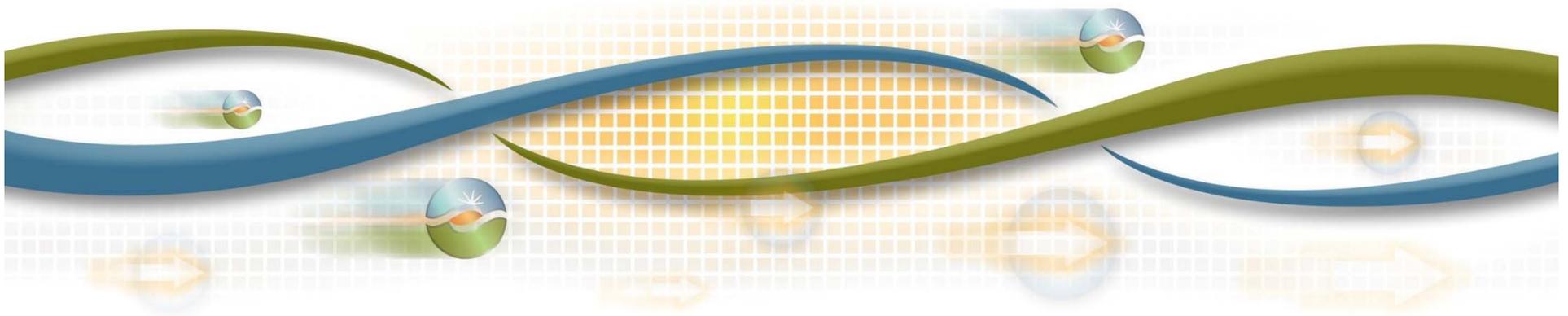




California ISO

2017 Budget and Grid Management Charge Initial Stakeholder Meeting

June 16, 2016



Agenda

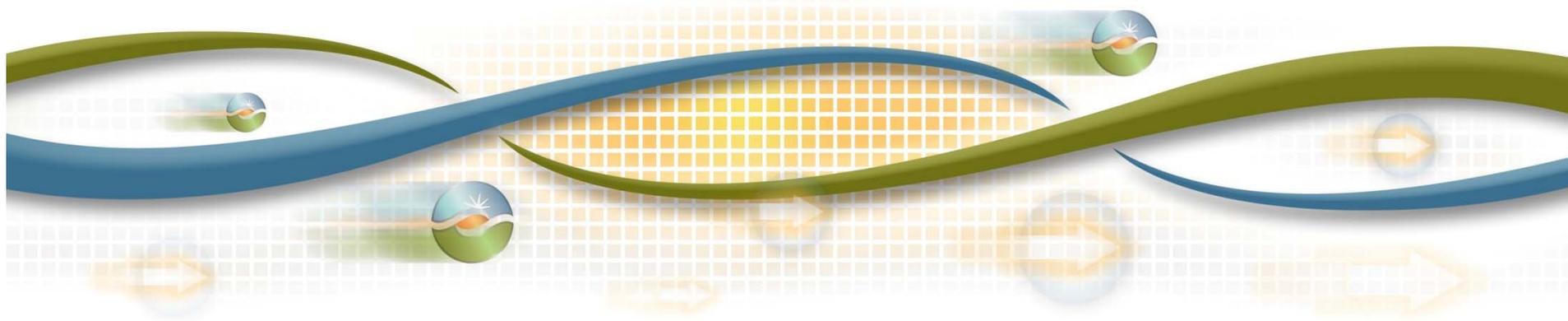
Topic	Presenter(s)
2017 Budget Process & GMC Rate Outlook	Ryan Seghesio & April Gordon
Managing Employee Compensation	Doreen Fender
2016 - 2017 Project Release Plans	Janet Morris
2015 & 2016 Project Summaries	Jan Cogdill
2015 & Q1 2016 Financial Summaries	Denise Walsh
2017 Budget Calendar & Next Steps	April Gordon
Stakeholder Feedback & Discussion	Group



