

QUARTERLY FINANCIAL REPORT

December 31, 2023

Preliminary and Unaudited

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
QUARTERLY FINANCIAL REPORT - December 31, 2023 (Preliminary and Unaudited)

Table of Contents

	<i>Page Number</i>
Summary, Discussion and Commentary	<i>i</i>
<i>THE CAISO</i>	
Statement of Operations (Preliminary and Unaudited)	<i>1</i>
Balance Sheet (Preliminary and Unaudited)	<i>2</i>
Capital Projects Report (Preliminary and Unaudited)	<i>3</i>
<i>Summary Financial Data</i>	
CAISO Market Revenues by Month - December 2021 through December 2023	<i>4</i>
CAISO Market Revenues by Quarter - 4th Quarter 2021 through 4th Quarter 2023	<i>5</i>

CALIFORNIA ISO SUMMARY, DISCUSSION AND COMMENTARY (Preliminary and Unaudited)

For the year ended December 31, 2023

Results of Operations (page 1)

Revenues

Total operating revenues through the year came in approximately \$3.6 million under the expected amount of \$253.4 million. The lower actual amount was due to GMC collections coming in \$2.6 million lower than the budgeted amount and to lower than budgeted other revenues of \$1.0 million. GMC rates were adjusted down in May, 2023 in alignment with the CAISO tariff requirements, which contributed to the under collection. Other revenues were lower due primarily to an adjustment to the metered sub-systems fees.

Expenses

Actual expenses through the year were \$4.4 million less the budgeted amount of \$238.4 million. The year to date budget surplus was primarily driven by slightly higher than normal vacant positions which generated approximately \$8.4 million in savings. Additional budget surplus was driven by reduced spend in discretionary areas, such as office meetings and travel. The budget surplus was offset by higher than budgeted spend in consulting, contracting services, and other expenses driven by a combination of temporarily backfilling open positions, non-capitalizable project related software purchases and to the employee computing initiative costs.

Total other income through the year came in approximately \$12.2 million greater than expected due to higher portfolio returns and to unrealized gains on investments.

Material Changes to Assets and Liabilities (page 2)

There were no material balance sheet changes through the end of 2023 versus 2022. Debt payments, market collateral transactions, incentive compensation payouts and annual 401k contributions were the primary contributors to changes across the company's assets and liabilities.

Capital Projects (page 3)

\$25.0 million for projects was approved for the year, equal to the 2023 annual capital budget. These projects are aligned with the company's 2022-2026 Strategic Plan.

ISO Market Revenues (pages 4 - 5)

2023 gross market revenues in the CAISO market were \$22.4 billion as compared to \$29.8 billion in 2022.

CALIFORNIA ISO

Statement of Operations (Preliminary and Unaudited)

For the year ended December 31, 2023

(dollars in thousands)

	Quarter		Year to Date		Year to Date Budget
	Actual	Prior Year	Actual	Prior Year	
<u>Operating revenues:</u>					
Grid management charge	\$ 63,213	\$ 58,669	\$ 197,151	\$ 185,735	\$ 199,760
Other revenues	15,584	18,580	52,628	52,968	53,625
Total operating revenues	<u>78,797</u>	<u>77,249</u>	<u>249,779</u>	<u>238,703</u>	<u>253,385</u>
<u>Operating expenses:</u>					
Salaries and benefits	56,450	50,734	174,494	153,848	182,939
Building, leases and facility	1,013	959	2,403	2,359	2,392
Insurance	590	802	2,931	2,695	3,060
Third party vendor contracts	5,507	4,892	14,713	14,188	15,109
Consulting and contracting services	11,631	9,429	27,563	23,016	24,603
Legal and audit	1,004	1,363	2,163	2,011	3,148
Training, travel and professional dues	1,208	1,607	3,004	2,525	4,351
Other	3,854	1,497	6,763	4,361	2,792
Total operating expenses	<u>81,257</u>	<u>71,283</u>	<u>234,034</u>	<u>205,003</u>	<u>238,394</u>
Operating income before depreciation and amortization	(2,460)	5,966	15,745	33,700	14,991
<u>Depreciation and amortization</u>	<u>10,951</u>	<u>12,395</u>	<u>30,008</u>	<u>36,660</u>	<u>30,000</u>
Net operating income (loss)	<u>(13,411)</u>	<u>(6,429)</u>	<u>(14,263)</u>	<u>(2,960)</u>	<u>(15,009)</u>
<u>Other income (expenses)</u>					
Interest income & other	8,633	(1,482)	16,143	(17,184)	3,946
Interest expense	(1,460)	(1,496)	(4,388)	(4,496)	(4,388)
Total other income (expenses)	<u>7,173</u>	<u>(2,978)</u>	<u>11,755</u>	<u>(21,680)</u>	<u>(442)</u>
Excess (deficiency) of revenues over expenses	<u>\$ (6,238)</u>	<u>\$ (9,407)</u>	<u>\$ (2,508)</u>	<u>\$ (24,640)</u>	<u>\$ (15,451)</u>
Number of full-time employees			<u>710</u>	<u>654</u>	<u>746</u>

