



California ISO

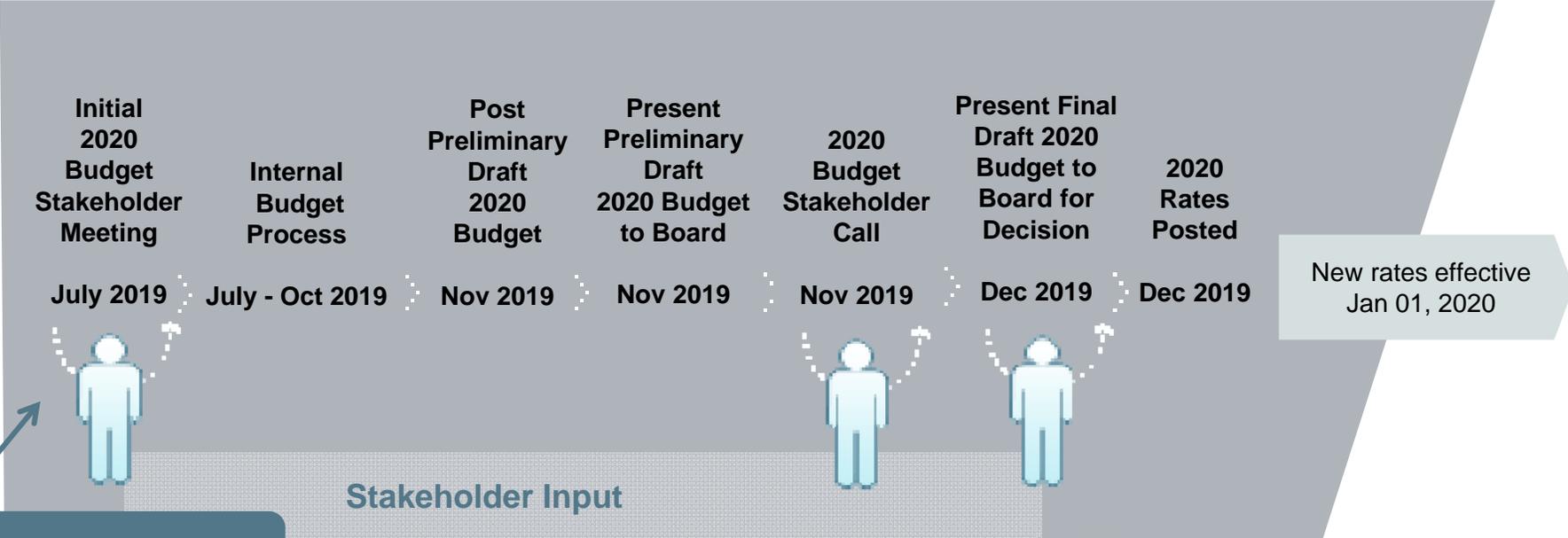
# 2020 Budget and Grid Management Charge Initial Stakeholder Meeting

July 23, 2019

# Agenda

<b>Topic</b>	<b>Presenters</b>
Welcome and Introductions	Isabella Nicosia
Budget and GMC Rates Process	April Gordon
Managing Employee Compensation	Doreen Fender
Project Release Plans	Ken Kasparian
Project Summaries	April Gordon
Financial Summaries	Denise Walsh
2020 Budget Calendar & Next Steps	Thomas Setliff
Stakeholder Feedback & Discussion	Group

