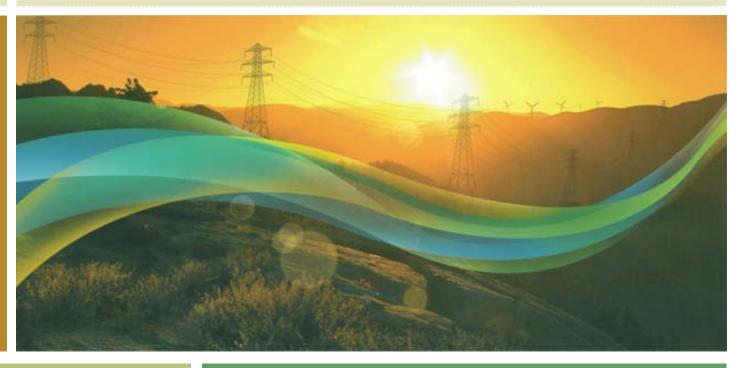
Briefing on GMC under MRTU



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There are changes possible in the Grid Management Charge rate structure for 2008.

- MRTU related
 - Locational Marginal Pricing
 - Forward Energy Market
- Non-MRTU related
 - Potential accommodation for renewables



In 2006, stakeholders and the ISO began the process to modify the GMC under MRTU.

- Extension of GMC Settlement into 2007 (Spring 2006)
- Configuration of GMC under MRTU (Fall 2006)
 - Retain basic structure (5 charges)
 - Modify bill determinants (7 charges)
 - Add new charges, as necessary (3 charges)
 - Eliminate certain charges (2 charges)



There are two issues to be addressed in the next phase of the GMC process.

- Further extension of GMC Settlement (into 2008)
 - Termination on earlier of MRTU implementation or "date certain"
- Formula underlying calculation of rates
 - Allocation of costs by ISO function
 - Mapping to rates
 - Consideration of bill impacts
 - Potential mitigation of those impacts



The ISO is working with stakeholders to resolve the remaining issues.

- April 2007
 - Status report/next steps
- May 2007
 - Cost of service study
 - Data availability/confidentiality
- June-July 2007
 - Impact analysis
 - Final rate structure



We will work with stakeholders to overcome the challenges in completing the process.

- Compressed timeline
- Potential for new issues
- Linkage to future budget outlook (revenue requirement "trigger")
- Waiver of maximum 120 day filing requirement



Management will present a proposal on the GMC under MRTU to the Board at the July meeting.

- Board decision on:
 - Further extension of GMC Settlement
 - GMC under MRTU rate structure
 - Charge Code structure
 - Cost allocation formula underlying rates