Budget Process and Rate Outlook

Ryan Seghesio
CFO and Treasurer

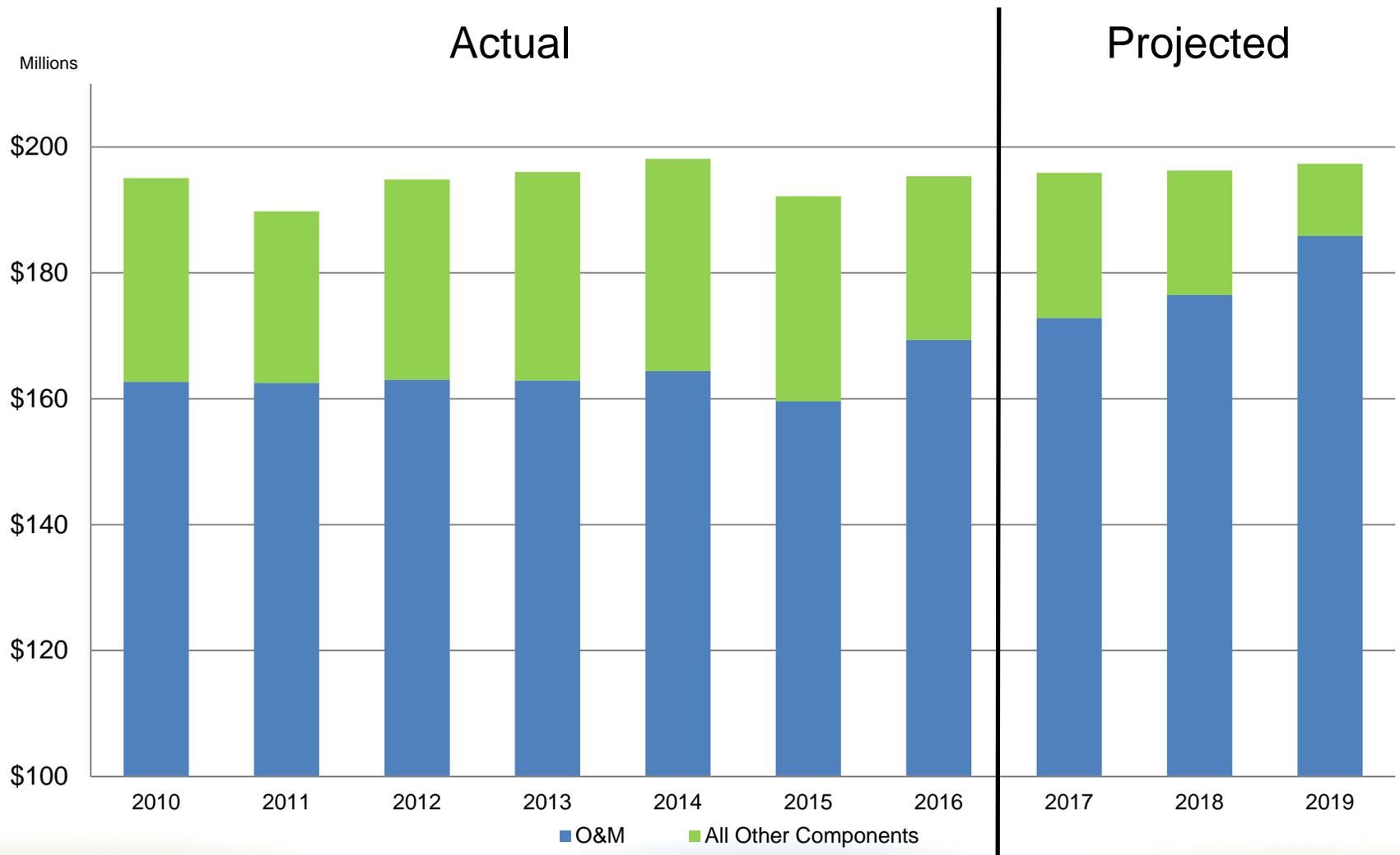
April Gordon
Manager, Financial Planning and Procurement



