

PG&E Comments

2014 CAISO Budget & GMC

Submitted By: Bob Kargoll, (415) 973-4003

Company: PG&E

Date Submitted: June 25, 2013

The CAISO has indicated that it plans to begin meeting with Stakeholders in the Spring of 2014 on a cost-of-service study that will support its 2015, and beyond, GMC rates and rate structure. During the June 18 Budget & GMC Stakeholder Meeting, the CAISO also stated that:

- Its cost-of-service study will address the costs, both start-up and administrative, associated with the expansion of the energy imbalance market (EIM) to all CAISO market participants;
- Although it views the potential for cost overruns associated with the EIM Implementation Agreement with PacifiCorp to be low, should over-runs occur, the CAISO would first approach PacifiCorp in an effort to collect any costs beyond the \$2.1 million budgeted amount;
- If over-runs could not be collected from PacifiCorp, the ISO would fund the over-run amount through its capital budget recovered from ISO market participants through the GMC's Market Services and System Operations charges.

In order to better ensure that CAISO market participants will receive a net benefit from their EIM-related GMC charges and are aware of cost overruns that they may have to bear, PG&E proposes the following:

- PG&E recommends the CAISO start now to develop and use accounting mechanisms to track all costs related to development and operation of the EIM. This includes the salary and overhead of internal CAISO personnel working on the EIM.
- PG&E also proposes that the CAISO submit a progress report within 30 days after each of the milestone dates identified in the PacifiCorp EIM Implementation Agreement (December 6, 2013; April 8, 2014; July 8, 2014; October 1, 2014) detailing the status of the project, the costs incurred to date (including internal CAISO labor costs) and the estimated remaining costs to completion. These reports should be filed on these four dates regardless of whether the CAISO has been able to achieve the associated milestones as anticipated in the PacifiCorp Implementation Agreement.