# 2020 GMC Revenue Requirement and Rates Timeline



We are here



# Budget and GMC Rates Process

April Gordon

Director, Financial Planning and Procurement

# Principles and Hot Topics

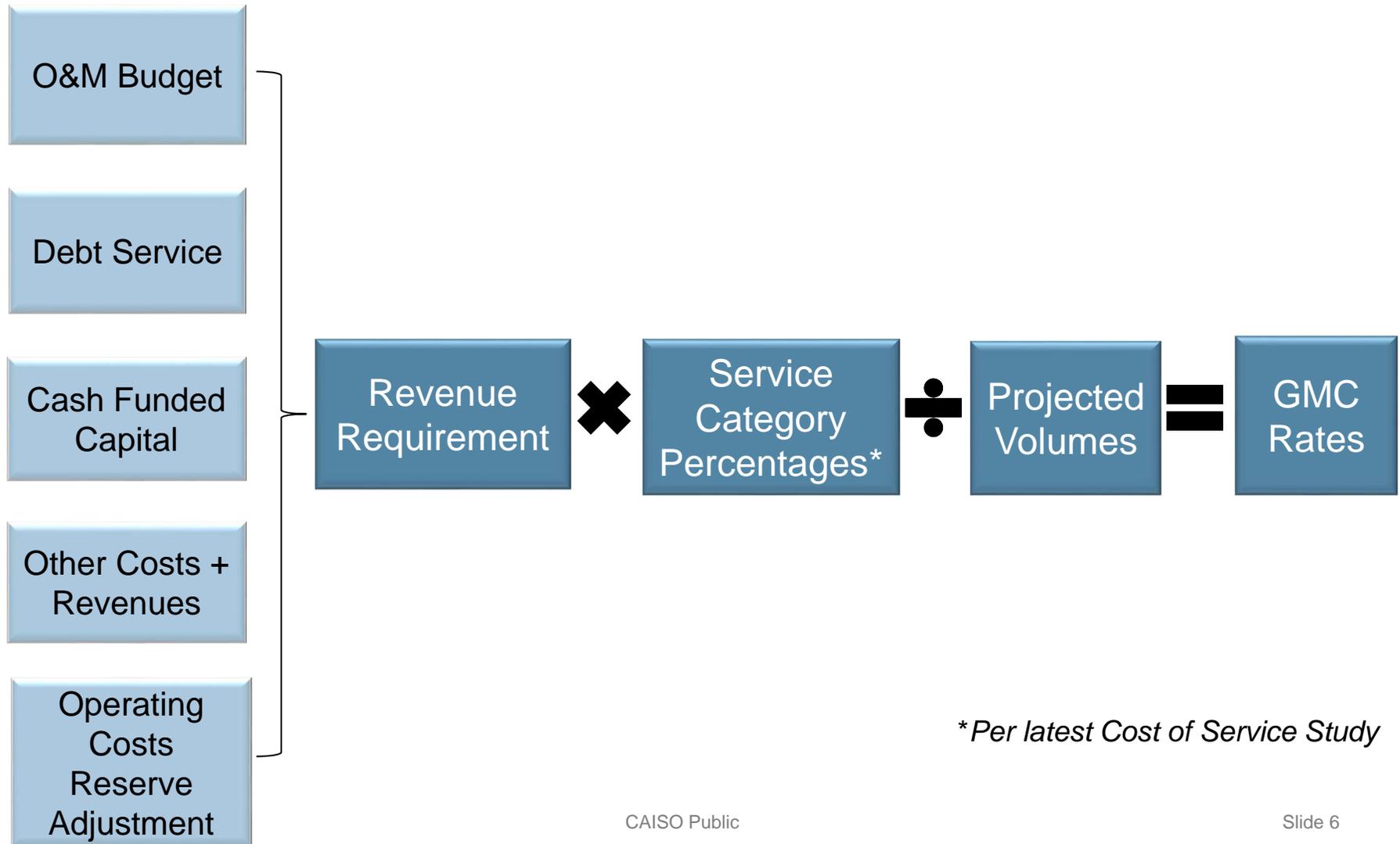
## Principles

- Provide transparency into the budget process
- Enhance stakeholder understanding of the components of the revenue requirement
- Deliver a stable GMC revenue requirement under the \$202 million cap

