

Briefing on Draft 2016 Budget and GMC Rates Meeting

Meeting Date and Time: October 8, 2015

Meeting Place: ISO Folsom Facility

Topics covered: Remaining Timeline for 2016 Budget and GMC Rates Process
 Revenue Requirement Components
 Supplemental Projects
 Proposed GMC Rates
 Next Steps

Attendees:

Name	Organization	Name	Organization
Via Phone			
Don Brookhyser	Alcantar & Kahl	Bob Caracristi	NCPA
Nicholas Burki	Anaheim Public Utilities	Chrisitne Kirsten	PacifiCorp
Leslie Pompel	Bonneville Power Administration	Jordan Parrillo	PG&E
Robert Underwood	CAISO	Kyle Hoffman	Powerex
Vickie Merk	CAISO	Dean Kinports	SDG&E
Geoff Gong	CDWR	Matt R	SDGE
Mei Pan	City of Anaheim	Heather Wilson	SMUD
Mindy K	City of Riverside	Bert Hansen	Southern California Edison
Gabriela Ramirez	City of Riverside	TINA LEE	Star West Generation
Jose V	City of Riverside	Meg McNaul	Thompson Coburn LLP
Margaret Miller	Customized Energy Solutions	Neil Huber	XO Energy
Jane Luckhardt	Day Carter Murphy LLP		
Saeed Farrokhpay	FERC		

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Present				
Michael Epstein	CAISO		Thomas Setliff	CAISO
Christina Ernandes	CAISO		Jordan Pinjuv	CAISO
April Gordon	CAISO		Jan Cogdill	CAISO
Ryan Seghesio	CAISO		Jake Thai	CAISO
Kim Perez	CAISO		Janet Morris	CAISO
Dave Timson	CAISO		Padmini Palwe	WAPA
Matt Turner	CAISO			
David Cohen	Navigant Consulting			
Sean Neal	MID/SVP			
Brock Costalupes	MID			

#	Stakeholder	Comment/Question/Suggestion	CAISO Respondent	ISO's Response/Views
1.	David Cohen	I am not able to tell from Slide 5 of the presentation if the status of PacifiCorp joining as a PTO is anticipated in or after 2016. Please clarify.	Ryan Seghesio	PacifiCorp will not be joining in 2016 or 2017. If they join, it will be after 2017 before they are seen in the forecasted transmission numbers.
2.	David Cohen	We see that other costs and revenues are up due to NV Energy coming online and that there is a quarter of Arizona Public Service Company and Puget Sound Energy. Is there a full year of PacifiCorp?	Ryan Seghesio	Yes, there is a full year worth of PacifiCorp, just as in 2015. The ISO assumed the same cycle as last year's numbers.
3.	Sean Neal	In September there were six (6) stakeholder processes identified in the ISO's September 2015 memorandum to the Board of Governors regarding anticipation of PacifiCorp joining as a PTO. Will there be a revision to the GMC to reflect this?	Mike Epstein	There is no contemplated change to the GMC.

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4.	Sean Neal	With respect to transmission volumes, what was the deviation between 2015 and 2016?	Ryan Seghesio	The forecasted volumes declined based on lower actual pump load data versus budget. The 2016 volume forecast is based on 2014 actuals plus a 0.5% annual growth rate.
5.	Sean Neal	In respect to the EIM implementation charge, how are costs allocated for increased travel, training and strategic alliances? Are those offset by other EIM charges?	Mike Epstein	All costs that are related to EIM implementations are charged against the associated participant's one-time implementation fee. Regarding the on-going O&M EIM related charges, the increased costs will be taken into consideration in the 2017 cost of service study. The current percentage is locked down until that time.
6.	David Cohen	When did the ISO make the load forecast?	Mike Epstein	The load forecast is based on actual loads through 2014. We don't know what the full 2015 year looks like at this time. Actual rates are paid on how the current year is running.
7.	David Cohen	The ISO indicates that \$24M is cash funded capital, but you only have approval for \$16.5M. Can you please clarify the flow of monthly GMC and where it goes?	Ryan Seghesio	The capital reserves go to the ISO reserve accounts. These amounts are invested per the ISO investment policy. The built in reserves are spent per the capital schedule.
8.	David Cohen	Does the ISO ever cross correlate actual volumes to PTO forecasts?	Ryan Seghesio	Not on the budget side. Forecasted volumes are completed through the service categories are different. This is the

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				first year in where there were not changes to the GMC rates during the year. Actuals were very close to forecasted numbers this year.
9.	Sean Neal	Are there any costs associated with decommissioning Alhambra in 2017? If so, where are those costs allocated?	Ryan Seghesio	There will be some costs, but fairly immaterial. Budget for the breakdown and moving costs associated with the Alhambra site has been included in the \$30.4 million LOC budget. In 2017, the final decommissions costs are not part of the LOC budget.
10.	Sean Neal	There will be two (2) FTE for next year in the CEO Division. Where will these be?	Ryan Seghesio	These are in the Department of Market Monitoring.
11.	Sean Neal	There are two large capital projects for next year. Are these required?	Janet Morris	The two projects are EMMS Phase 3c and OPS Market Enhancements. The first is to align network management phases to make it easier to maintain and manage network model data. The latter is an on demand project that allows enhancements that are needed by operations on an as needed basis. This is not a fixed scope project.