CALIFORNIA ISO

Balance Sheet (Preliminary and Unaudited)

As of December 31, 2023

(dollars in thousands)

	Current Year 12/31/2023	Prior Year 12/31/2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, including restricted amounts	\$ 1,001,630	\$ 1,122,096
Accounts receivable	27,234	23,394
Short-term Investments, including restricted amounts	19,017	40,015
Other current assets	13,000	6,627
Total current Assets	<u>1,060,881</u>	<u>1,192,132</u>
NONCURRENT ASSETS		
Long-term investments, including restricted amounts	252,178	241,366
Fixed assets, net	128,823	133,409
Other assets	5,998	13,871
Total noncurrent assets	<u>386,999</u>	<u>388,646</u>
TOTAL ASSETS	<u>\$ 1,447,880</u>	<u>\$ 1,580,778</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	12,705	10,297
Accrued salaries and compensated absences	44,485	46,149
Current portion of long-term debt	8,770	8,735
Due to market participants	1,013,602	1,142,518
Total current liabilities	<u>1,079,562</u>	<u>1,207,699</u>
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	147,890	156,660
Employee retirement plan obligations	5,114	5,508
Total noncurrent liabilities	<u>153,004</u>	<u>162,168</u>
TOTAL LIABILITIES	<u>1,232,566</u>	<u>1,369,867</u>
TOTAL NET ASSETS	<u>215,314</u>	<u>210,911</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,447,880</u>	<u>\$ 1,580,778</u>

Capital Projects Report (Preliminary and Unaudited)

For the year ended December 31, 2023

(\$ in thousands)

