



California ISO
Your Link to Power

2011 Budget – Initial Stakeholder Call

Michael Epstein
Director of Financial Planning

June 23, 2010

Agenda

TOPIC	PRESENTER
Introduction	Steve Berberich
Budget principles & strategic initiatives	Steve Berberich
2011 Budget process & GMC rate outlook	Mike Epstein
2010 - 2011 Project release plans	Janet Morris
2010 GMC rate change	Charles Snay
2010 YTD Financial Summary	Denise Walsh
Budget Calendar and Next Steps	Mike Epstein
Stakeholder Feedback and Discussion	Group

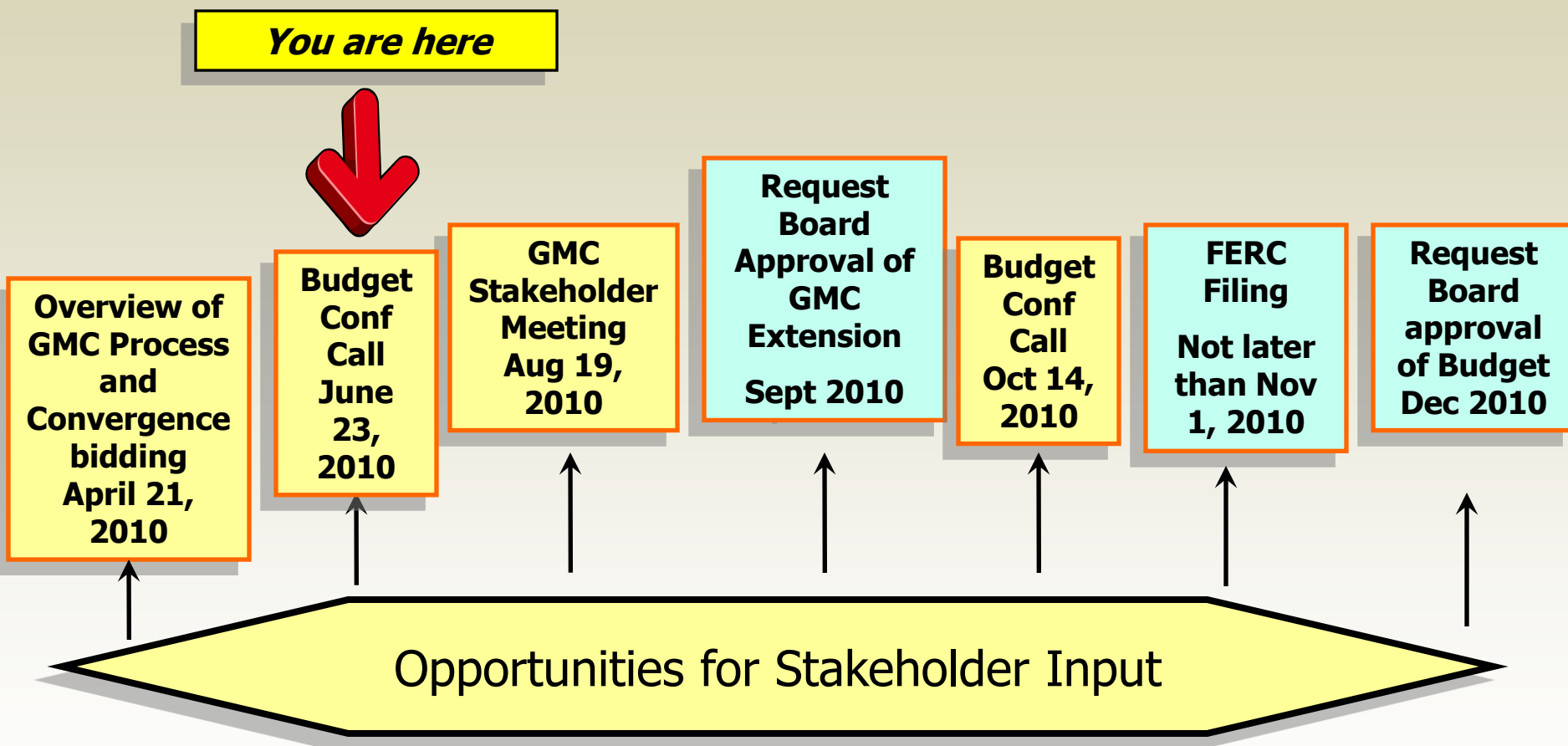
2011 Budget Principles

- Provide transparency of the budget process
- Enhance stakeholder understanding of the budget
- Gather stakeholder input to the budget
- Maintain fiscal discipline
- Accommodate relevant Strategic Plan Initiatives
- Maintain Service Levels
- Deliver a GMC revenue cap at \$197M