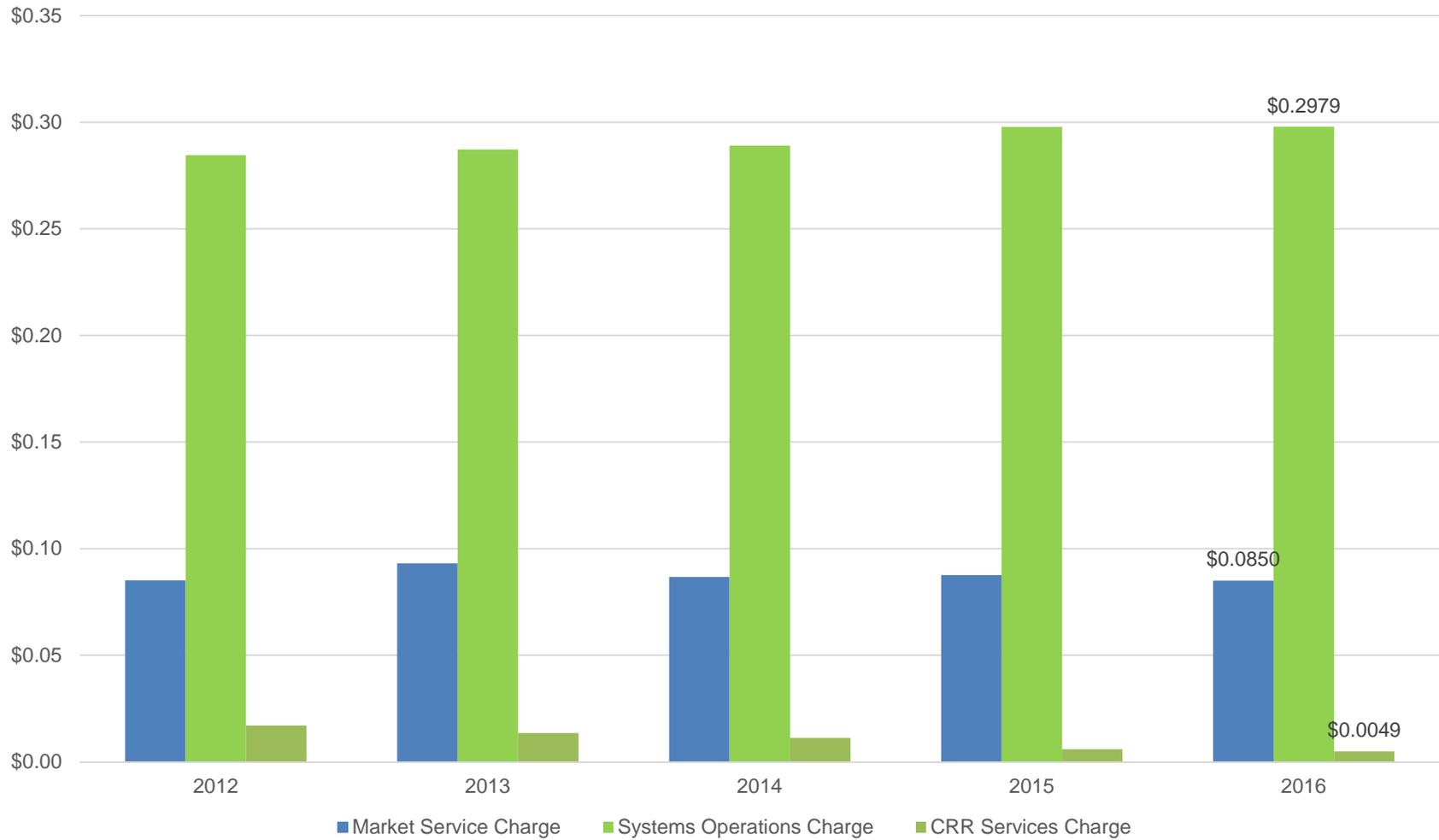
Budget Principles and Highlights

- Principles:
 - Provide transparency into the budget process
 - Enhance stakeholder understanding of the budget
 - Deliver a revenue requirement under the \$202 million cap
- Highlights:
 - Consider the cost internal campaign
 - Lincoln backup site
 - EIM revenue

Annual Revenue Requirement projected to remain under \$202M cap.

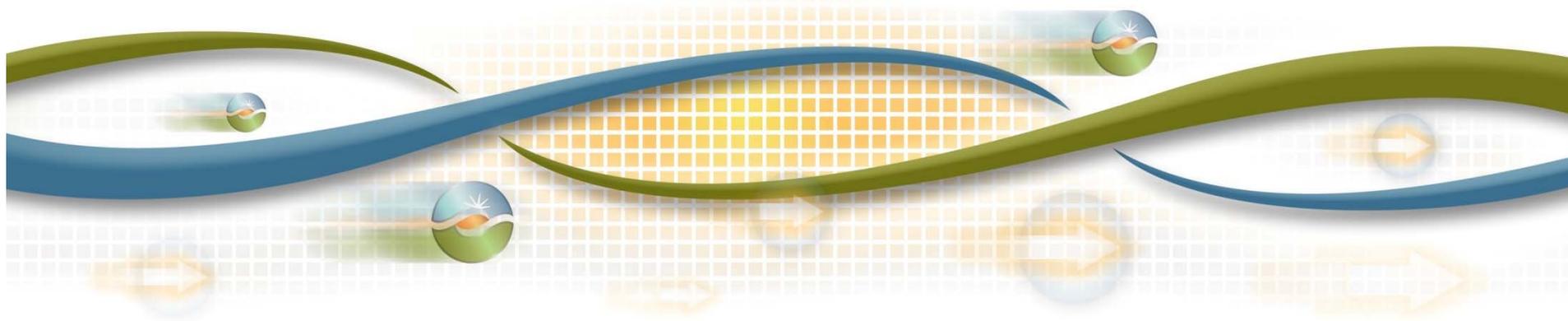


Grid management charge rates remain stable.



Managing Employee Compensation

Doreen Fender
Manager, Total Rewards

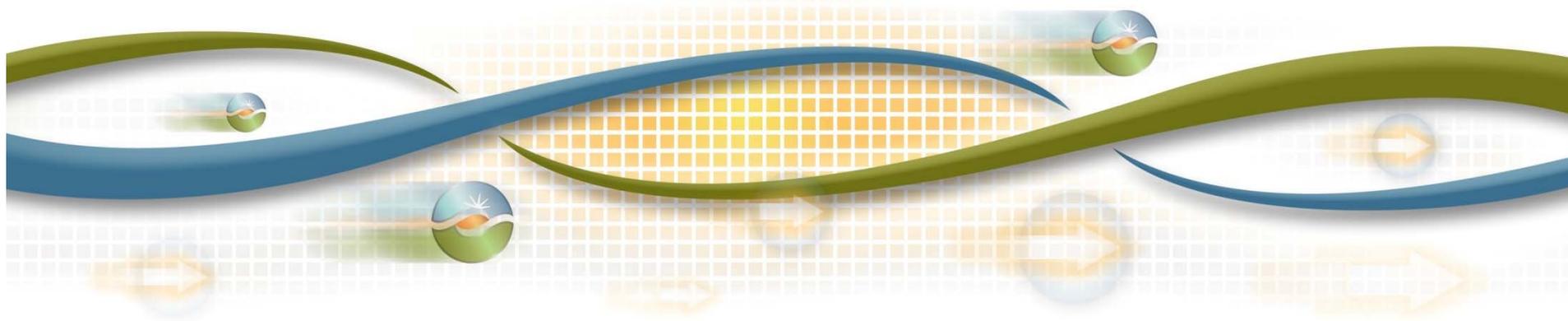


Managing employee compensation reflects ISO philosophy to attract, train, motivate and retain top talent.

