

**Stakeholder comments and questions from the
2021 Budget and GMC Process and 2019 Cost of Service Study Draft
Tariff Language stakeholder conference call meeting held on July 29,
2020.**

Supporting meeting documents are available here,
<http://www.caiso.com/informed/Pages/StakeholderProcesses/Budget-GridManagementCharge.aspx>.

Stakeholder Comments and Questions

Submitted by	Company or Entity	Date Submitted
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The City of Santa Clara, California, dba Silicon Valley Power (“SVP”) and the Modesto Irrigation District (“MID”) thank the California Independent System Operator Corporation (“CAISO”) for the opportunity to submit comments and questions in connection with the CAISO’s 2021 Budget and Grid Management Charge (“GMC”) Process, and July 29, 2020 web conference. SVP and MID raise below questions which they request that the CAISO answer, as well as a comment concerning the SCID fee at the end of this document:

Regarding CAISO’s 2020-2021 Preliminary Project Listing:

Does the “Day-ahead reliability tool phase 2” relate to Day-Ahead Market Enhancements (“DAME”) implementation and, if so, what does the project entail?

ISO Response

No, these two projects are not related.

Does “Resource adequacy enhancements” include upgrade of CAISO’s Outage Management System (“OMS”), or will such expenditures be deferred until the

unforced capacity (“UCAP”) policy is approved at FERC as suggested during a recent RA Enhancements meeting?

ISO Response

The Resource adequacy enhancements initiative is still in progress and the Draft Final Proposal (DFP) has not been released, however, there is an intent to improve the OMS as part of Track 1 in preparation for the UCAP policy. After the DFP is completed, the ISO teams will perform an impact assessment, which will help provide direction on the changes that will be communicated through the External BRS and Release Users Group (RUG).

Regarding the “Transmission access charge (TAC) billing” project, last year CAISO provided during the stakeholder budget process that this project was the same as the “TAC Structure Enhancements” project, and that CAISO would rename the initiative to the latter. Seeing as CAISO has not done so, we seek confirmation that these two project names continue to be used interchangeably into the 2021-2020 project listing.

ISO Response

The “Transmission access charge billing determinant” Policy Initiative was closed in September 2016 and a new Policy initiative “Review Transmission Access Charge Structure” was introduced in 2017 to consider the TAC structure in a more comprehensive manner. The initiative was renamed to “Transmission Access Charge Structure Enhancements” in 2019. The original budget name remained as the TAC Structure Enhancements initiative has been delayed.

What projects is EDAM associated with, if any, in the Preliminary Project listing for 2021-2022 or Active Project Listing as of June 30, 2020?

ISO Response

The Extend Day-Ahead Market (EDAM) Policy Initiative will extend participation in the day-ahead market to EIM Entities. There are not any projects in the Preliminary Project Listing associated with this initiative.

Why does “ESDER Phase 4” appear on the list as that initiative draws to a close?

ISO Response

The Draft Final Proposal (DFP) for ESDER Phase 4 was posted on 5/20/2020 and the stakeholder process continues. The budget item will cover the implementation cost of this initiative in 2021.

Last summer during the budget process, CAISO explained the “Focus on Customer Service and Other Costs” project classification in its 2019 quarterly financials included an “external training program” slated for end of 2019, though that project did not appear in the Final 2020 Budget book issued in December 2019. Does the external training program that was presumably deferred appear on the Preliminary Project Listing for 2021-2022 as “expand external capability for hands-on training”, or elsewhere in the Preliminary Project listing?

ISO Response

CAISO for 2020 has an external training program underway that will provide Computer Based Training (CBT) modules that expands its external training program focused on Scheduling Coordinator Certification. The specific line item 2021-2022 project list for this effort is the “Customer computer based training (CBT) program” item. There is another effort “Expand external training capability for hand on training” that is currently on hold due to the focus on CBT development.

What is “Incorporation of operations non-core tools into final destination?”

ISO Response

This budget item is part of a longer-term strategy to incorporate functionality currently in stand-alone operations tools and manual work-arounds into larger systems for improved efficiency and supportability.

Regarding CAISO’s active capital projects listing:

What does the “2020 Hardware & Software Purchases” project approved at \$3 million but 0% completed cover?