Relevant Strategic Initiatives

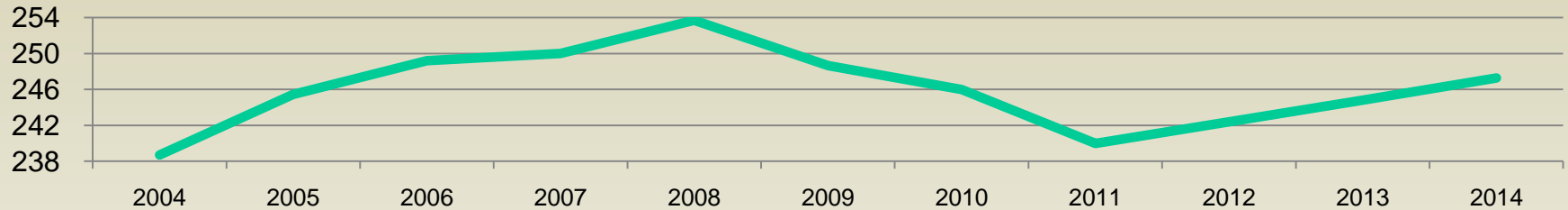
- Excel in Grid and Market Operations
 - Construct new facility with anticipated occupancy of February 2011
 - Establish a sustainable operational compliance culture
- Effective & Timely Infrastructure Development
 - Implement Market Design enhancements
 - Advance State, Regional & Federal Priorities
- Organizational Effectiveness
 - Maintain fiscal discipline
 - Implement superior customer service capabilities
 - Deploy world class recruiting strategies