- **Competitive Pay**
 - Market pay practices
 - Bi-annual salary surveys covering 100% of ISO positions
- **Pay for Performance Philosophy**
 - High Performance Goals aligned to meet annual Corporate objectives
 - Year-end evaluation of performance results against objectives
 - Differentiation of merit dollars based on performance
- **Strong Performance Management Program**
 - Individual performance plans
 - Stretch objectives
 - Ongoing feedback, coaching and support
- **3% Budgeted Merit**
 - Optimal utilization of available merit dollars
 - Not all employees receive pay increases

2016 - 2017 Project Release Plans

Janet Morris
Director, Program Office



Release planning information is updated and discussed regularly throughout the year.

Release planning page: <http://www.caiso.com/informed/Pages/ReleasePlanning/Default.aspx>

- **Stakeholder Initiative Milestones**

- <http://www.caiso.com/Documents/StakeholderInitiativeMilestones.pdf>
- Updated on the first of each month
- Multi-year time horizon

- **Market Performance and Planning Forum**

- Every eight weeks
- Technical and release plan updates

- **Release Users Group**

- Bi-weekly updates to release plan
- Interactive review of project impact assessment and milestones

- **Technical Users Group**

- Monthly discussion forum of technical topics
- Brainstorm and evaluate solutions for technology and process based problems

Release Plan 2016

Independent 2016

- Bidding Rules Enhancements – Part A
- Aliso Canyon Initiative
- Capacity Procurement Mechanism Replacement
- Reliability Services Initiative
- Commitment Cost Enhancements Phase 2 (remainder)
- Post Implementation OMS Enhancements
- Expanding Metering and Telemetry Options Phase 2
- Demand Response Registration Enhancements
- RIMS Functional Enhancements

Fall 2016

- BAL-003 Compliance
- Flexible Ramping Product
- BCR modifications and VER settlement
- Acceptable Use Policy - CMRI
- OMAR Replacement
- PIRP System Decommissioning
- Energy Imbalance Market (EIM) Year 1 Enhancements Phase 2
- Energy Imbalance Market (EIM) 2016 Arizona Public Service (APS)
- Energy Imbalance Market (EIM) 2016 Puget Sound Energy (PSE)
- Energy Storage and Distributed Energy Resources (ESDER)

Release Plan 2017

Independent 2017

- RTD Local Market Power Mitigation (LMPM) Enhancements

Fall 2017 (tentative, to be confirmed)

- Reliability Services Initiative Phase 1B and Phase 2
- Bidding Rules Enhancements – Part B
- Stepped Constraints
- Commitment Cost Enhancement Phase 3
- Reactive Power Requirements and Financial Compensation
- Flexible Resource Adequacy Criteria and Must-offer Obligation Phase 2
- Bid Cost Recovery Enhancements
- Contingency Modeling Enhancements
- Energy Imbalance Market (EIM) Year 2 Enhancements
- EIM 2017 Portland General Electric (PGE)

Spring 2018

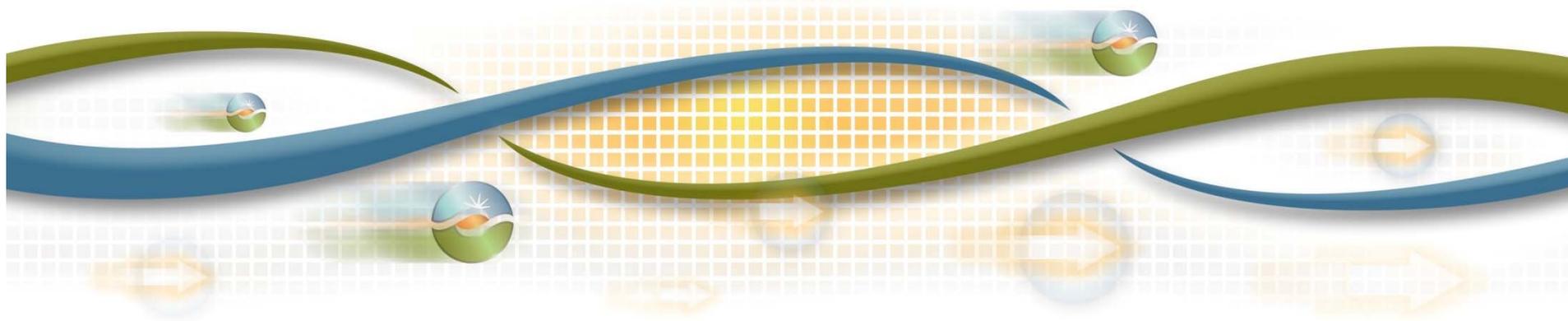
- EIM 2018 Idaho Power Company

Fall 2018 (tentative, to be confirmed)

- Metering Rules Enhancements
- Regional Resource Adequacy
- Transmission Access Charge Options

Project Summaries

Jan Cogdill
Lead Financial Planning



2016 and 2017 Capital and Project Budgets

- **2016 Budget**
 - Approved at \$16.5M

- **2017 Budget**
 - Targeted at \$18M - \$20M
 - Excess of 75 proposed projects will be prioritized to meet final budget limit

