

**MID comments**

- 1) In Section 11.22.2.6, the ISO proposes to delete text describing that the formula in Appendix F, Schedule 1, Part C sums certain costs and components to obtain a total revenue requirement. What is the reason for this deletion? Is the reason for such deletion due to potential duplication of what is set forth in Appendix F in terms of the calculation of the total revenue requirement?
- 2) In Section 11.22.2.6, what is the reason for the deletion of the parenthetical cross-reference to ISO Tariff Section 11.17 after the text “surplus revenues from the previous year or period”, which described a component of annual ISO website postings? The current Section reference goes to a persistent deviation metric for Bid Cost Recovery, which seems to be in error. Is there a different Tariff section cross-reference that should be cited?
- 3) What does the language mean that the fees cited in Sections 11.22.4 (TOR Charges), 11.22.5 (Bid Segment Fee), 11.22.6 (CRR Transaction Fee), 11.22.7, (Inter-Scheduling Coordinator Trade Transaction Fee), and 11.22.8 (Scheduling Coordinator ID Charge), are subject to adjustment, as described in Appendix F, Schedule 1 Part A? Is this language proposed simply because such fees can be adjusted as a result of cost of service studies through Section 205 filings?
- 4) In Appendix F, Schedule 1, Part C, the ISO proposes to modify the definition of “CAISO Other Costs and Revenues” to include Uniform System of Accounts 457.1 (Direct costs charged to associate companies) and 457.2 (Indirect costs charged to associate companies). What is intended to be captured by reference to these accounts? Also, in that text, the ISO proposes to delete reference to “Scheduling Coordinator application and training fees, and fines assessed and collected by the CAISO”. The way the ISO has reorganized this provision, it appears limited to those Uniform System of Account numbers cited in the parenthetical. Is this interpretation true, and is the ISO proposing not to include miscellaneous fines in this provision, or, for example, Scheduling Coordinator application fees? If this interpretation is not correct, should the language be clarified to signify that “Scheduling Coordinator application and training fees, and fines assessed and collected by the CAISO” are still included within “CAISO Other Costs and Revenues”?
- 5) In Appendix F, Schedule 1, Part D, the ISO is proposing to issue the draft budget book (i.e., budget detail) to stakeholders subsequent to the initial submission of the draft budget to the ISO Board. Is it possible to have the budget book disclosed to stakeholders earlier, or alternatively, commit to posting the draft budget book simultaneously when submitted to the ISO Board, and have the Tariff language specifically state such commitment?
- 6) In Appendix F, Schedule 1, Part D, the ISO proposes to add a “capital projects report” in its periodic financial reports, but delete inclusion of a “statement of operating reserves”. Are operating reserves intended to be reported elsewhere? If not, such operating reserves should continue to be described in the ISO’s periodic financial reports as useful information to ISO stakeholders.

**ISO response**

- 1) Yes, the deletion was to avoid duplicative language. The revenue requirement definitions are described in detail in Appendix F, Schedule 1, Part A.
- 2) The reference to Section 11.17 was deleted because Section 11.17 is no longer being used. There is no other cross-reference for Section 11.22.2.6.
- 3) Yes. The language is meant to clarify that all the fees are subject to review and change as part of the three year filing under section 205 not just the percentages, TOR and EIM administrative charges.

**ISO response**

- 4) The reference to FERC accounts 457.1 and 457.2 covers the FERC accounts where revenues are reported in the FERC Form 1. Account 457.1 is for “Regional Transmission Revenues” and account 457.2 is for “Regional Transmission Miscellaneous revenues”. The tariff was not updated when FERC created these accounts. These accounts include but are not limited to LGIP study fees, SC and CRR application fees, EIM administrative charges, COI path operator charges, EIR forecast fees and all the other fees, fines and charges the ISO collects. Because these FERC accounts include a broad scope of fees, fines and charges, it was not necessary to have a listing of the specific revenues, fines, fees and charges.
- 5) As discussed on the stakeholder call, the ISO Board needs to review the budget in executive session before it is released to stakeholders. The Board needs the option to make any revision prior to the budget’s release. The book is usually published on the ISO website within a week of the Board meeting.
- 6) In practice, the ISO has not included a statement of operating reserves as part of periodic reporting for some time. However, the statement of capital projects has always been included in the periodic reporting. The tariff language change reflects this reporting practice. There is annual reconciliation of the operating reserve that is provided as an exhibit to the preliminary and final board book published for stakeholder use in October and December of each year.

**CDWR comment**

- 1) SWP reviewed the final proposal on 2015 GMC Update. CAISO proposed 2015 GMC will be made up of three service categories and seven fees. These seven fees consist of: 1) Bid Segment Fee, 2) Inter-SC Trade Fee, 3) CRR Transaction Fee, 4) TOR Fee, 5) SCID Fee, 6) EIM Administrative Charge/Fee, and 7) EIR Forecast Fee. It remains unclear whether or not the EIM Administrative Charge/Fee and the EIR Forecast Fee, are deducted from the respective three service categories, similar to the other five GMC fees. In response to SWP’s previous comments in this stakeholder process, CAISO stated the EIM Administrative Charge/Fee and EIR Fee will be included in miscellaneous revenues, which are included in the GMC revenue requirement formula under CAISO Other Costs and Revenues, but that these Charges/Fees are not part of the 2015 GMC rate structure.
- 2) In Appendix F Rate Schedules, Schedule 1, Part A, the CAISO proposes that an updated cost of service study will be done every three years starting in 2018, and that this includes the EIM Administrative Charge. SWP believes this study should be done annually for a new market charge such as EIM whose effects on costs are still less certain.

**ISO response**

- 1) SWP is correct that the EIM administrative charges and EIR forecast fees are included in miscellaneous revenue used to determine the total revenue requirement. The rate structure is determined using the three cost category percentages and deducting the remaining fees and charges from the revenue requirement. However, as noted in the comments above, the EIM Administrative Charge is not part of the GMC and is not credited back to the GMC service categories.

**ISO response**

2) The proposal to perform the cost of service study on a three year cycle was discussed in detail with stakeholders during the 2015 GMC Update initiative and approved by the ISO Board. An annual cost of service study was not considered during the stakeholder process or presented to the Board. In response to the suggestion that the cost of service study should be done more frequently, the ISO notes the administrative costs and burden of conducting an annual study would far outweigh any benefits because there is very little annual change in the ISO's allocation of resources. Furthermore, the ISO's ability to forecast the EIM's impact on resources is fairly predictable because the EIM charge simply actually provides access to an existing market.