Timeline for 2011 budget and GMC rates

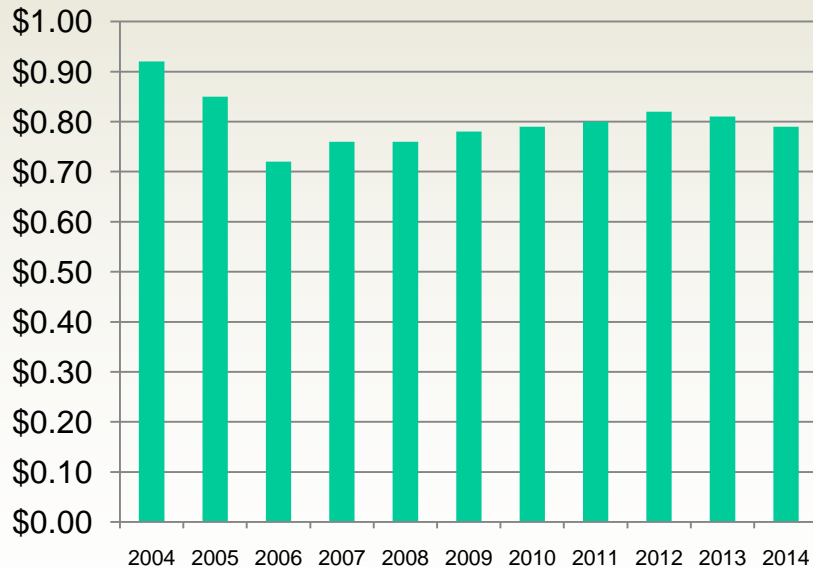


GMC Revenue requirement and rate outlook

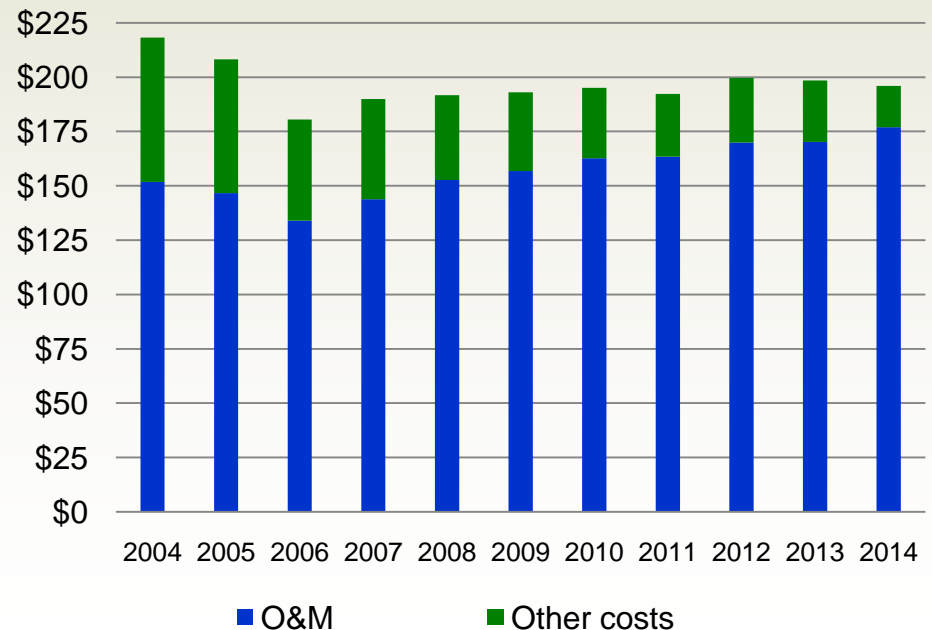
Budgeted Transmission volume - millions of MWhs



GMC bundled rate - \$ per MWh



Revenue Requirement - millions of \$





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Janet Morris

Director, Program Management Office

2010 and 2011 Release Update

June 23, 2010

2010 Release Update

■ Summer 2010 Release

- Price Correction Make Whole Payments deployed June 1, 2010
- Scarcity Pricing deployment planned for July 7, 2010
- Transmission Constraint Data Release deployment planned for July 13, 2010
- Proxy Demand Resource deployment planned for August 10, 2010

■ Fall 2010 Release

- Multi-Stage Generation Modeling on track for deployment on October 1, 2010
- Standard Capacity Product Phase 2 to be deployed in December 2010
- 72 Hour RUC plans are pending stakeholder discussion
- Changes in Commitment Costs are underway (release date to be determined)
- CRR enhancements & credit policy are underway (release date to be determined)

2011 Release Update

- Early 2011 Release
 - Convergence Bidding on track for deployment on February 1, 2011
- Spring 2011 Release
 - ICPM & Exceptional Dispatch Bid Mitigation replacement required by April 1
 - Participating Load Pilots to be supported (placeholder)
- Fall 2011 Release – implementation plans will be based on policy stakeholder processes underway or pending
 - Aggregated Pumps and Pump Storage
 - AS for Non-Generation Resources
 - Bids for RA Imports and Subset of Hours RA
 - Replacement Requirement for RA Resources for Planned Outages
 - Standard Capacity Product Phase 3
 - Dynamic Transfers
 - Outage Management System



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Charles Snay
Assistant Treasurer

2010 GMC Rate Change
June 23, 2010

July 2010 GMC Rate Adjustments

GMC rate adjustments effective July 1, 2010 due to lower load volumes in state

- Core Reliability Services (CRS) –
 - Peak rate increased from \$78.5142 to \$94.7098 per MWh and
 - Off-Peak rate increased from \$51.8203 to \$62.5085 per MWh
 - CRS revised \$ forecast of \$32.7M is 8.8% lower than budgeted \$ of \$35.8M
- Energy Transmission Services (ETS) –
 - Net Energy rate increased from \$0.314 to \$0.3496 per MWh and
 - Uninstructed Deviations rate increased from \$1.1592 to \$1.9795 per MWh
 - ETS revised \$ forecast of \$80.8M is 8.4% lower than budgeted \$ of \$88.2M



