Response to Intertie
		Schedule Change. If an EIM Entity
		designates a non-participating resource
		under paragraph (1) of this subsection, the
		CAISO, upon identification of an associated
		EIM intertie or Scheduling Point schedule
		change outside of the Market Clearing of the
		Real-Time Market, shall –
		(A) reflect a matching schedule change
		to the EIM non-participating
		resource in the Real-Time Market
		using the EIM Auto-Match feature;
		<u>and</u>
		(B) omit the EIM intertie or Scheduling
		Point schedule change from the
		historical intertie schedule



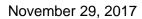


Tariff Section	Stakeholder Comment	ISO Response
29.34(s)(3)(B)	Powerex recommends that the ISO revise Section 29.34(s)(3)(B) to include reference to Section 29.34(l)(4) and Section 29.34(m)(6)(iii). Powerex comments that this revision is needed in order to ensure that auto-matched interchange schedule changes are appropriately excluded from the calculation of additional capacity requirements for both the capacity component and flexible ramping component of the resource sufficiency evaluation. Powerex further comments that as the proposed tariff language reads, it only applies to flexible ramping sufficiency testing and fails to exclude	over/under-scheduling histogram for the determination of additional capacity test requirements for relevant EIM Balancing Authority Area(s) under section 29.34(I)(4)(B) and 29.34(m)(6)(ii).  See above.
New Defined Terms	auto-matching interchange schedules, as provided in the Draft Final Proposal.  Not applicable	The CAISO has recognized that some clarifications to the definitions as follows would be appropriate.



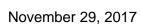


Tariff Section	Stakeholder Comment	ISO Response
		- EIM Auto-Match
		The automatic matching of an EIM Entity's intertie schedule
		change outside the Market Clearing of the Real-Time Market
		because of changes to Interchange E-Tags at a designated
		EIM Intertie or Scheduling Point with matching changes to
		an associated EIM non-participating resource EIM Base
		Schedule.
		* * *
		- EIM Mirror System Resource
		A System Resource at a Scheduling Point registered to an
		EIM Entity for mirroring CAISO intertie schedules at that
		Scheduling Point, when the associated Energy is generated
		at, wheeled through, or consumed at the corresponding EIM
		Entity Balancing Authority Area.
		* * * *
		- EIM Mirror <del>ing</del>





Tariff Section	Stakeholder Comment	ISO Response
		The process by which an EIM Entity balances a CAISO
		intertie schedule associated with Energy that originates, is
		consumed in, or wheels through the EIM Entity Balancing
		Authority Area with an intertie schedule for the a-EIM Mirror
		System Resource. CAISO imports are mirrored as EIM
		Entity Balancing Authority Area exports and CAISO exports
		are mirrored as EIM Entity Balancing Authority Area imports.
		The CAISO will reflect the revised terms "EIM Mirror" and "EIM Mirror System Resource" in section 29.27(c) as follows:
		(c) Automated EIM Mirror-System. If the CAISO
		updates an Interchange E-Tag for a schedule
		change outside of the Market Clearing of the Real-
		Time Market for System Resources and intertie
		transactions at a CAISO Scheduling Points and the
		associated energy is generated at, wheeled through,
		or consumed at an EIM Entity Balancing Authority
		Area, the CAISO can <del>will</del> automatically EIM <del>mM</del> irror





Tariff Section	Stakeholder Comment	ISO Response
		the schedule change using the relevant EIM Mirror  System Resource.