Summary of Completed and Active Projects

- **Projects completed from April 2015 to March 2016**
 - **13 Capital Projects**
 - Budgeted costs \$8.3M, actual costs \$8M
 - **39 Requirements & Other Projects**
 - Budgeted costs \$5.6M, actual costs \$5.3M
- **Active projects as of March 31, 2016**
 - **44 Capital Projects**
 - Budgeted costs \$21.5M, YTD spent \$8.9M
 - **34 Requirements & Other Projects**
 - Budgeted costs \$5.5M, YTD spent \$3.3M

Summary of Supplemental Projects

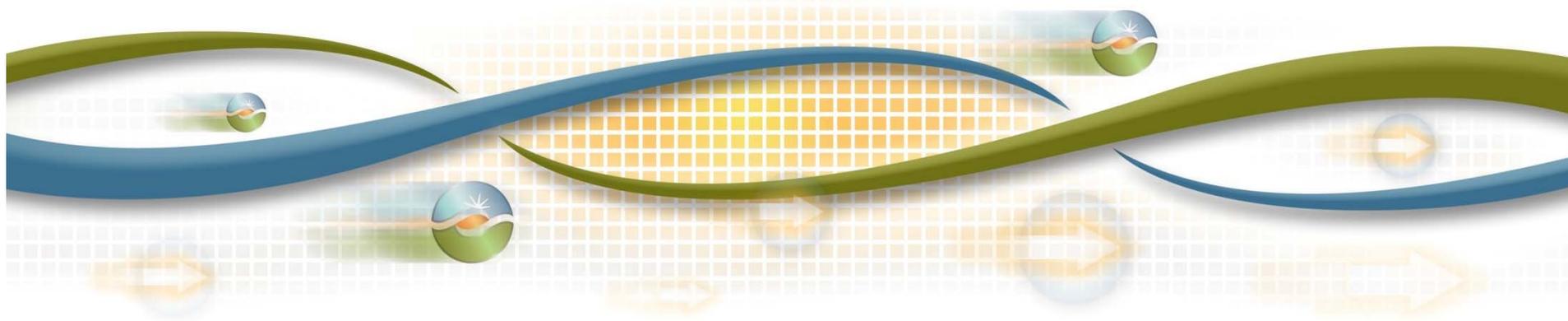
- **EMS and LOC Projects**
 - Budgeted costs \$43.9M, YTD spent \$9.8M

- **FERC and EIM Implementations**
 - Budgeted costs \$3.9M, YTD spent \$1.7M
 - EIM implementations include:
 - Puget Sound Energy
 - Arizona Public Service
 - Portland General Electric
 - Idaho Power Company