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Denise Walsh
Controller

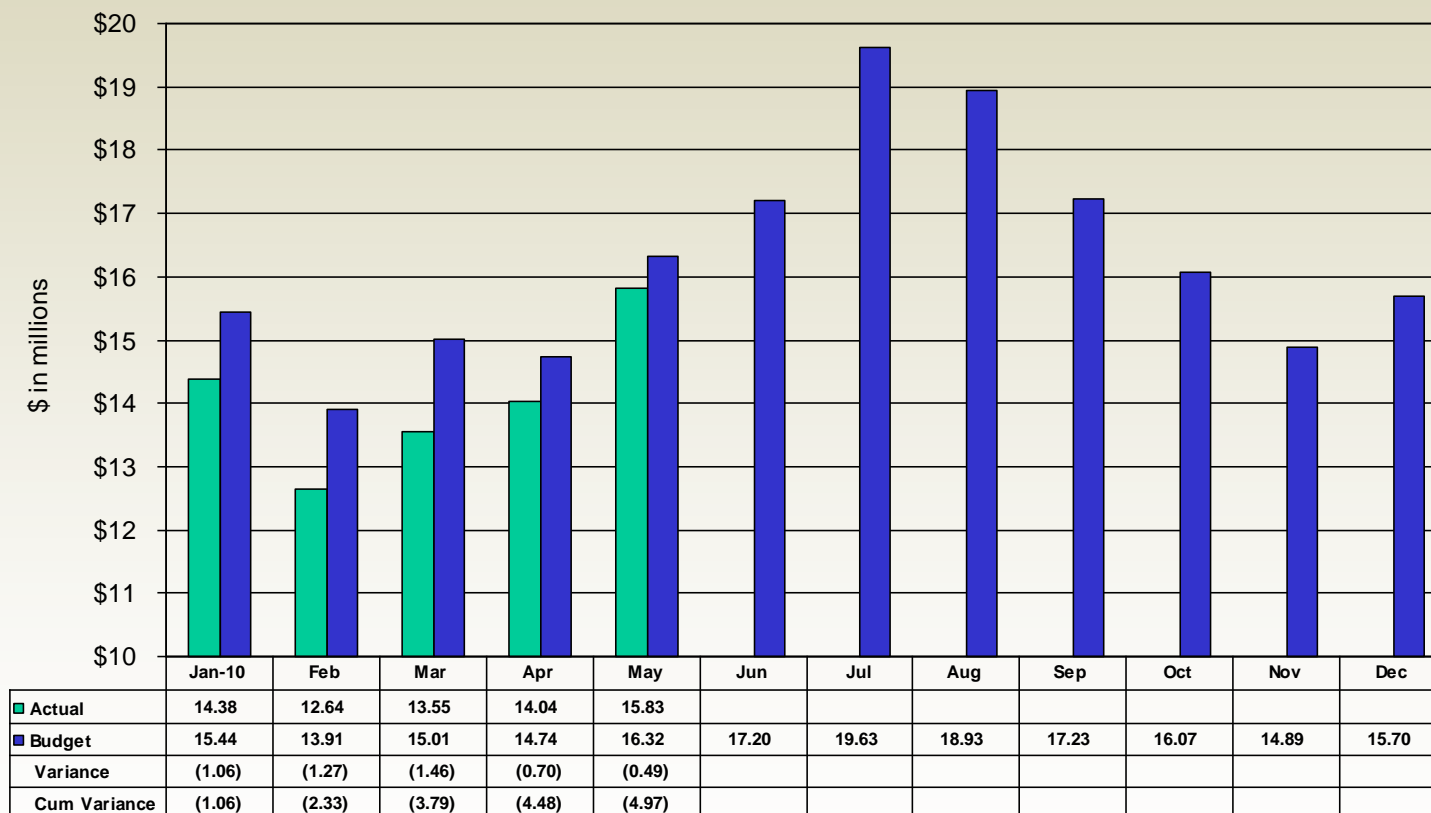
2010 YTD Financial Summary
June 23, 2010

