

## **CMUA Comments on 2012 GMC Draft Final Proposal**

The California Municipal Utilities Association (“CMUA”) is pleased to have the opportunity to provide these brief comments on the California Independent System Operator Corporation’s (“CAISO”) proposal for revisions to its Grid Management Charge (“GMC”). CMUA’s comments are limited to the issue of the CAISO’s proposed changes to its revenue requirement cap. CMUA takes no position on the other proposed changes to the CAISO’s GMC.

In the previous round of comments, CMUA raised concerns with the CAISO’s proposed revenue requirement cap and fixed escalator. The CAISO had proposed a five year revenue requirement cap that would automatically increase one percent each year. CMUA expressed its concern that five years is too long and that the automatic increase to the revenue requirement is out of step with the current economic realities. On February 15, the CAISO released its Final Draft Proposal, which included key changes on these two issues. Instead of a five year revenue requirement cap, the CAISO now proposes a three year revenue requirement cap. The CAISO also eliminated an automatic one percent annual increase. Instead, the revenue requirement will be increased once in 2013. CMUA supports these modifications to the GMC proposal, and appreciates the continued vigilance of the CAISO Management to ensure prudent expenditure of ratepayer dollars.

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