2015 & 2016 Q1 Financial Summaries

Denise Walsh
Controller

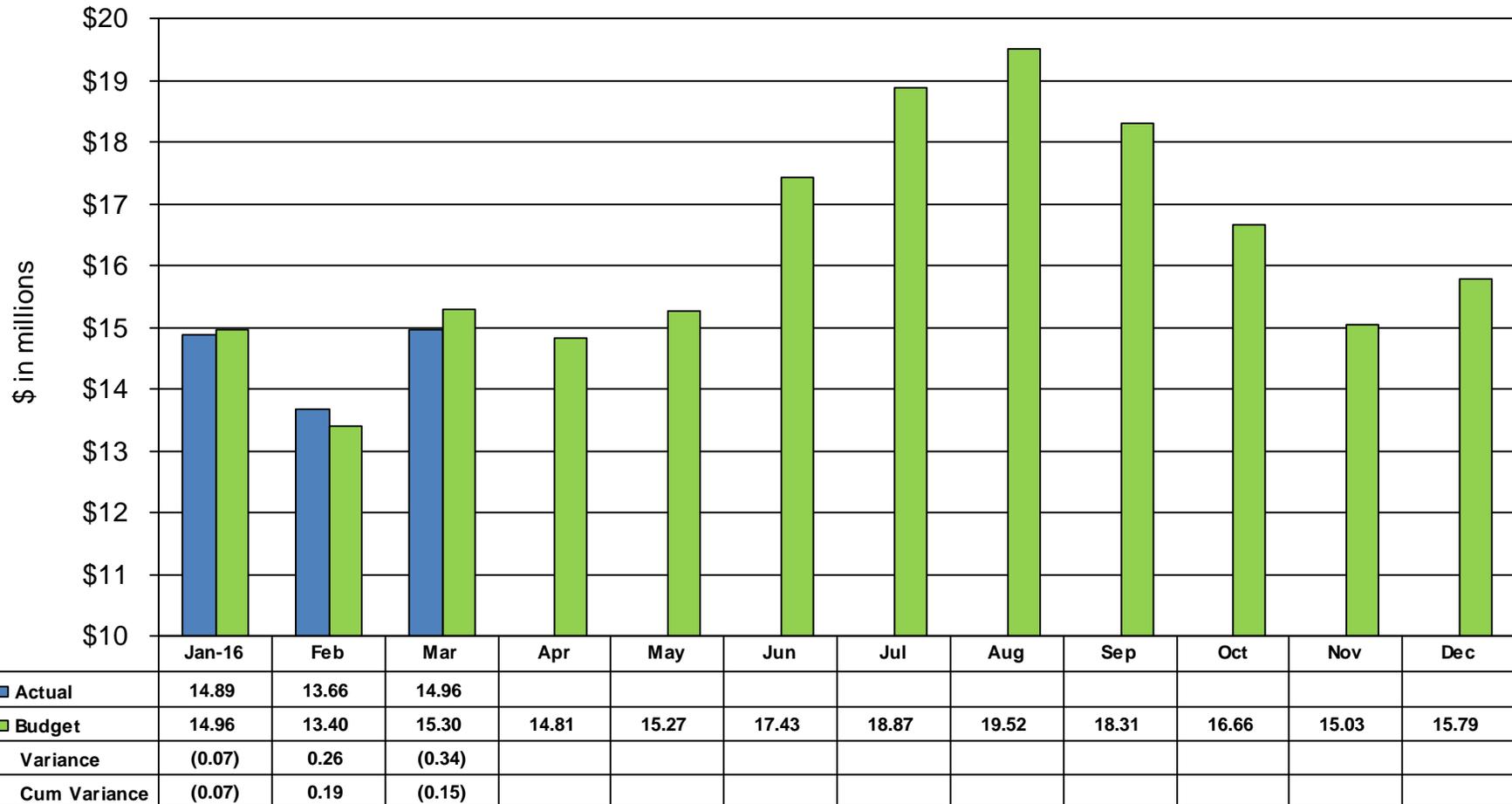


2015 Highlights

Key components of the 2015 actual to budget results:

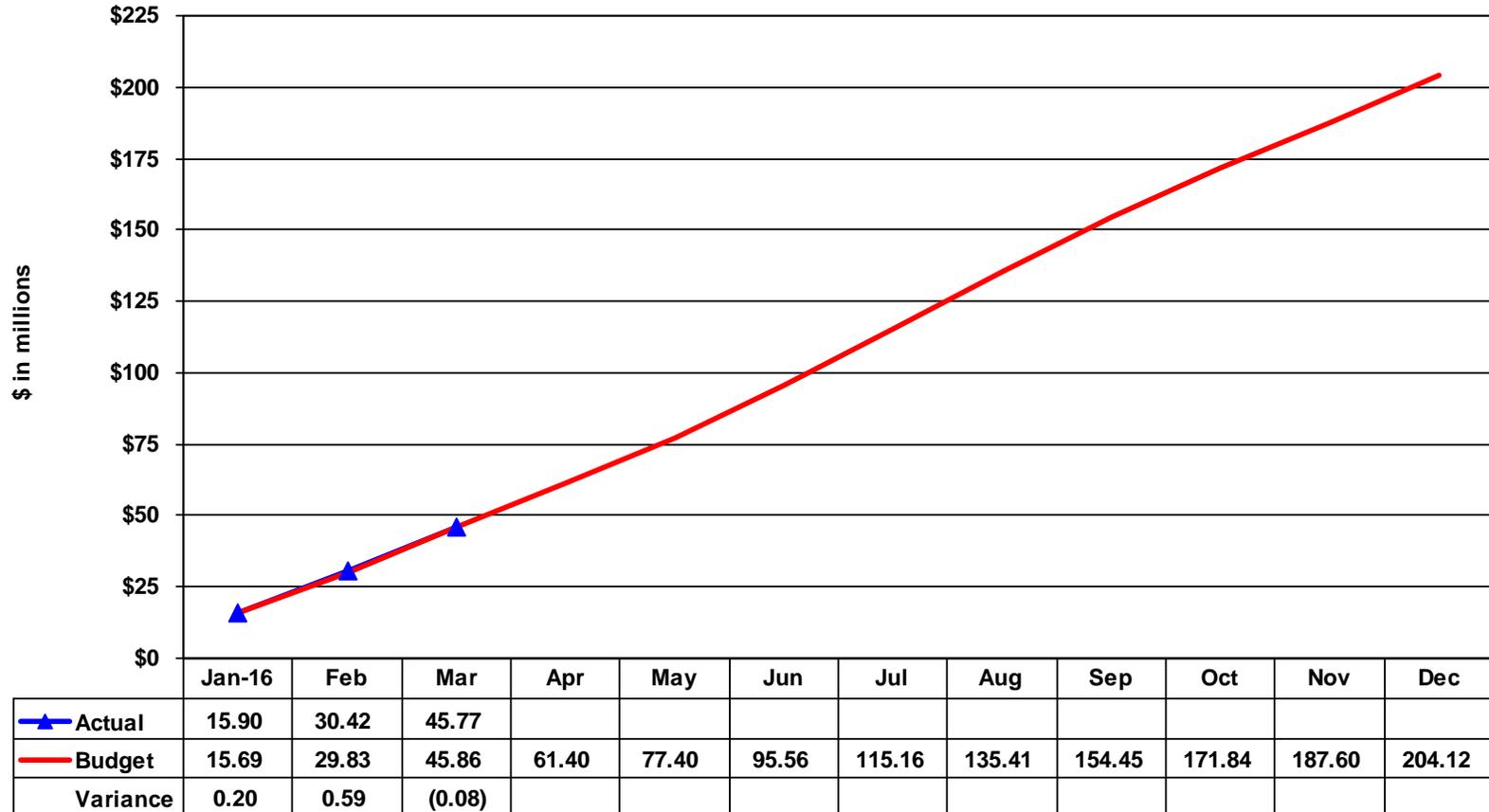
- Operating revenues = \$206.2 million vs. \$206.0 million
 - Higher miscellaneous revenues
- Operating expenses = \$163.6 million vs. \$165.1 million
 - Lower outside legal and audit costs, partially offset by higher consulting and contracting
- Capital Expenditures = \$8.3 million vs. \$15.9 million (approved)
 - Original budget was \$20.0 million

