

**Modifications to 2012 GMC Straw Proposal**  
**ISO Folsom Facility**  
**January 20, 2011**  
**10:00 - 11:00 a.m.**

**Attendees:**

Name	Organization		Name	Organization
<b>Via Phone:</b>			Bob Kargoll	PG&E
Laura Beane	IRI		Heather Kelley	CAISO
Bonnie Blair	Thompson Coburn		Colby Ketter	CitiGroup
Joanne Bradley	Customized Energy Solutions		Maury Kruth	FERC
Don Brookhyser	CAC		Eric Leuze	Genon
Bob Caracristi	NCPA		Cindi Liennekqul	Riverside
Danai Chirimumimba	BP Energy		Liz Lynn	WAPA
David Cohen	Navigant		Grace McNamara	Louis Dreyfus
Jeff Davis	MID		Charles Mee	CPUC
Caroline Emmert	Aces Power Marketing		Sean Neal	Duncan Weinberg
Mike Evans	Shell		Sharon Oleksak	Portland General Electric
Dave Faiella	MSCC		Hidi Owsau	PG&E
Saeed Farrokhpay	FERC		John Perry	TID
Carl Funke	San Diego Gas & Electric		John Priddy	SRP
Chris Galleso	APX		Consuelo Richardson	Shell
Geoff Gong	CA Dept of Water Resources		Michael Rosenberg	EMTRI
Ana Gonzalez	CFE		Jason Russell	OXY
Steve Greenleaf	JPMorgan		Susan Schnieder	Phoenix Consulting
Bert Hansen	Southern Cal Edison		Mark Smith	Calpine
Stephen Hess	Edison Mission		Chris Soderlund	San Diego Gas & Electric
Gifford Jung	Power Ex		Dan Sparks	PG&E
Natalie Karas	Duncan Weinberg		Brian Swann	SMUD

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Name	Organization		Name	Organization
Brian Theaker	Dynegy		Lorenzo Kristov	
Michael Ward	Alston & Bird		Don Tretheway	
Heather Wilson	SMUD		James Lynn	
Robin Woodbury	RCS		Judi Sanders	
Kathleen Wright	CDWR			
Justin Wynne	CMUA			
Tony Zimmer				
<b>Present:</b>				
Stephanie O'Guinn	CAISO			
April Gordon	CAISO			
Mike Epstein				
Charles Snay				
Denise Walsh				
Ryan Seghesio				
Jan Cogdill				
Chris Kirsten				
Debi Le Vine				

*Questions or comments about the GMC should be directed to: [GMC@caiso.com](mailto:GMC@caiso.com)*

## Modifications to 2012 GMC Straw Proposal

The following topics were covered:

- Cost Causation
- Focus on use of ISO services, not market behavior
- Transparency
- Predictability
- Forecastability
- Flexibility
- Simplicity

#	Comment/Question/Suggestion	Stakeholder	CAISO Respondent	ISO's Initial Response/Views
1.	Are the renewable listed in the comparison only renewable or combined.	Susan Schneider	Charles Snay	Only renewable SC's – generating both
2.	Have we sent new bill comparison data based on these modifications?	Susan Schneider	Charles Snay	Yes. This was sent to those who requested
3.	Is the phase in approach giving too much benefit to certain customer classes?	Charles Mee	Charles Snay/ Mike Epstein	No. These are the comparisons to cement GMC & show impacts. Individual SC's within a group have different results. Baseline suppliers getting hit hard/ Phase in
4.	We appreciate the phase in. Will loads pay ISO GMC ultimately?	Mark Smith	Charles Snay/ Lorenzo Kristov	Yes. Inappropriate to assume/Cost causation allocate to load & supply passed to supply/cost filtering through
5.	Why did you reject grandfathering units? Many units are in Long Term contracts beyond 5 years that the GMC charges cannot be renegotiated	Mark Smith	Charles Snay	How would we come up with the criteria and reviewing each contract would be outside of the scope of our work

