



Decision on 2021 ISO Rates and Fees Changes

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Director, Financial Planning and Procurement

Board of Governors Meeting

General Session

October 1, 2020

Agenda

TOPIC

2019 Cost of Service Study Overview

2021 Update and Impact to Rates and Fees

Impact to GMC Percentages

Impact to EIM Percentages

Impact to RC Funding Percentage

Impact to Supplemental Fees

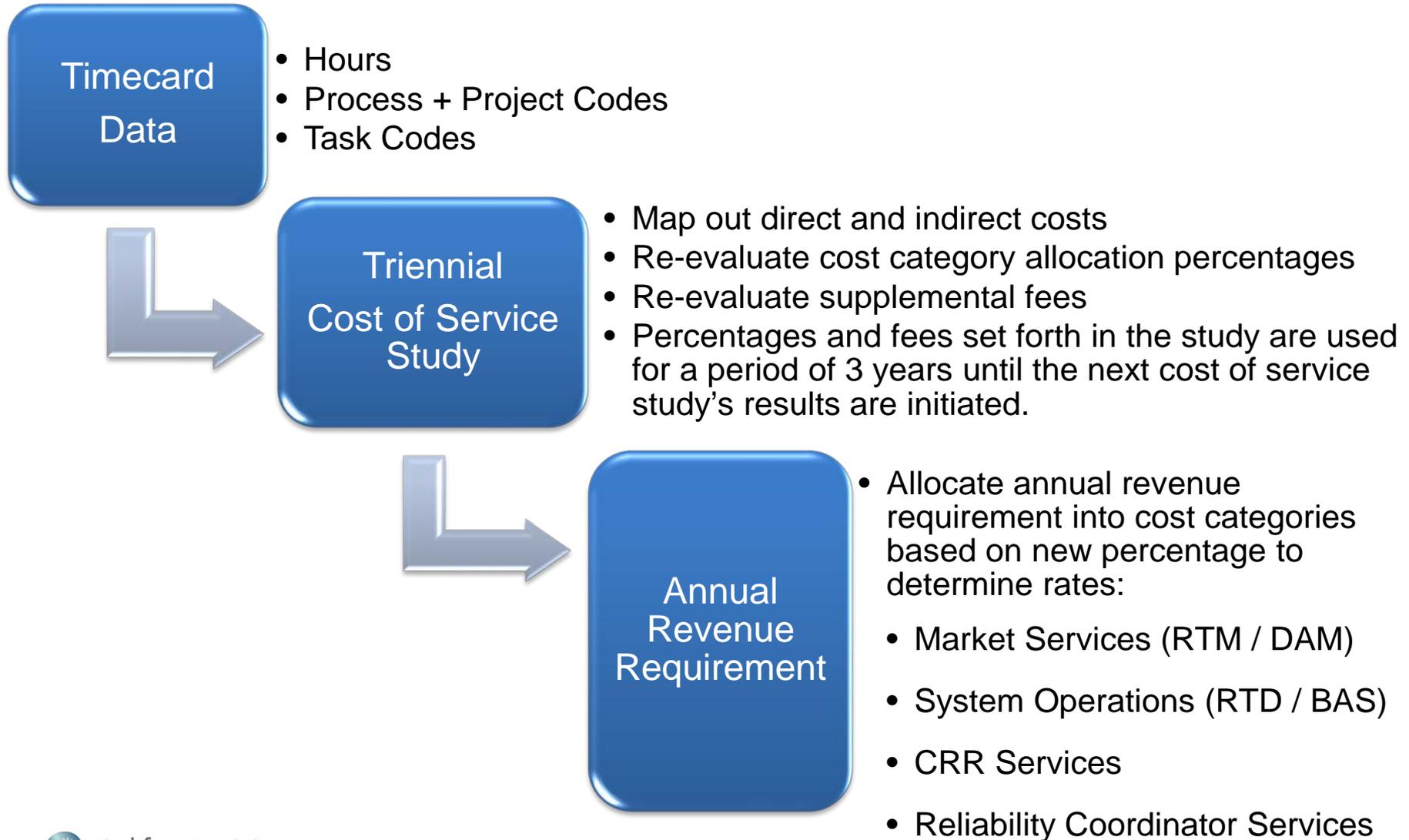
Key Calendar Dates and Next Steps

What is the cost of service study?

A triennial study in which activity based costing (ABC) and the revenue requirement components are used to set forth the *cost category percentages* used to calculate the annual grid management charges (GMC) as well as other rates and fees. The study is a tariff requirement as part of current rate structure.