Q1 2016 Monthly GMC Revenues

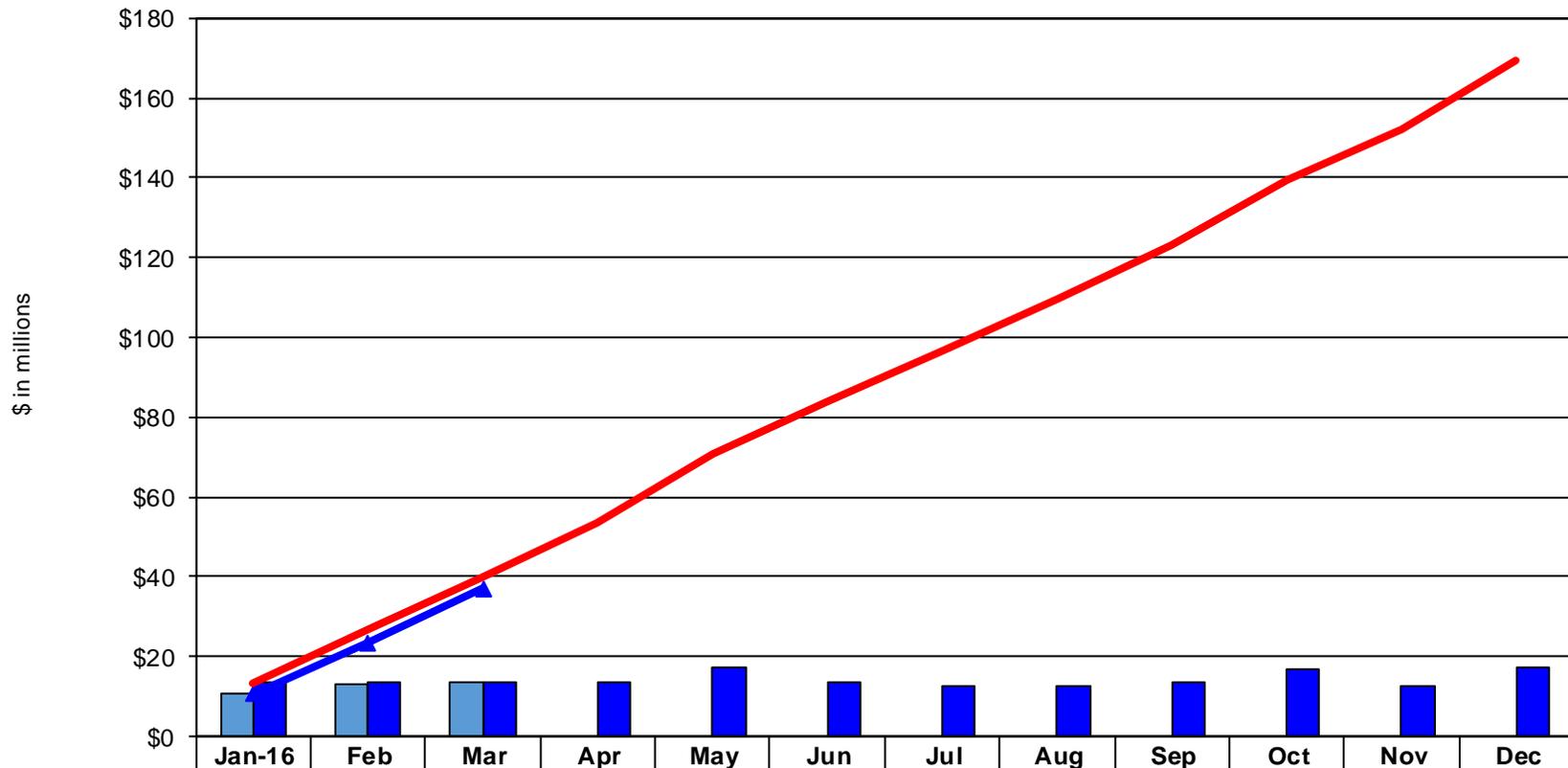


Q1 2016 Cumulative Operating Revenues

Revenues = GMC & Other Revenues



Q1 2016 Operating and Maintenance Expenses



	Jan-16	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly Actual	10.53	12.98	13.50									
Monthly Budget	13.30	13.33	13.47	13.39	17.05	13.31	12.75	12.75	13.54	16.55	12.70	17.19
Cum Actual	10.53	23.51	37.01									
Cum Budget	13.30	26.63	40.10	53.49	70.54	83.85	96.60	109.35	122.89	139.44	152.14	169.33
Cum Variance	2.77	3.12	3.09									