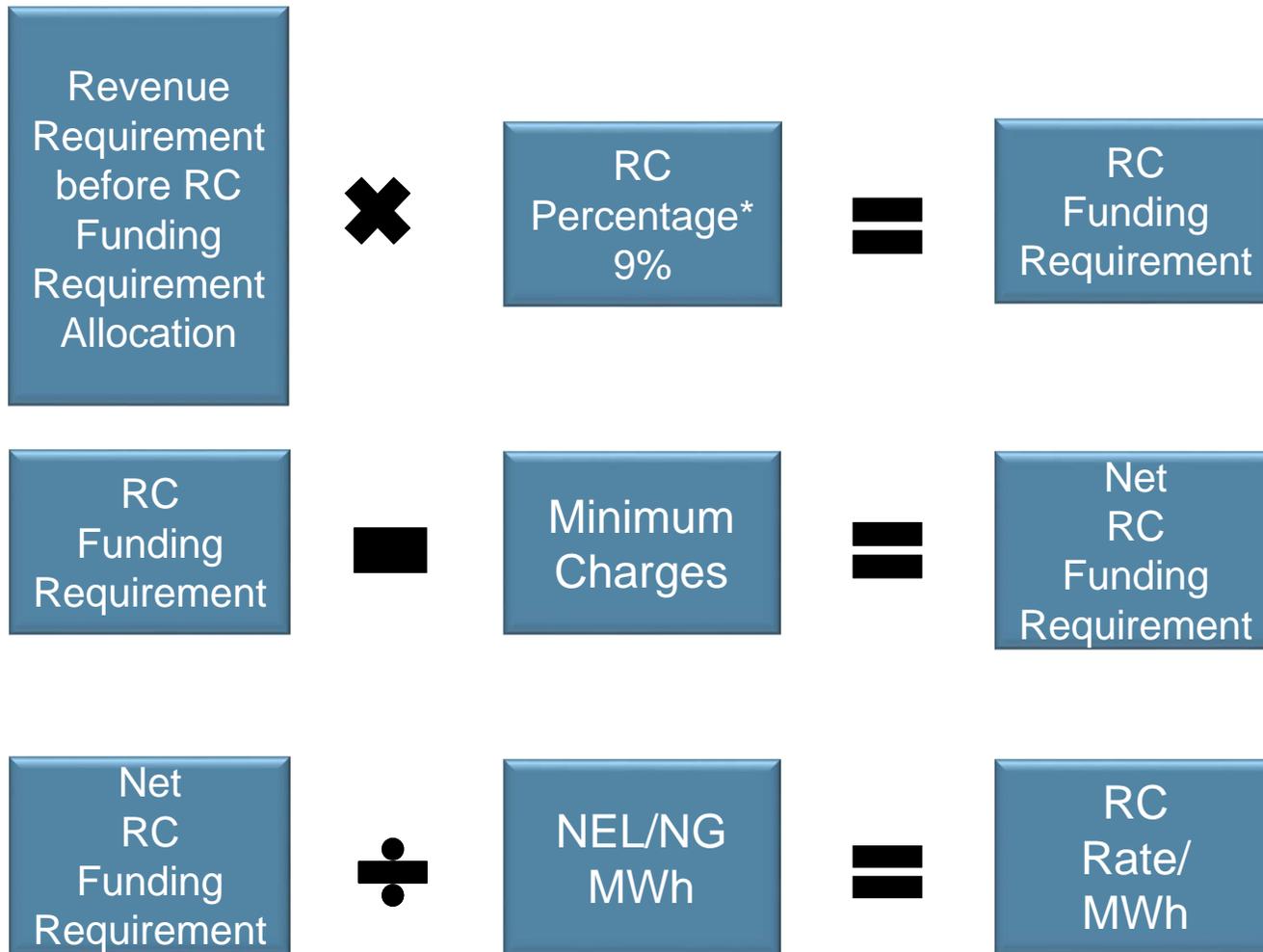
## Hot Topics

- Reliability Coordinator Services

# GMC Revenue Requirement Components



# RC Funding Requirement Overview



*\*Per RC Rate Design, Terms and Conditions FERC Tariff Filing*



# Managing Employee Compensation

Doreen Fender

Senior Manager, Compensation and Systems

# 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
    - Board approved goals cascaded and tailored to individual employees
  - 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
- **Budgeted Merit and Promotion Pool**
  - Optimal utilization of available merit dollars
  - Employee merit increases based on performance



# Project Release Plans

Ken Kasparian

Manager, Strategic Initiative Business Analysis

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.xlsx>
- 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 – 2020

## **Independent 2020**

- Automated Dispatch System (ADS) Replacement

## **Spring 2020**

- Energy Imbalance Market (EIM) 2020 Salt River Project
- Energy Imbalance Market (EIM) 2020 Seattle City Light

## **Fall 2020 – tentative, subject to impact assessment**

- Commitment Costs and Default Energy Bid Enhancements Phase 2 (CCDEBE)
- FERC 831 Bid Cap
- Import Bid Cost Verification
- Contingency Modeling Enhancements - Transmissions
- Energy Storage and Distributed Energy Resources (ESDER) Phase 3B
- Dispatch Operating Target Tariff Clarifications
- Intertie Deviation Settlement
- Excess Behind the Meter Production

# Release Plan – 2021

## **Spring 2021**

- Energy Imbalance Market (EIM) 2021 Public Service Company of New Mexico
- Energy Imbalance Market (EIM) 2021 North-Western Energy
- Energy Imbalance Market (EIM) 2021 Los Angeles Dept. of Water and Power
- Energy Imbalance Market (EIM) 2021 Turlock Irrigation District