2010 YTD Financial Summary

- GMC Revenues
- Operating Revenues
- O&M Expenses
- Capital Expenditures

2010 YTD GMC Revenues

Monthly GMC Revenues

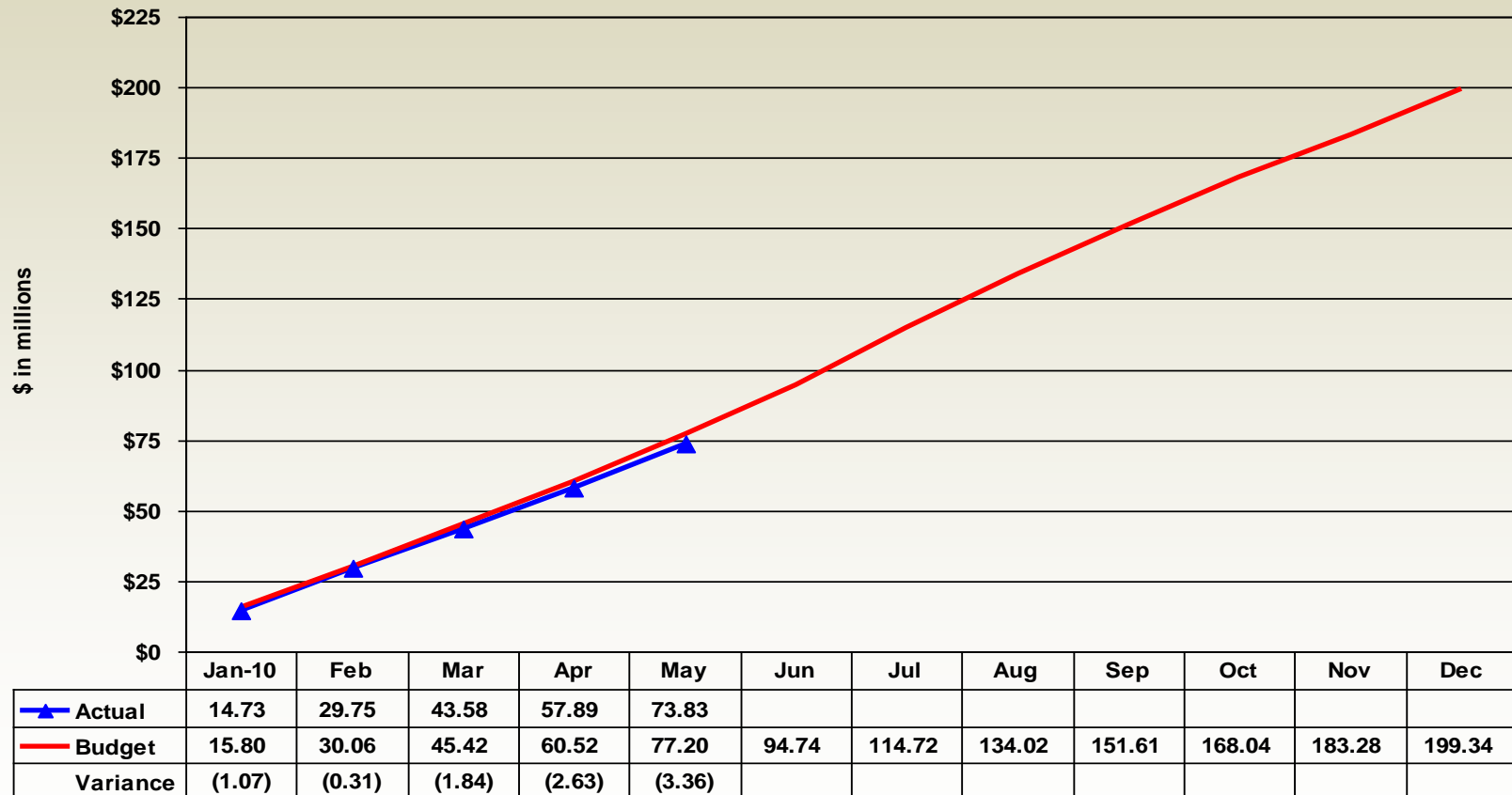