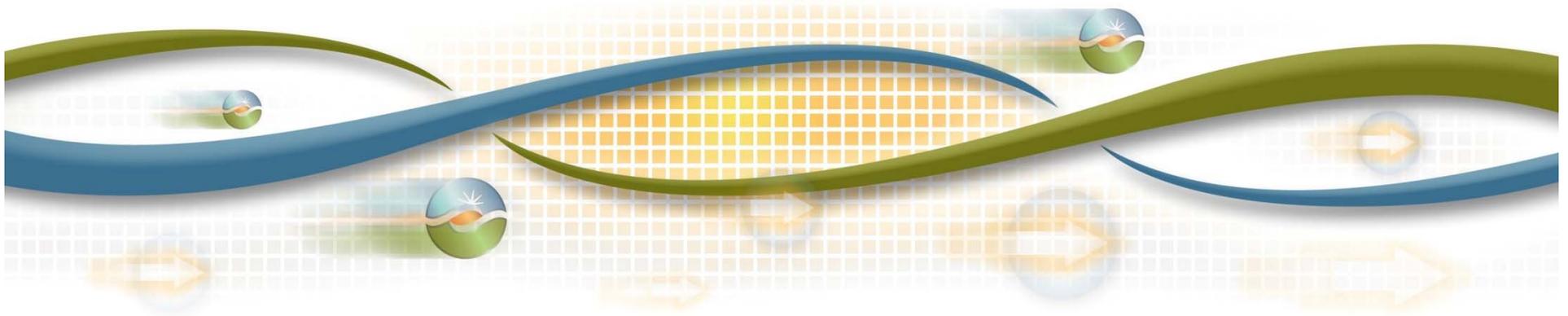


California ISO

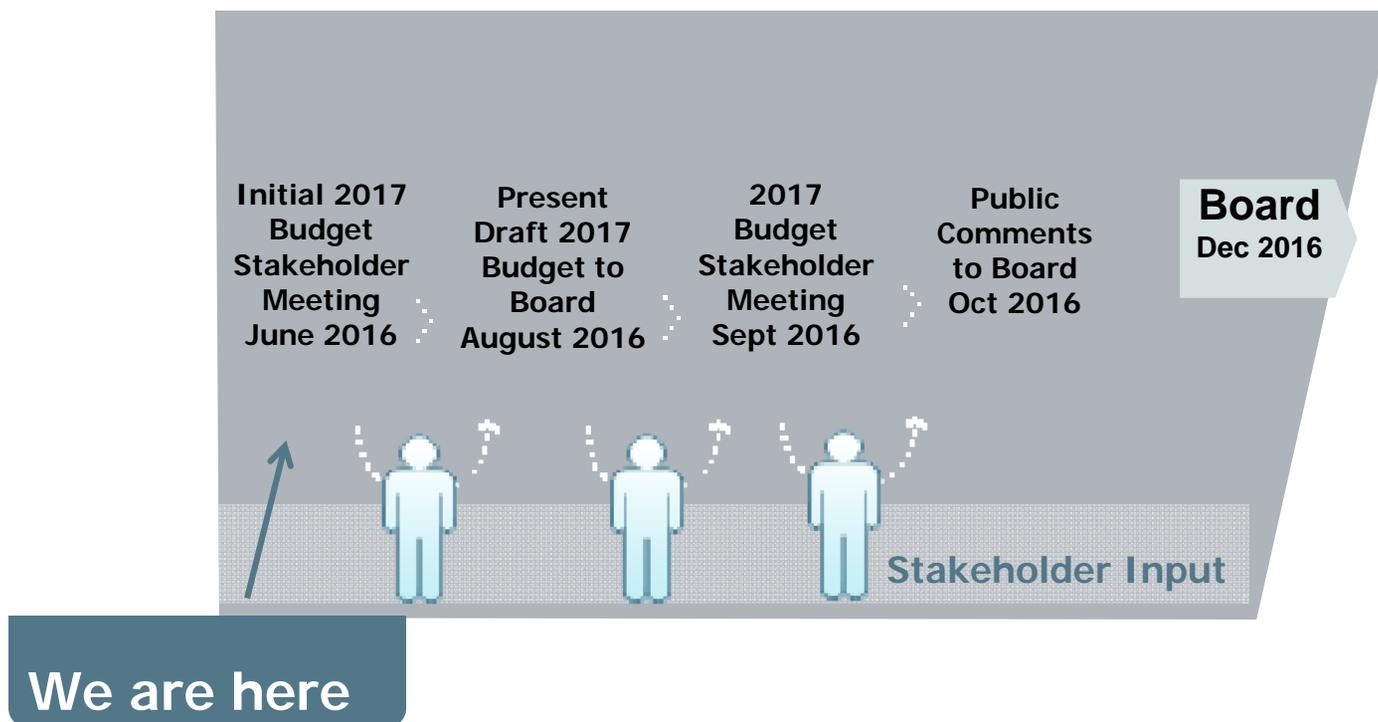
Budget Calendar and Next Steps

April Gordon

Manager, Financial Planning and Procurement



2017 Budget and GMC Rates Timeline



Key Calendar Dates and Next Steps

- Stakeholder comments due June 23
 - Send to initiativecomments@caiso.com
- Internal budget process June - Aug
- Board of Governors meeting (executive session) August 31
 - Present preliminary 2017 budget
- Post preliminary 2017 budget information for Stakeholders Sept 22
- Stakeholder meeting to review preliminary budget Sept 29
- Written Stakeholder comments due to ISO Oct 6
- Board of Governors meeting Oct 2
 - Public comments to board on 2017 budget
- Board of Governors meeting Dec 14
 - Request approval of 2017 budget
- Post rates and budget documentation to ISO website Dec 21