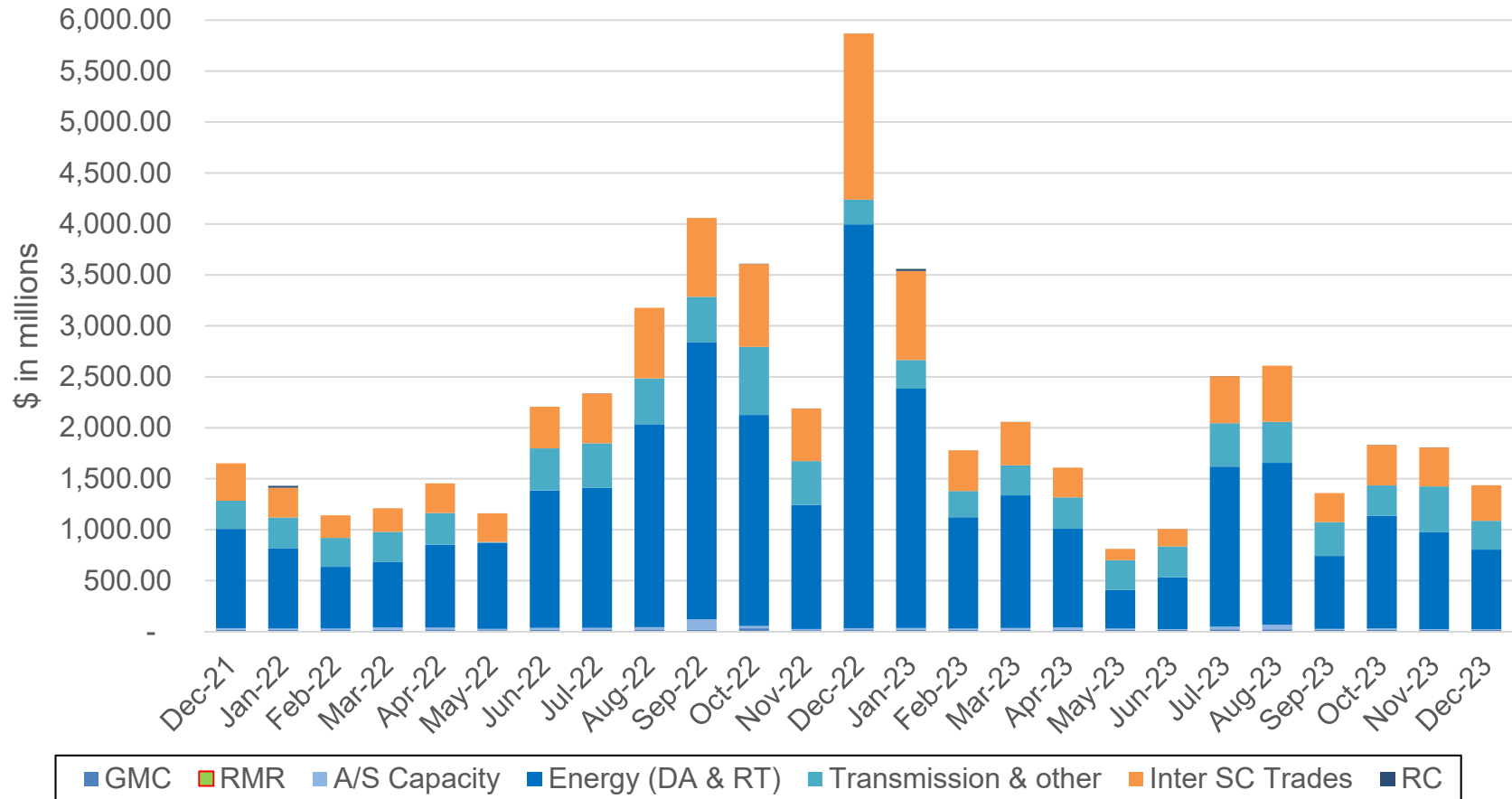
Project Classification	2023 Capital and Project Budget ¹	Projects Approved YTD	Remaining Budget	Expenditures YTD
Reliability and Efficient Operations	\$ 5,610	\$ 3,923	\$ 1,687	\$ 2,221
Technology Foundation Improvements	10,875	9,599	1,276	5,196
Transmission Planning- Infrastructure	650	3,004	(2,354)	652
Market Opportunities	1,450	2,716	(1,266)	1,133
Stakeholder Engagement and Customer Service	300	232	68	120
People and Culture (Generally O & M)	-	-	-	-
Facilities and Other projects	6,115	5,527	588	175
	\$ 25,000	\$ 25,000	\$ 0	\$ 9,497
			Expenditures on projects approved prior to 2023 ² :	12,249
			Total Expenditures	\$ 21,746

¹ The Board approved a maximum level of \$25.0 million in capital and project commitments for 2023 at their December 2022 meeting. The sub-amounts allocated to the project classifications will vary as actual projects are approved during the year by the Corporate Finance Committee.

² Expenditures on projects approved in a prior budget year. Does not include WEIM Implementation projects as those expenditures are reimbursed by the WEIM entity.

CAISO Market Revenues By Month

December 2021 through December 2023



CAISO Market Revenues By Quarter

4th Quarter 2021 through 4rd Quarter 2023

