

## Stakeholder Comments Template

Submitted by	Company or Entity	Date Submitted
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Please use this template to provide your comments on the 2015 GMC Update Discussion Papers located at:

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

Stakeholders should use this template to submit comments and or suggestions. Please submit written comments no later than close of business on Thursday April 24, 2014 to [gmc@caiso.com](mailto:gmc@caiso.com). Comments will be posted on the ISO website.

**[Comments are due by close of business Thursday, April 24, 2014.](#)**

ISO seeks written stakeholder comments on its 2015 GMC Update Discussion Papers located at:

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

Stakeholders should use this Template to submit written comments and or suggestions. Written comments should be submitted no later than Close of Business on Thursday April 24, 2014 to: [gmc@caiso.com](mailto:gmc@caiso.com). Comments will be posted on the ISO website.

The subject areas upon which ISO seeks stakeholder input are the following:

1. Please comment on the 2015 cost of service update, the use of ABC and the allocations into the 3 GMC service categories including the TOR and EIM Fees.

MID and SVP thank the ISO for the opportunity to comment on the ISO's proposed, 2015 Grid Management Charge ("GMC") Update.

The ISO is relying on its three-year Cost of Service studies to adjust the allocation to the three GMC rate components, Market Services, System Operations, and Congestion Revenue Right ("CRR") Services. Accordingly, the results of Cost of Service studies inform the output of the GMC rate formula. Particularly where the ISO would apply the results of current Cost of Service studies in future years to allocate the three rate components without a Federal Energy Regulatory Commission ("FERC") filing, it is critical that market participants be able to verify that adjustments to the rate component allocations are performed in a just and reasonable manner. Accordingly, it will be important to ensure that the Tariff language is sufficiently descriptive and meets the standards and protections of a formula rate. Further, the requirement that the ISO perform a Cost of Service study should be expressly set forth in the Tariff.

MID separately expresses its support for the ISO's continued use of the Transmission Ownership Right ("TOR") charge. The TOR charge, as set forth in the current and proposed GMC rate design, properly accounts for the lesser cost impact placed on the ISO for TOR operations on the ISO system.

2. Please comment on the 2015 revenue requirement maximum and period to which it applies.

The ISO proposes a 2015 revenue requirement of \$202 million with no requirement in the future for the ISO to file under Federal Power Act ("FPA") Section 205, unless the ISO seeks to change the GMC rate design or exceed a \$202 million revenue requirement. While the ISO bases its proposed increase on expected increases in O&M costs (the ISO assumes a three percent escalator), some of this increase should be offset by the ISO's anticipated reduction of debt service. The ISO has stated that it expects debt service to decrease steadily over the coming five years. See Slide 36 of the ISO Presentation from April 17, 2014. MID and SVP request more detail regarding the expected level of reduction in debt service, and where market participants can find support for this expected decrease in debt service. It is understood that some of the ISO's debt service is related to the bonds dedicated to paying for the new, headquarters building through 2039. However, slide 36 of the ISO's April 17 Presentation shows steady reductions in debt service from 2015 through 2019. In the last stakeholder process addressing GMC rate design, MID and SVP argued for a term for the current GMC rate through the end of 2014, based on the expectation that debt service would substantially decrease by 2014. Without further information, MID and SVP would support maintaining a \$199 million revenue requirement for the GMC rate from 2015 forward.

In addition, at the April 17, 2014 stakeholder meeting, the ISO estimated \$1.3 million in annual revenue for the Energy Imbalance Market (“EIM”) administrative charges. MID and SVP request that the ISO provide a revised estimate, including the amount anticipated to be collected for the EIM administrative charge with the expected participation of NV Energy in the EIM.

Last, MID and SVP are concerned that the proposal to leave, as open-ended, the duration of the rate formula will not provide adequate incentive for the ISO to review the efficacy of the rate design and revenue requirement level. Accordingly, MID and SVP propose that the ISO file an FPA Section 205 filing six years after the beginning of the updated rate formula starting January 1, 2015. This term would allow the ISO to maintain rates through a Cost of Service cycle and not have to file until the subsequent Cost of Service study.

### 3. Other