GMC Rate Calculation								
Annual Revenue Requirement	X	Cost of Service Study's GMC Percentages	=	Amount to Collect per GMC Cost Category	/	Estimated GMC Volumes	=	GMC Rates

What steps are involved?



Summary of GMC Cost Category Percentage Changes

Cost Category	2016 Study Effective 2018 GMC	2019 Study Effective 2021 GMC	Increase / (Decrease) from Prior
Market Services	32%	49%	17%
System Operations	66%	49%	-17%
CRR Services	2%	2%	0%

System Operations to Market Services shift drivers:

- New Reliability Coordinator services cost category,
- Process efficiencies,
- System improvements,
- and automation of services.

GMC Rates Comparison

Rates Comparison				
<i>\$ Rates per MWh</i>				
	GMC Cost Categories			
Year	Market Services	System Operations	CRRs	
2020 (eff 1/1/20)	\$ 0.0994	\$ 0.2788	\$ 0.0078	
Projected 2021 (using 2019 COSS results)	\$ 0.1533	\$ 0.1977	\$ 0.0074	
Increase / (Decrease) From Prior	\$ 0.0539	\$ (0.0811)	\$ (0.0004)	

Summary of EIM Percentage Changes

Cost Category	Sub-Category	2016 Study Effective 2018 GMC	2019 Study Effective 2021 GMC	Increase / (Decrease) from Prior
Market Services	Real Time Market	79%	63%	-16%
	Day Ahead Market	21%	37%	16%
System Operations	Real Time Dispatch	39%	50%	11%
	Balancing Authority	61%	50%	-11%

The primary driver of the shifts is a balancing of efforts between the market services and system operations functions and responsibilities.

EIM Rates Comparison

Rates Comparison				
<i>\$ Rates per MWh</i>				
Year		EIM Rate	RT Market	RT Dispatch
2020 (eff 1/1/20)		\$ 0.1872	\$ 0.0785	\$ 0.1087
Projected 2021 (using 2019 COSS results)		\$ 0.1955	\$ 0.0966	\$ 0.0989
Increase / (Decrease) From Prior		\$ 0.0083	\$ 0.0181	\$ (0.0098)

Summary of RC Funding Percentage Change

Cost Category	2016 Modified Study Effective 2019 GMC	2019 Study Effective 2021 GMC	Increase / (Decrease) from Prior
Reliability Coordinator Services	9%	9%	0%

- No change in the RC funding percentage from that of the initial calculation.
- No change in rate design.
 - ISO determined that there is no separation of duties between supporting a load serving entity and generator only entity that supports a change in the RC rate design.

RC Rates Comparison

Rates Comparison		
<i>\$ Rates per MWh</i>		
Year		RC Rate
2020 (eff 1/1/20)	\$	0.0278
Projected 2021 (using 2019 COSS results)	\$	0.0267
Increase / (Decrease) From Prior	\$	(0.0011)

Summary of Supplemental Fees Changes

Fee	Billing Units	Current Fee	Updated Fee
Bid Segment Fee	per bid segment	\$ 0.0050	No Change
Inter SC Trade Fee	per Inter SC Trade	\$ 1.0000	No Change
Scheduling Coordinator ID Fee	per month	\$ 1,000	\$ 1,500
TOR Fees	minimum of supply or demand TOR MWh	\$ 0.2400	\$ 0.1800
CRR Bid Fee	number of nominations and bids	\$ 1.00	No Change
Intermittent Resource Forecasting Fee	per MWh	\$ 0.1000	No Change
Scheduling Coordinator Application Fee	per application	\$ 5,000	\$ 7,500
CRR Application Fee	per application	\$ 1,000	\$ 5,000
HANA Administrative Fee	annual fee	\$ 45,000	No Change
HANA Setup Fee	one time fee	\$ 35,000	No Change

Upon FERC approval, tariff will reflect new percentage allocations and fees effective January 1, 2021.

- Board approval required for certain application fees and new tariff language:
 - Scheduling coordinator application fee
 - Congestion revenue rights application fee
 - Language added to tariff allowing company to maintain health care reserve account for its self-funded program

Key Calendar Dates* and Next Steps

Key Date	Event
June 24, 2020	Conducted Initial Stakeholder Meeting
July 29	Conducted 2 nd Stakeholder meeting (call) to review final draft proposal and tariff amendments
July – November	Develop 2021 Revenue Requirement
September 16	Presented 2021 update to EIM Governing Body
September 30 – October 1	Present 2021 update to Board of Governors and seek decision on certain elements
October	File amended Tariff with FERC
December 16 - 17	Present 2021 draft revenue requirement to Board of Governors for approval
Jan 1, 2021	New percentages and fees go into effect
<i>*Dates are subject to change</i>	