



California ISO  
Your Link to Power

# 2012 Grid Management Charge Rate Design and Bill Comparisons

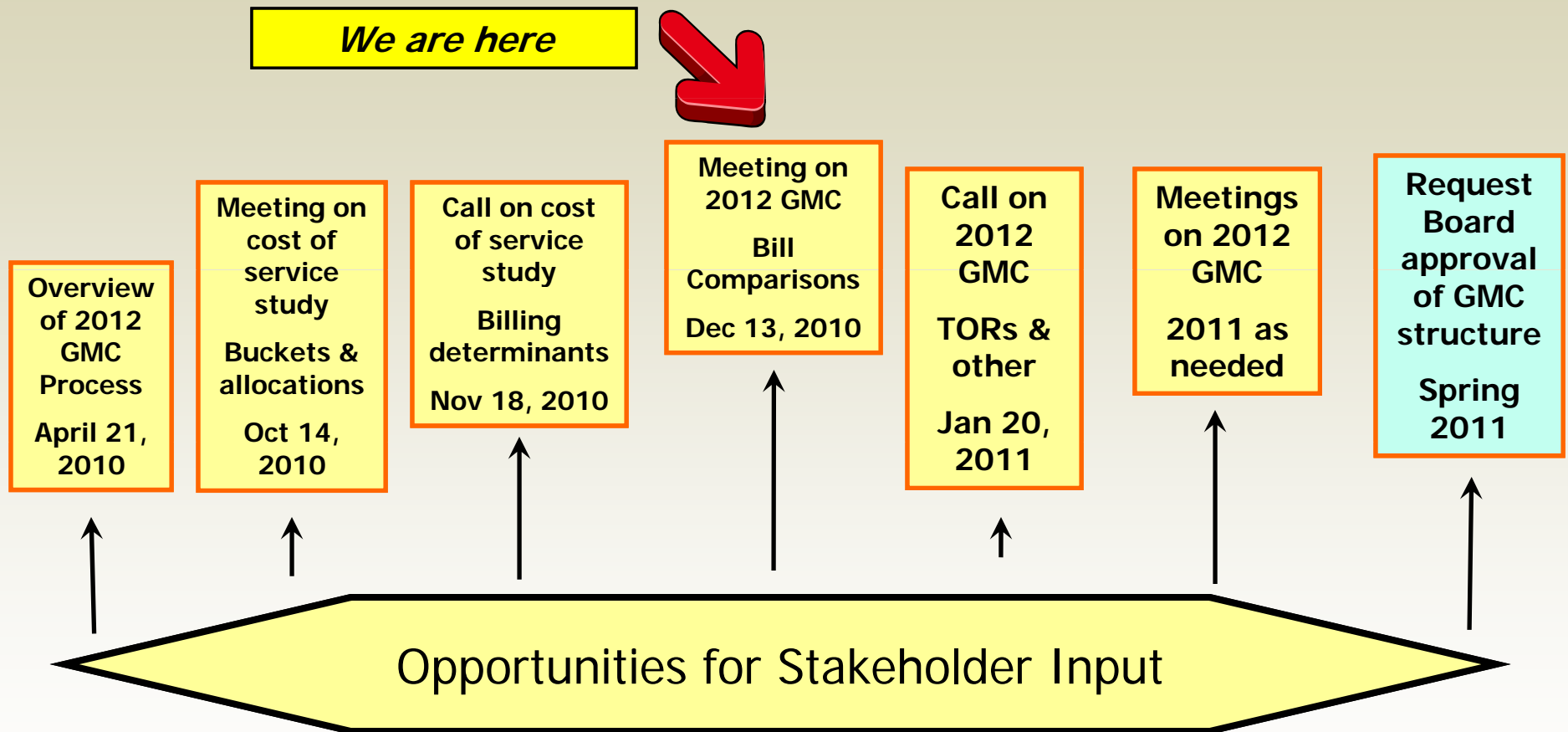
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Director Financial Planning

Stakeholder Meeting

December 13, 2010

# Timeline for GMC 2012 Rate Structure



## Key Calendar Dates & Next Steps

- Distribute Bill Comparisons Dec 2
- Stakeholder meeting Dec 13
  - Bill Comparisons
- Stakeholder meeting Jan 20
  - TORs, other options, revenue requirement cap
- Stakeholder meetings as needed
  - Tariff and implementation issues

# Agenda

- Overview of GMC Rate Design
  - Market Services
  - System Operations
  - CRR Services
  - Transaction Fees and Administrative Fees

# Guiding Principles

- Cost causation – properly allocate to category and charge to those who use or benefit
- Focus on use of services, not behavior – design fee structure to recover ISO's costs, charges that influence behavior should be in market structure. Should not negatively impact market participation
- Transparency – costs and determinants highly visible to customers
- Predictability – in advance Scheduling Coordinators (SCs) are able to determine what costs will be
- Forecastability – SC's & ISO's forecasts of determinants are more accurate resulting in fewer quarterly changes
- Flexibility – accommodate future market enhancements without new buckets or charges
- Simplicity – reduce current level of determinants and codes

