



California ISO
Your Link to Power

2011 Budget – Stakeholder Call

Michael Epstein
Director of Financial Planning

August 19, 2010

Agenda

TOPIC	PRESENTER
Introduction	Mike Epstein
2011 Revenue Requirement	Mike Epstein
2011 Rate extension	Judi Sanders
2011 Convergence bidding	Charles Snay
2012 Cost of Service Study	Mike Epstein
Calendar and Next Steps	Mike Epstein
Stakeholder Feedback and Discussion	Group

The revenue requirement is unchanged from 2010.

Component (\$ in millions)	2011	2010	change
O&M	\$162.5	\$162.7	\$(0.2)
Expense recovery	(7.6)	(8.1)	0.5
Debt service	43.7	61.0	(17.3)
Out of pocket capital	27.0	15.0	12.0
Revenue credit	(30.5)	(35.5)	5.0
Total	\$195.1	\$195.1	\$0.0
Transmission volume in GWh	240.0	246.0	(6.0)
Pro forma rate in \$ per MWh	\$0.813	\$0.793	\$0.020

2011 GMC Rate Extension

- No change from prior year
- Extend structure to 2011
- Present rate extension at September Board meeting
 - no October Board meeting this year

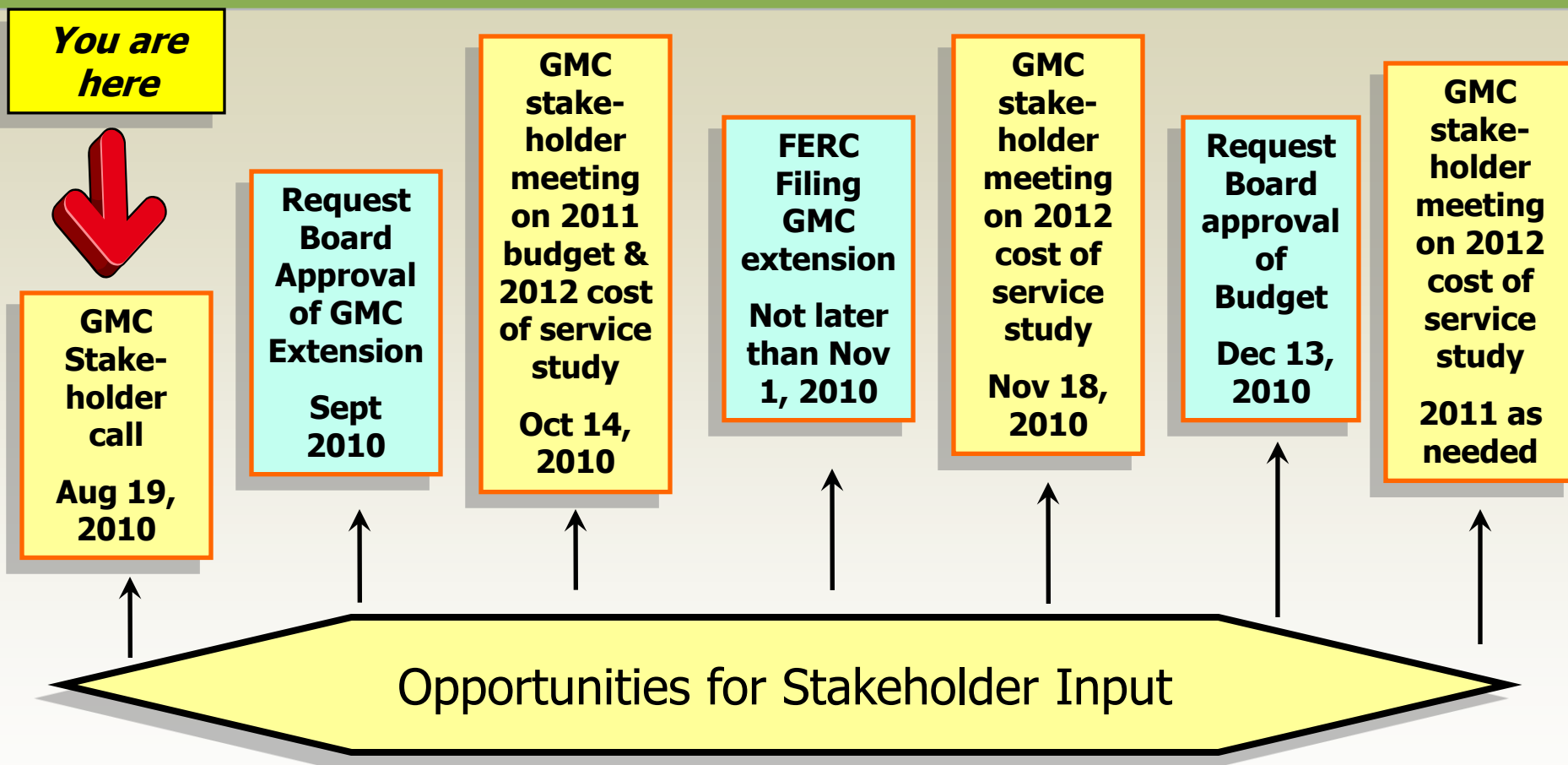
Convergence Bidding Overview

- Convergence bidding will consist of 2 charge codes
 - One charge code for a per bid segment rate \$0.005
 - One charge code for a cleared bid rate (per MWh)
- Designed to recover costs that are in the Forward Scheduling and Market Usage Forward Energy service categories
 - Assumed 10% incremental increase or 44,975,000 MW
 - 9% of Forward Scheduling and MUFEE costs allocated to convergence bidding - \$2.9M
- Gross cleared MW rate is \$0.064
- Anticipate convergence bidding to go live 2/1/2011

2012 Cost of Service Study

- Goal is to be simple, predictable and transparent
- Working on proposal and developing impacts to participants
- May be ready to present by October 14, 2010 meeting

Timeline for 2011 budget and GMC rates



Key Calendar Dates and next steps

- | | |
|---|-----------|
| ■ Board of Governors meeting – | Sept 9-10 |
| ■ Approval of rate extension and present draft 2011 budget | |
| ■ Post 2011 budget information for stakeholders | Sept 17 |
| ■ Stakeholder meeting to review 2011 preliminary budget and review 2012 cost of service study | Oct 14 |
| ■ Written Stakeholder comments due to ISO | Oct 21 |
| ■ Board of Governors Meeting – | Nov 1-2 |
| ■ Public comments to board on 2011 budget | |
| ■ Board of Governors Meeting - Approval of 2011 budget | Dec 13-14 |
| ■ Post rates and budget documentation to ISO website | Dec 18 |
| ■ Stakeholder meeting to review 2012 cost of service study | as needed |