May revenues are estimates

2010 YTD Cumulative Operating Revenues

Cumulative Operating Revenues

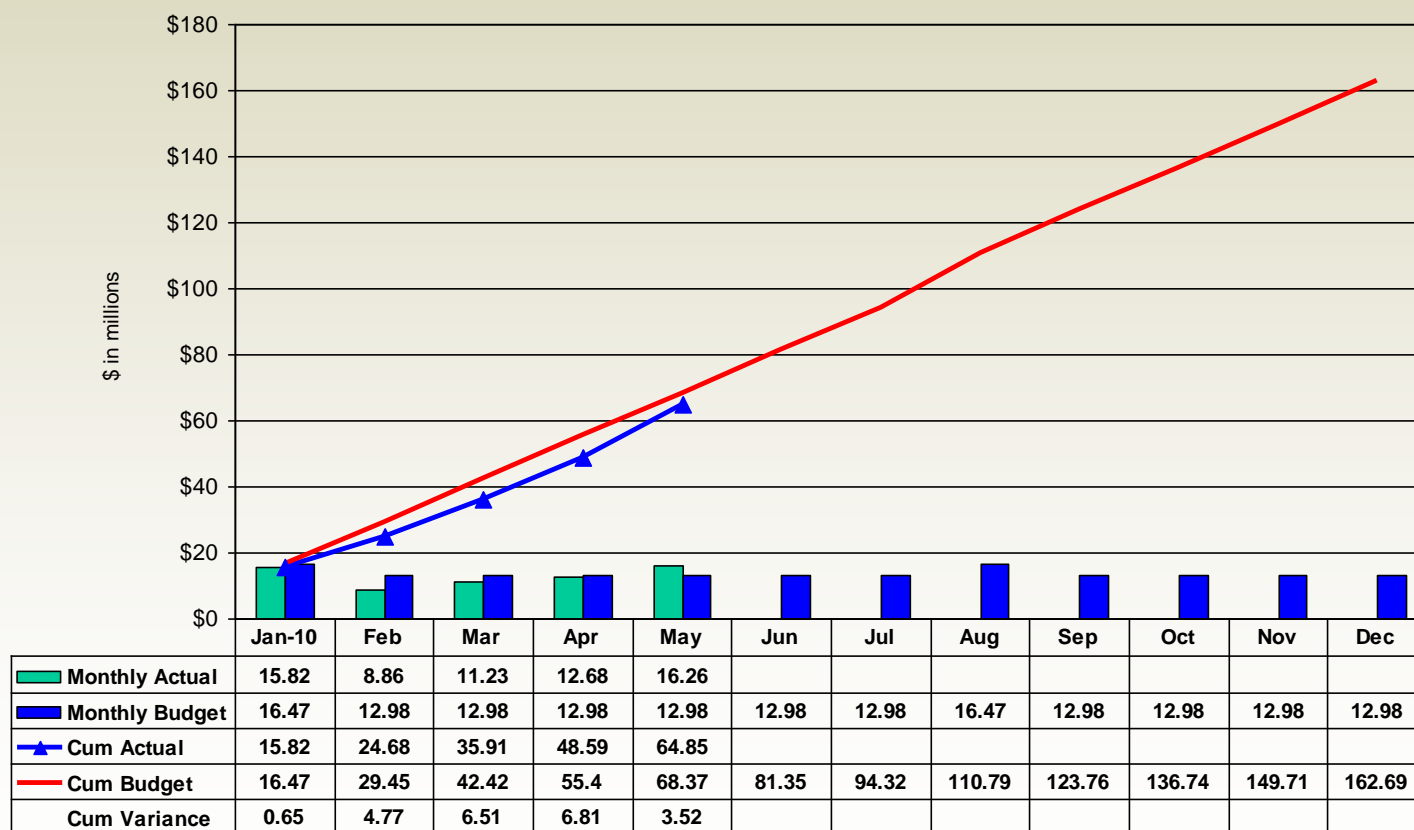
Revenues = GMC, LGIP, WSCC Security & Other Fees