## Comparison between 2010 Revenue Requirement & Actual GMC invoiced from June 2009 to May 2010

- Revenue requirement based on 2010 discussed with stakeholders at the October 14 meeting
- SC Billing data used in comparison is from June 2009 to May 2010
- The actual GMC paid for the comparison period was \$15,642 higher than the 2010 revenue requirement
- After allocating excess, the service category costs are as follows:
  - Market Services \$52,760,230
  - System Operations \$134,893,814
  - CRR Services \$7,456,598

# Calculation of Fees and Charges

- Used SC transaction volumes for period to determine fee and charge revenue

Fee or charge	Transactions	Rate	Revenue
Market bid segment fee	26,893,996	\$0.005	\$134,470
CRR auction bid fee	480,276	\$1.00	\$480,276
Inter-SC trade fee	3,854,538	\$1.00	\$3,854,538
SCID monthly charge	177 SCIDs	\$1,000	\$2,124,000

## Credit fees and revenues to service categories

- Netted fees and charges against service categories to determine net costs to recover

Revised requirement	Market Services	System Operations	CRR Services
Revised GMC requirement	\$52,760,230	\$134,893,814	\$7,456,598
Market bid segment fee	(134,470)		
CRR auction bid fee			(480,276)
Inter-SC trade fee	(3,854,538)		
SCID fee	(2,124,000)		
Costs to recover from rate	\$46,647,222	\$134,893,814	\$6,976,322



# Calculation of rates for service categories

- SC transaction volumes for period used to determine rates

Service Category	Transactions	Cost to recover	Rate
Market Services	519,946,950	\$46,647,222	\$0.089715
System Operations	475,167,832	\$134,893,814	\$0.283887
CRR services	591,726,863	\$6,976,322	\$0.011790

TOR volumes are included in above numbers.  
Will review alternatives at subsequent meeting.

# Comparison on customer classes of new GMC design with existing GMC

Graph shows impact on different customer classes.

CRR - new GMC is 90% or more from CRR charges

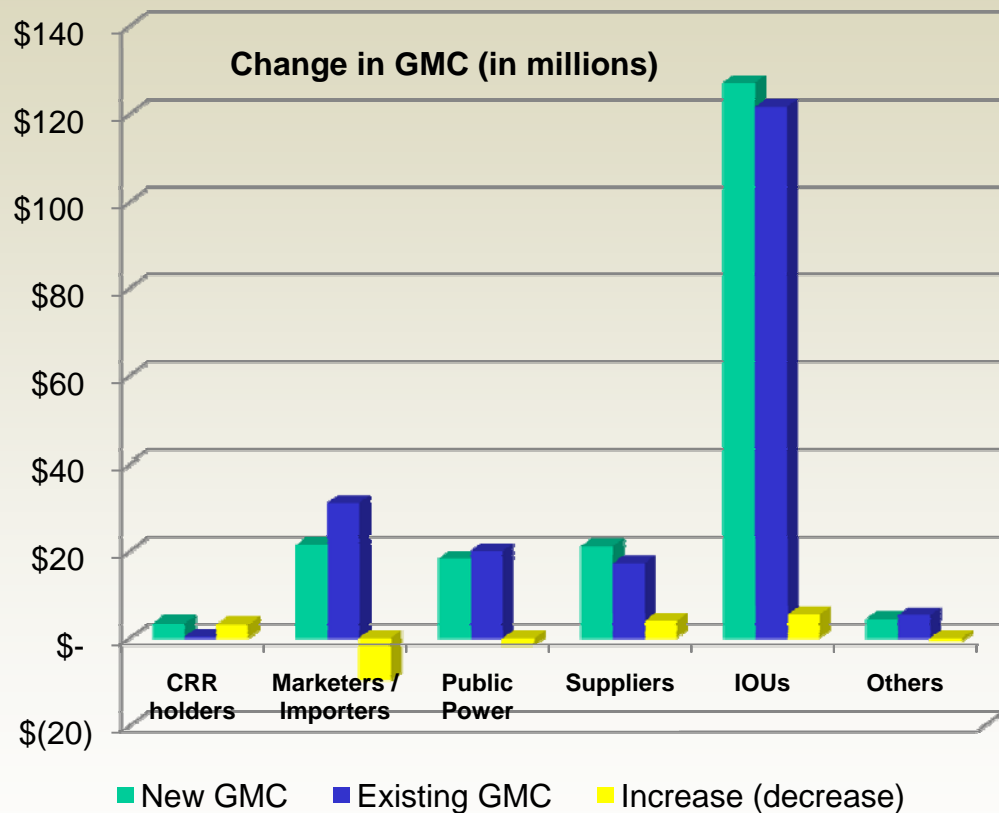
Marketers / Importers – primarily outside of balancing authority

Public Power Agencies – state and local governments inside balancing authority

Suppliers – primarily generation inside balancing authority

IOUs – investor owned utilities

Others – not in any other class and LSEs



# Questions

# Key Calendar Dates & Next Steps

- Stakeholder call Jan 20, 2011
  - TORs, other options, revenue requirement cap
- Stakeholder meetings as needed in 2011
  - Tariff and implementation issues
- Board meeting to approve design Spring 2011
- Filing with FERC Spring 2011
- 2012 budget process begins June 2011