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6.	Is the ISO open to a stakeholder process to determine the criteria?	Mark Smith	Debi Le Vine	No. The ISO is not considering this option.
7.	This could address equality issues with units	Mark Smith	Debi Le Vine	We understand
8.	Why the 3 year phase in as opposed to 1 or 2 years?	Tony Zimmer	Charles Snay	Rate Design + 3 Years = 5 Years which is where most CT contracts are
9.	There is no phase in plan for CRR holders	M Rosenberg	Don Tretheway	There is no phase in for CRR; CRR participants will get significant lead-time to plan
10.	How do you determine which units are excluded in the phase-in for years 1 & 2?	C Richardson Shell	Charles Snay	Reducing Mw to be charged/adjusting billable quantity
11.	Aren't all TOR's balanced?	Charles Mee	Charles Snay	Yes balanced but not necessarily a TOR; could be part TOR and part ETC
12.	On Slide 9, how much is station power?	Charles Mee	Charles Snay	\$54 k/year
13.	On Slide 8, for SCID fees, what are the exceptions?	Charles Mee	Charles Snay	Under \$10 will not see that charge/Contractual obligations; same as today's market
14.	Multiple SCID - \$1k/SCID?	M Rosenberg	Charles Snay	Correct, if all SCID's have activity
15.	If it stops during the billing period, no charge?	M Rosenberg	Charles Snay	Correct. If stopped before the billing period begins the charge will not be incurred but if stopped during the billing period the charge will be incurred.
16.	Charging CRR's \$1 fee is out of line with \$.05per bid segment. Have you considered reducing this?	M Rosenberg	Don Tretheway/ Charles Snay	\$1 similar treatment nomination & auction process/\$1 =

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				unsuccessful/burden on system. 7.5 million for CRR - \$1 is 7% of total CRR revenue requirement
17.	There has been research that indicates CRR volumes will decrease with a higher charge	M Rosenberg	Don Tretheway	Please send a link of the studies you are referring to along with your comments
18.	I was referring to Virtual Market	M Rosenberg		
19.	Revenue Cap/GMC effective without change for 5 years?	Mark Smith	Judi Sanders	Yes. It's the same that is in place currently.
20.	Will we still file a compliance filing?	Mark Smith	Judi Sanders / Debi Le Vine	Budget process will be the same. We won't be fixing the rate – the rates will change
21.	The Billing Determinants will not change?	Mark Smith	Debi Le Vine	No
22.	The structure will stay the same?	Mark Smith	Judi Sanders	Yes
23.	Why 5 years? Does the ISO view & maintain projections and costs will be within this proposal? Why 1% increase?	Sean Neal	Mike Epstein	Because the future isn't certain; this is just to put a ceiling to avoid extensions; 1% increase is accommodate growth and transmission; not changing the budget process – ABC allows more transparency
24.	Can you explain the effect of debt service retirement?	Sean Neal	Mike Epstein	MRTU – Retire 2014 Building Debt – Retire 2039
25.	Will the budget be reviewed annually?	Sean Neal	Mike Epstein	Yes. Budget documents will be reviewed with Stakeholders – transparent
26.	There will be a drop in expense for debt service after MRTU retirement?	Sean Neal	Charles Snay	Yes, but there will be increases in other areas like O & M and

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				cash funded Capex
27.	With the MRTU debt service dropping off in 2014, can you explain the 1% increase?	Charles Mee	Charles Snay/ Mike Epstein	The debt service does drop off in 2014, but the new building bonds are ongoing at 14.5 million & debt service reserve. Revenue Cap is just a ceiling. We will attempt to keep it as low as possible but the ceiling is an effort to reduce or eliminate extension filings
28.	Is the 3% increase addressed in the budget process?	Charles Mee	Charles Snay	Yes
29.	Re 1% transmission growth/load paying. Are there studies that show load increase	Jeff Davis	Mike Epstein/ Charles Snay	There has already been increase. We are expecting slow growth in the future; CEC forecast is 2.5-3% growth
30.	Re. cost allocation; is there a process for re-allocation?	Carl Funke	Mike Epstein	The general method of allocations is ABC – approved by FERC- transparent
31.	Request for change in allocation is captured in the budget process?	Carl Funke	Mike Epstein	Yes
32.	If there needs to be changes within the 5 years, will this be possible	Carl Funke	Charles Snay/ Judi Sanders	Yes. A 205 would have to be filed if there is a change within the 5 years. Yes. There will be flexibility for change