May revenues are estimates

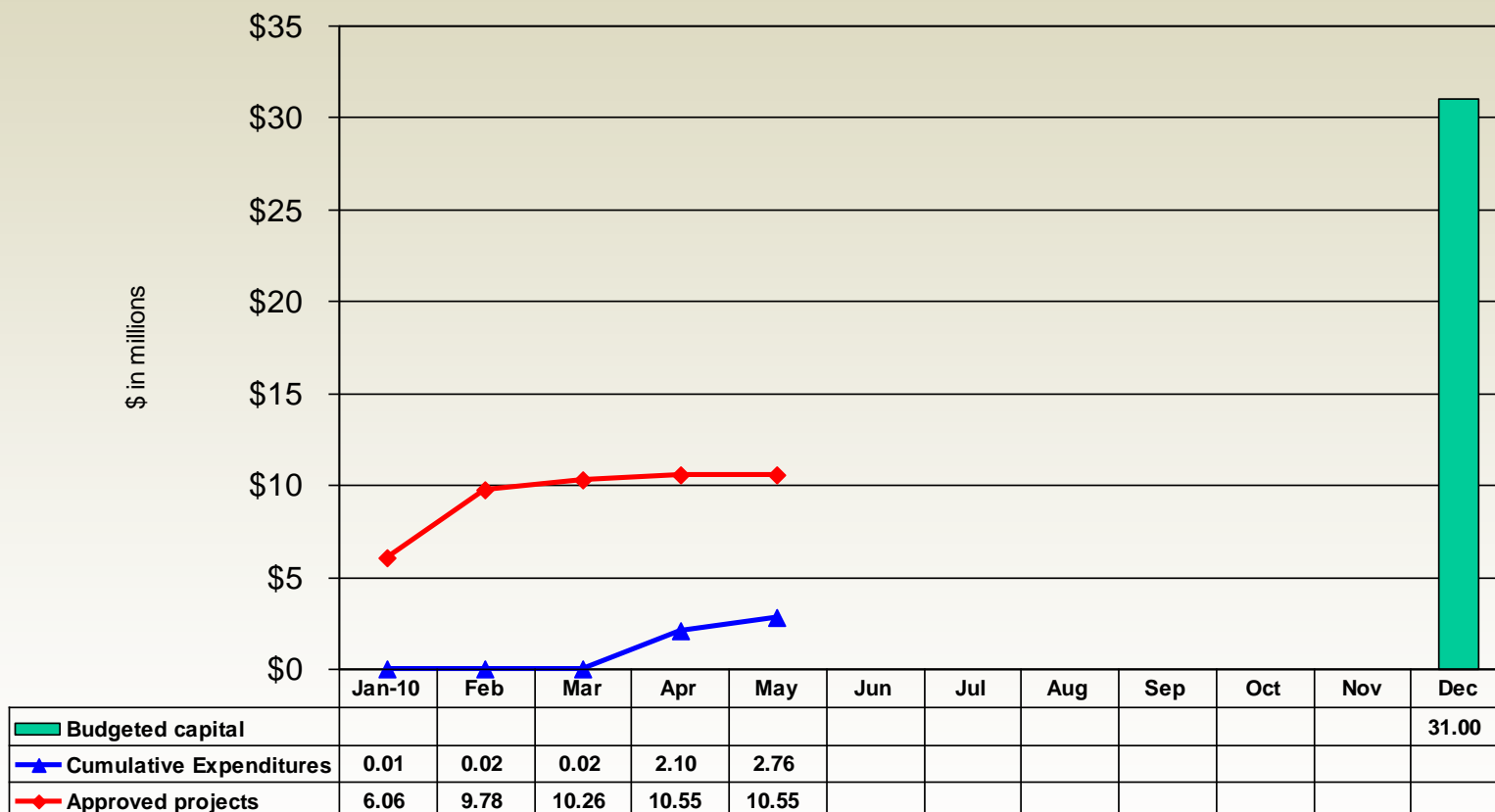
2010 YTD Operating and Maintenance Expenses

Operating and Maintenance Expenses (O&M)



2010 YTD Cumulative Capital Expenditures

Cumulative Capital Expenditures



Capital Project Listing

- The items below are presented in a single document and posted on the ISO website:
 - 2010 active & completed capital/projects
 - 2011-2012 potential capital project list

<http://www.caiso.com/27b7/27b7dae667de0.html>

Stakeholder comments requested via email to:
jcogdill@caiso.com by July 1, 2010



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Michael Epstein
Director of Financial Planning

Budget Calendar and Next Steps
June 23, 2010

Key Calendar Dates and next steps

- Internal budget process June-Aug
- Stakeholder meeting on 2012 GMC structure Aug 19
- Board of Governors meeting – Sept 9-10
 - Approval of rate extension and
 - Present preliminary 2011 budget
- Post 2011 budget information for stakeholders Sept 17
- Stakeholder call to review preliminary budget 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