



## Briefing on Preliminary 2018 Budget and Grid Management Charge Stakeholder Meeting

### Meeting Logistics

#### Stakeholder Call

Date: Tuesday, November 7, 2017

Time: 1:00 - 3:00 p.m.

### The following topics were discussed:

- Preliminary 2018 Revenue Requirement
  - Operations and Maintenance Budget
  - Debt Service
  - Cash Funded Capital
  - Other Costs and Revenues
  - Operating Cost Reserve Adjustment
  - Grid Management Charges
- Key Calendar Dates and Next Steps
- Stakeholder Feedback and Discussion

Supporting documents can be found here,

<http://www.caiso.com/informed/Pages/StakeholderProcesses/Budget-GridManagementCharge.aspx>.

## Phone Attendees

| Name                | Organization                    |
|---------------------|---------------------------------|
| Don Brookhyser      | Alcantar & Kahl                 |
| Chris Gallas        | Bonneville Power                |
| Peter Colussy       | CAISO                           |
| Geoff Gong          | CDWR                            |
| Elden Krause        | City of Anaheim                 |
| Jose Vargas         | City of Riverside               |
| Bob Hellrich-Dawson | FERC                            |
| Saeed Farrokhpay    | FERC                            |
| Tim Cherry          | MWD                             |
| David Cohen         | Navigant                        |
| Mike Whitney        | NCPA                            |
| Vanessa Kruz        | NV Energy                       |
| Kyle Hoffman        | Powerex                         |
| Jason Fordney       | RTO Insider                     |
| Cindi Leinenkugel   | RVSD                            |
| Sean Neal           | SVP/MID (DWGP)                  |
| Meg McNaul          | Thompson Coburn LLP             |
| Nicole Lange        | TID                             |
| Jordan White        | Utah Public Service Commission  |
| Padmini Palwe       | WAPA SNR                        |
| Alaine Ginocchio    | Western Interstate Energy Board |
| Maury Galbraith     | Western Interstate Energy Board |

## Present Attendees

| Name           | Organization |
|----------------|--------------|
| April Gordon   | CAISO        |
| Jan Cogdill    | CAISO        |
| Doreen Fender  | CAISO        |
| Janet Morris   | CAISO        |
| Kim Perez      | CAISO        |
| Ryan Seghesio  | CAISO        |
| Thomas Setliff | CAISO        |
| Jodi Ziemathis | CAISO        |

## Stakeholder Meeting Comments/Questions

**Stakeholder:** David Cohen

ISO Respondent: Ryan Seghesio

SH Comment: Can you share anything with us from the executive board presentation on the first or second, as to their reaction? Did they have any items they wanted to you to go back and sharpen your pencils and maybe reduce costs by?

ISO Response: The Board did not request any adjustments. If they had any adjustments we would have made them prior to this meeting and walked you through what we had to adjust. But no, there was no Board level adjustments on this draft budget.

**Stakeholder:** David Cohen

ISO Respondent: Ryan Seghesio

SH Comment: On your cash funded capital, I see you're reducing it but I have a question. How much of your 2017 cash funded capital have you expended to date, relative to your \$24 million and what happens to the underspent amount of cash funded capital from 2017 GMC rates?

ISO Response: The 2017 cash funded capital component as you see here was \$24 million. The project amount approved by the board was \$20 million, in terms of expenditures. To date, out of that \$20 million we are close to spending all of it. The \$4 million extra, from this year, goes into the capital reserves. Even though we're lowering the \$22 million collection in 2018, we are also lowering the expenditures down \$18 million so we'll have an additional \$4 million that goes into the reserves in 2018 as well. The reserves are just going to be used for capital projects in future years.

**Stakeholder:** David Cohen

ISO Respondent: Ryan Seghesio

SH Comment: On the debt service line, I assume that as part of your due diligence every year you evaluate whether or not it is cost effective to refinance your outstanding debt if the interest rates are lower?

ISO Response: Yes, we do. Right now the debt that's outstanding, is not callable until 2023, we had a nine and a half year call when we did the refinancing. Frankly, it's not advantageous to do anything now because you're looking at a very long period before you can actually call the debt. But yes, that is clearly something we look at from time to time with the investment bankers.

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**Stakeholder:** Sean Neal

ISO Respondent: Ryan Seghesio / April Gordon

SH Comment: I just have a quick question about the minor reduction to Regional and Federal affairs. Is there any particular adjustment that accounts for the reduction?

ISO Response: Predominately it's lower consulting and contract costs.

**Stakeholder:** David Cohen

ISO Respondent: April Gordon

SH Comment: I noticed there was a calculation discrepancy in the budget book regarding the Technology Division's budget. Please verify the Division's 2018 budget.

ISO Response: The calculation in the budget book is correct at \$65.8 million.

**Stakeholder:** Sean Neal

ISO Respondent: Ryan Seghesio

SH Comment: Can you explain how you project the revenues for the generator interconnection for the following years? Is it based on prior cluster applications? I was just curious as to the methodology.

ISO Response: The Accounting team calculates the projected revenues. Everybody that works on the interconnection projects records the time they spend on that area, so essentially the revenue side of that is a reimbursement for the time we are spending in those areas. Obviously, you have the whole interconnection team as well as some accountants that work almost entirely on this. It's really just a function of estimating the effort, the labor effort that the ISO is spending, and it's dwindled a bit so we are reducing the number of hours that are being allocated to that.

**Stakeholder:** Maury Galbraith

ISO Respondent: Ryan Seghesio

SH Comment: Just to confirm, do the EIM participants pay a percentage of the system operations rate and the market services rate? Then is the revenue from the EIM participants used as an offset in the calculation of those base rates, so my question is, am I understanding it correctly? And then my further question is, when you were calculating the revenue credit for the EIM, did you take into account both the increase participation in the EIM and the forecast change in the EIM rates?

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Questions and comments should be directed to: [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com).

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ISO Response: Yes, the EIM administration rate is calculated using the real time components of the market services and system operations rates. Then the revenue is treated as an offset to the revenue requirement (as other revenue) which in turn lowers the GMC rates.

Yes, we took into consideration not only, the volume projections of the new EIM participants and the existing EIM participants, but also the updated rates. There's really not a big change in EIM rates in 2018, there, again, because whatever market services increased you really saw the savings in system operations so there's not a big change, a material difference.