## **Fall 2021 – tentative, subject to impact assessment**

- Day-Ahead Market Enhancements
- Resource Adequacy Enhancements
- Energy Storage and Distributed Energy Resources Phase 4
- Storage as a Transmission Facility
- Transmission Access Charge (TAC) Structure Enhancements

## **TBD – tentative, subject to stakeholder initiative process and impact assessment**

- Market Settlement Timeline Transformation
- Hybrid Resources
- Capacity Procurement Mechanism - Soft Offer Cap



# Project Summaries

April Gordon

Director, Financial Planning and Procurement

# Capital and Project Budgets

- **2019 Budget**
  - Approved at \$22M
  
- **2020 Budget**
  - Targeted at \$22M
  - At least 86 proposed projects will be prioritized to meet final budget limit

# Summary of Completed and Active Projects

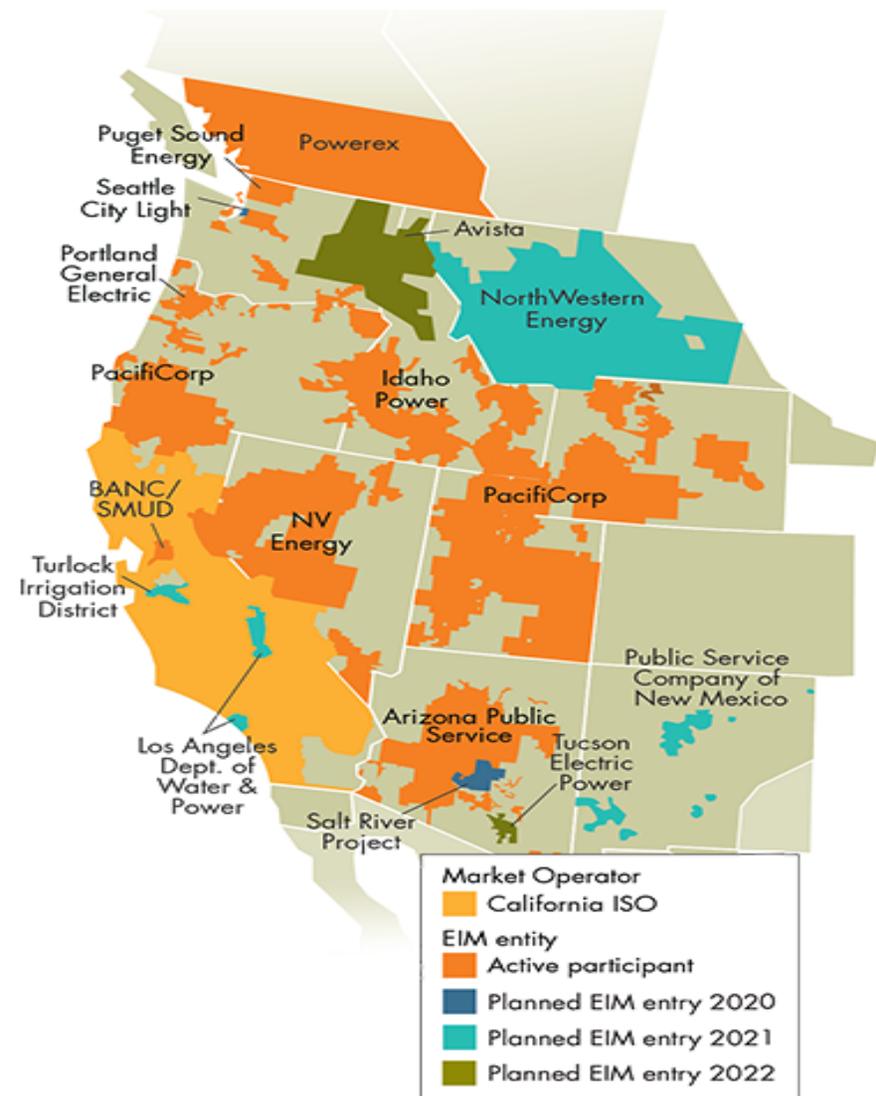
- **Projects completed from July 2018 to June 2019**
  - **27 Capital Projects**
    - Budgeted costs \$13.4M, actual costs \$12.9M
  - **24 Requirements & Other Projects**
    - Budgeted costs \$6.7M, actual costs \$6.3M
- **Active projects as of June 30, 2019**
  - **25 Capital Projects (includes EMS)**
    - Budgeted costs \$42.2M, PTD spent \$17.5M
  - **25 Requirements & Other Projects**
    - Budgeted costs \$3.2M, PTD spent \$0.9M