ISO Response

This is annual budget used to cover purchases such as hardware replacement for aging and inadequate equipment as well as additional servers to support applications and environments that the CAISO relies on to manage its operations. This budget also covers purchases such as new licenses or new subscriptions for software that are required for compliance purposes. Funding for any other IT equipment, such as storage or communication equipment, would also be funded from this project budget.

As of June 30th, purchase orders have been issued against this budget, but invoices had not been received, approved and processed; thus, the encumbered expense shows as 0% complete on the report.

As this is an annual project budget, the prior year's remaining funding will be used to cover eligible purchases before any current year funding is used; which was the case this year and explains why the 2019 Hardware and Software project is included on the completed project listing.

What does "OSI 2020 Non Capital" approved at \$1.15 million and 25% complete cover?

ISO Response

The full name of this project is Operation System Improvements (OSI) 2020. This project is an annual request to cover cost of small changes that are identified by the Operations' team. The changes are for modifying existing functionality in various applications. This project also covers cost for changes to software as a service tools, such as with the OMS and ITS systems. Following accounting guidelines, these improvements are not adding new functionality and, in some cases, we do not own the system; as such, we do not capitalize the project costs and treat the projects as "Non-Capital" projects. The percentage complete is based on invoices received and approved, which until changes are made and tested, vendors should not be billing us.

Regarding CAISO's financial summaries:

Referring to the quarterly financial reports posted for 2020 (PDF 4), why does the YTD Budget for full-time employees change from Q1 to Q2? CAISO hired 8 new employees in Q2—in what department, and does CAISO anticipate future hiring to fill the YTD budget of 657 personnel, which is shown at 633 currently? If so, in what department?

ISO Response

The CAISO increased its budgeted positions to address pressing needs in its Technology, Market Policy & Performance, and External & Customers Affairs divisions. The CAISO intends to actively pursue filling all of the budgeted positions.

Referring to the quarterly financial reports posted for 2020, what were the most significant (cost-wise) capital projects the Corporate Management Committee approved in Q1 2020 (\$9M) and in Q2 2020 (\$13.8M)?

ISO Response

The capital project report is a cumulative report and reflects that the total approved projects as of June 30, 2020 is \$13.8M.

The Q1 2020 report included 4 approved projects that were above \$500K each and at a total of \$6M. The approved projects included the following:

1. Miscellaneous Hardware and Software = \$3M
2. Operation and market services system improvement 2020 = \$1.2M
3. Annual Capital Reserve Funding = \$1.2M
4. Technology system improvements for production = \$600K

The Q2 2020 report included 3 approved projects that were above \$500K each and at a total of \$2.5M. The approved projects included the following:

1. Settlements replacement project = \$1M
2. RC Enhancements 2020 = \$969K
3. Masterfile service oriented architecture phase 2 = \$582K

The remaining amount of \$5.3M was allocated between the other 35 projects that were presented to the CMC under \$500K each.

In addition, regarding the proposed 2021 monthly SCID fee increase to \$1,500 per month from \$1,000 per month:

MID/SVP support the request of Amber Power and ETRACOM that the CAISO provide the calculations behind the incremental costs. MID/SVP share concerns that the resulting new fee amount would have a greater impact on smaller entities, and may be prohibitive towards creating an SC representing a small generating facility (such as some small renewable facilities). Further, MID/SVP submit that some consideration be given to exploring an alternative monthly SCID fee methodology or application, where higher SCID fees initially exist over the first year of SC existence, but where monthly SCID fees would taper off in future years consistent with a reduction in costs to the CAISO of maintaining the SCIDs once established.

ISO Response

The increase in the SCID fee is to cover the additional cost required to support the SCID accounts since the last fee analysis was completed in 2012. Some of the responsibilities associated with the maintenance of the accounts includes, but is not limited to, the following:

- Contract modifications,
- Credit checks,
- Master file maintenance,
- Customer readiness, training, and change requests,
- Data storage,
- Settlements production,
- Certificate and account maintenance, and

- Hardware and software costs

A calculation of the proposed fee is provided in the Cost of Service Study. The calculation of the fee follows the same methodology used to calculate the CAISO's other fees and cost allocations, such as for the TOR fee and the GMC cost categories' percentage of the revenue requirement allocation. The revenue collected from the SCID fee will offset costs recovered through the Market Services charge rate.