# EIM Implementations

## Future implementations funded by the following entities:

- Salt River Project
- Seattle City Light
- Los Angeles Department of Water & Power
- Public Service Company of New Mexico
- NorthWestern Energy
- Turlock Irrigation District
- Avista
- Tucson Electric Power

## Western EIM active and pending participants





# Financial Summaries

Denise Walsh  
Controller

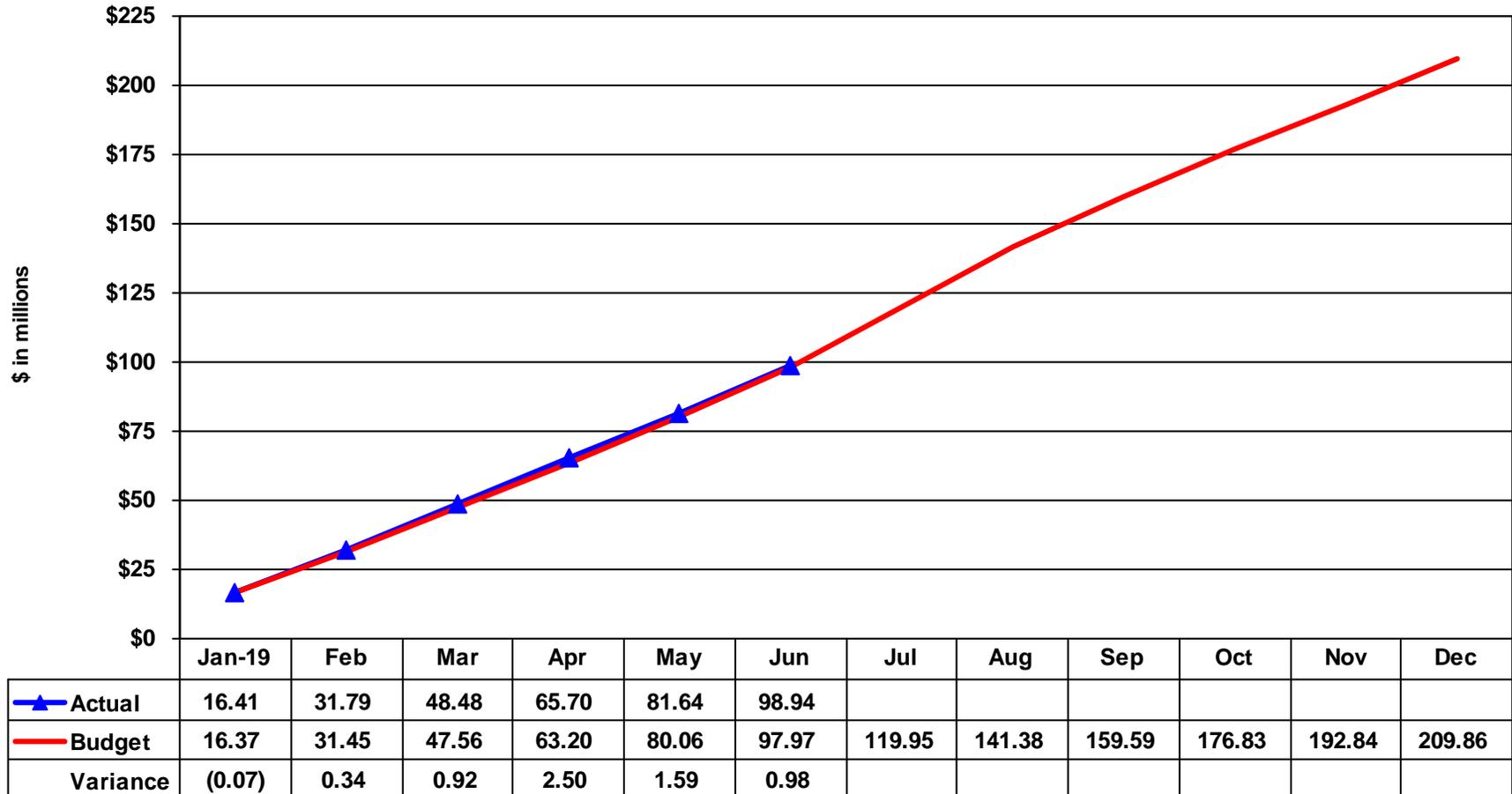
# 2018 Highlights

Key components of the audited 2018 financials:

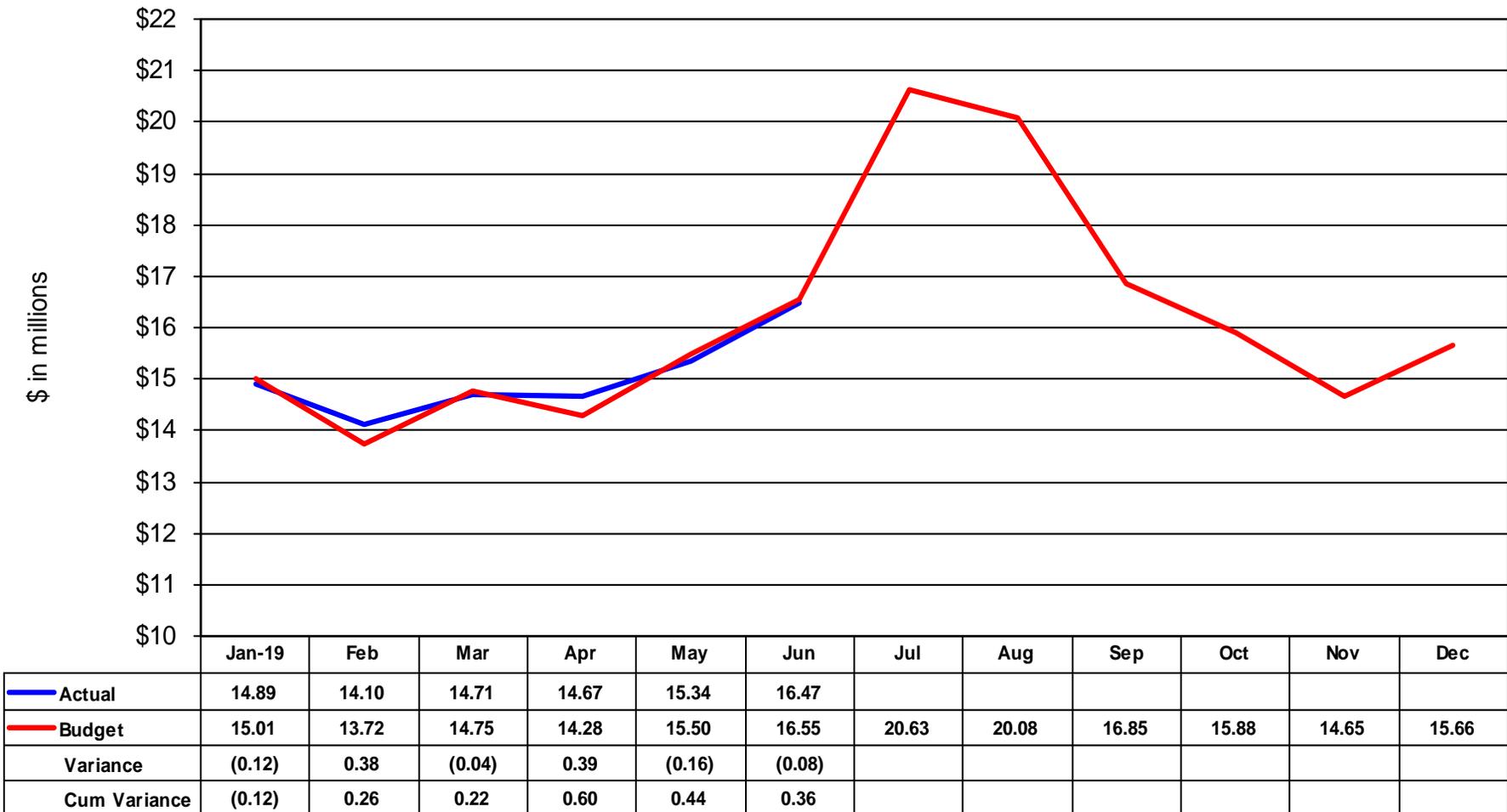
- **Operating revenues**
  - Finished the year over budget
  - Higher GMC revenues as well as higher miscellaneous revenues (EIM admin charge and forecasting fees)
- **Operating expenses**
  - Finished the year under budget
  - Lower outside legal, audit, salaries, and consultant fees

# Q2 2019 Cumulative Operating Revenues

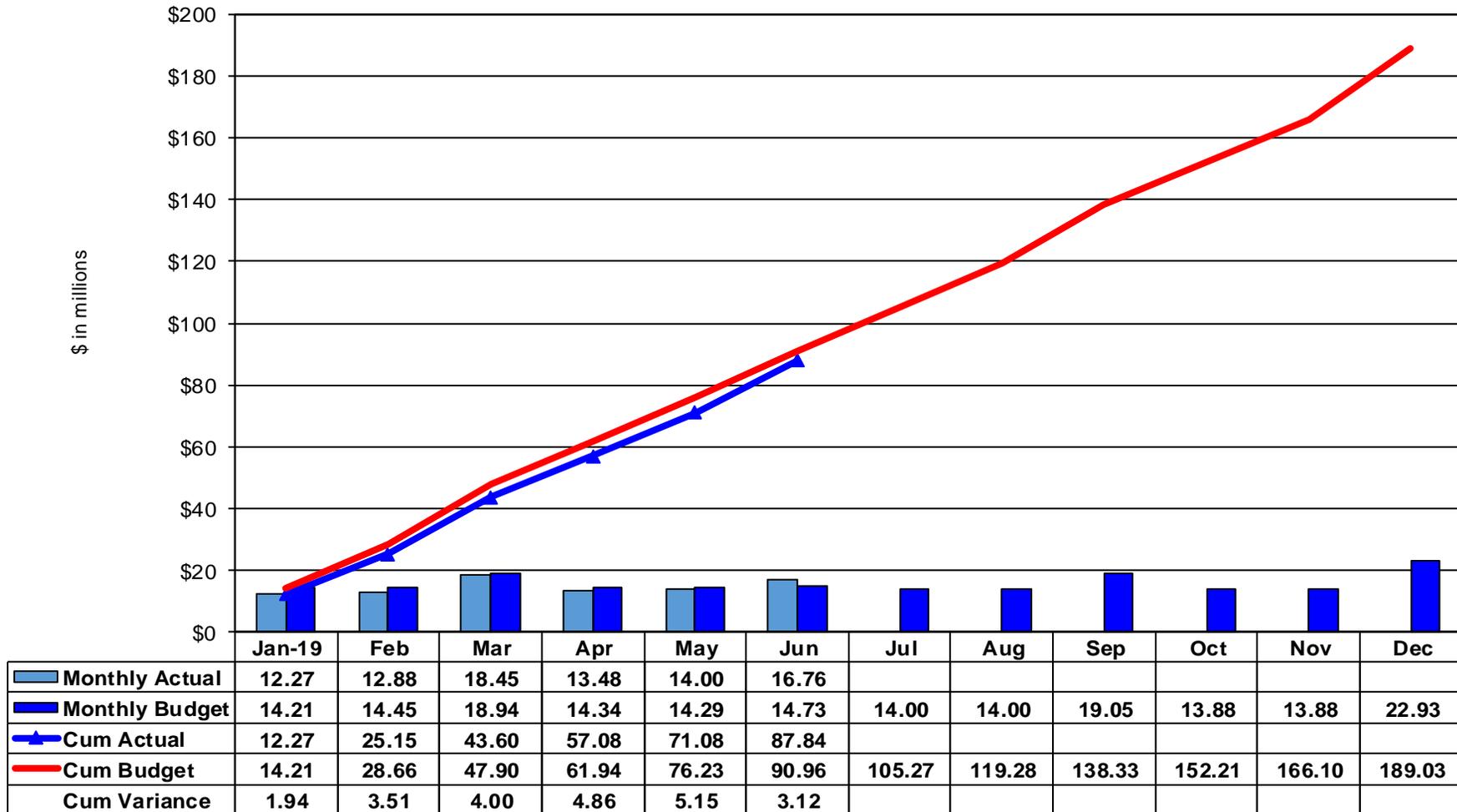
Revenues = GMC & Other Revenues



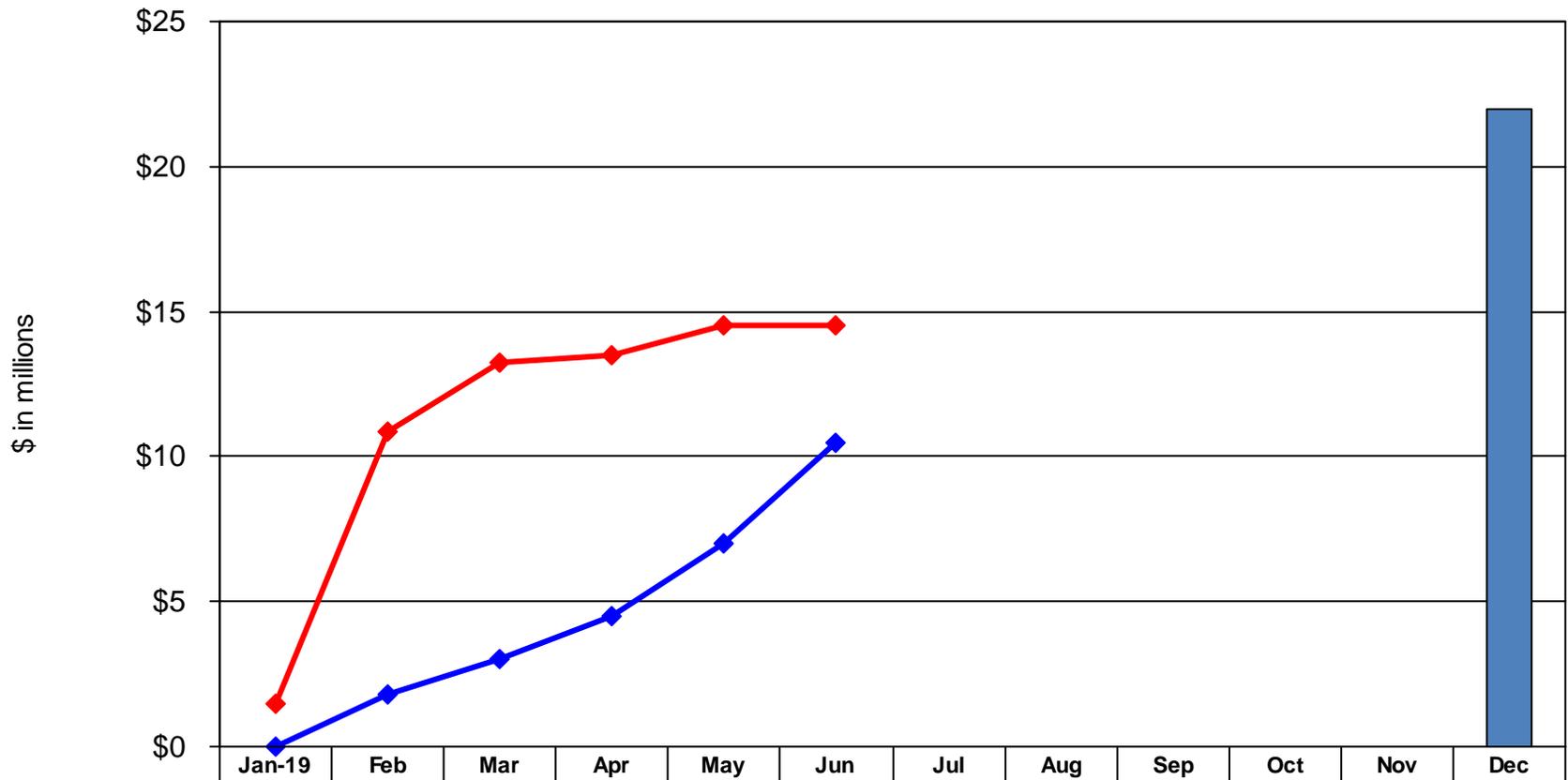
## Q2 2019 Monthly GMC Revenues



## Q2 2019 Operating and Maintenance Expenses (O&M)



## Q2 2019 Cumulative Capital Expenditures



Budgeted capital												22.00
Cumulative Expenditures	0.00	1.80	3.00	4.50	7.00	10.50						
Approved projects	1.48	10.84	13.22	13.50	14.50	14.50						



# Budget Calendar and Next Steps

Thomas Setliff  
Sr. Budget Analyst

# Key Calendar Dates\* and Next Steps

- Internal budget process July – Oct
- Stakeholder comments due July 30
  - Send to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com)
- ISO responses to stakeholder comments posted Aug 6
- Post preliminary draft 2020 budget Nov 1
- Board of Governors meeting (executive session) Nov 13-14
  - Present preliminary draft 2020 budget
- Stakeholder call to discuss preliminary draft budget Nov 20
- Written stakeholder comments due to ISO Nov 27
- Board of Governors meeting Dec 18-19
  - Public comments to board on final draft 2020 budget
  - Request approval of final draft 2020 budget
- Post rates and budget documentation to ISO website Dec 23

