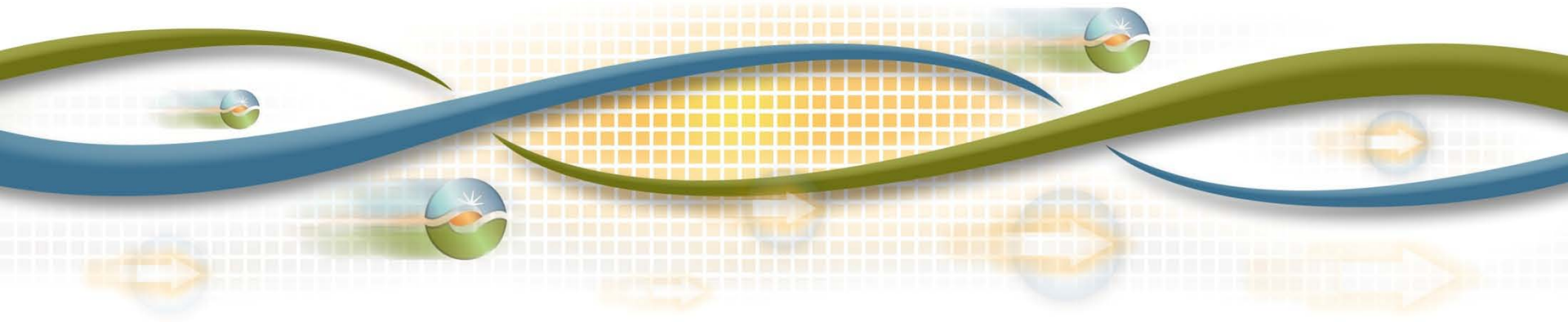
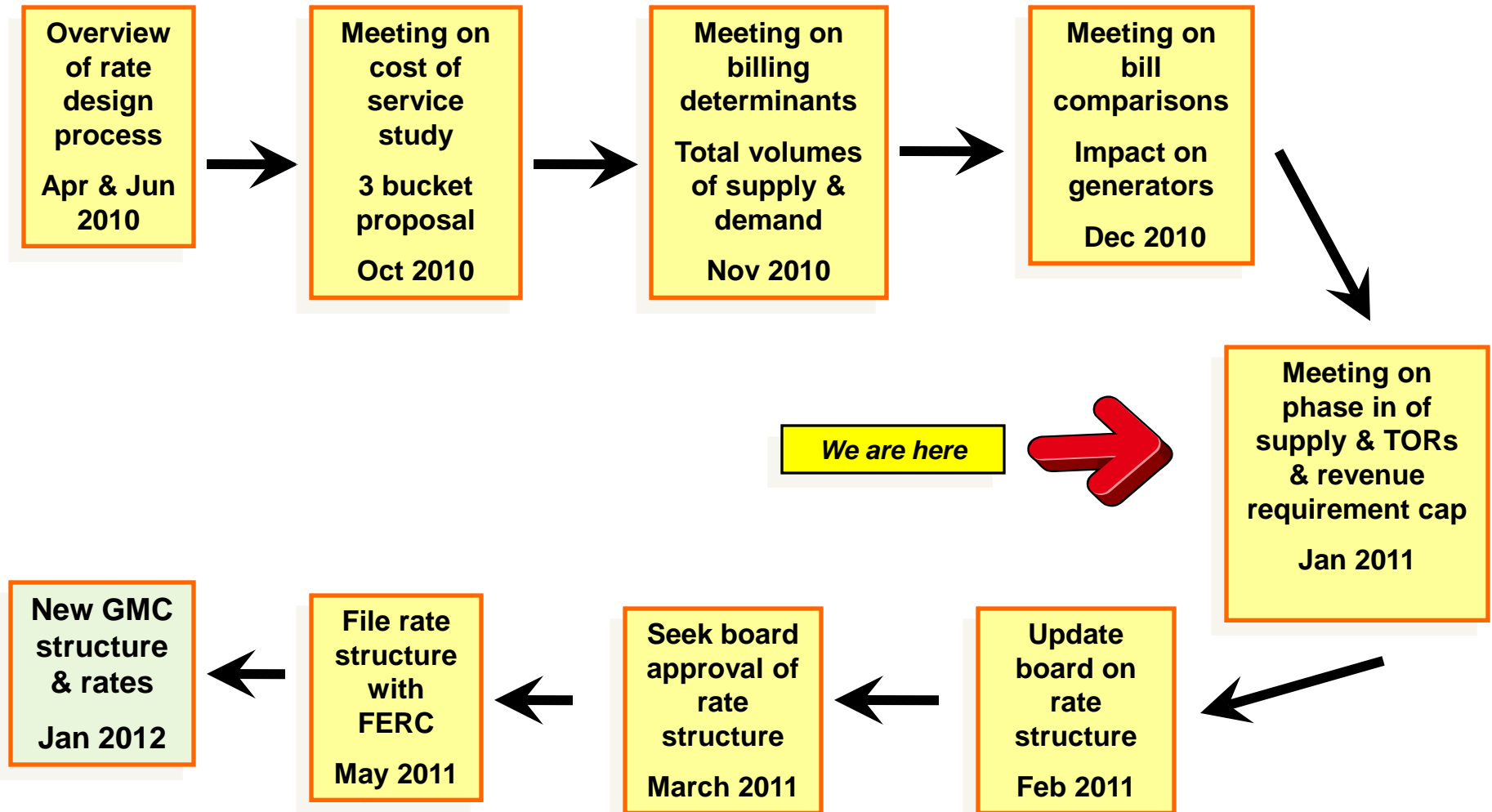


Modifications to 2012 GMC Straw Proposal

January 20, 2011



Timeline for 2012 GMC Rate Filing



Guiding Policy and Ratemaking Principles

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

Agenda

- Draft Final Proposal
 - Phase in of Supply to System Operations Charge
 - Treatment of Transmission Ownership Rights (TORs)
 - Application of SCID fee
 - Elimination of Station Power fee
 - Treatment of MSS Load Following Energy
- Items that the ISO will not be modifying
- 5 Year Revenue Requirement Cap
- Questions and Next Steps

Phase in of Supply to System Operations Charge

- Acknowledge that there are significant bill impacts
- Proposing a 3 year phase in plan
 - Year 1 – Exclude 2/3 of supply MWh from System Operations Charge
 - Year 2 – Exclude 1/3 of supply MWh from System Operations Charge
 - Year 3 – No Exclusions

Phase in of Supply - Impacts

- The data below compares the phase in impacts using the same data set of May 2009 to June 2010

Increase over existing GMC (in millions)

Class	Year 1	Year 2	Year 3
CRR holders	\$4.1	\$4.1	\$4.1
IOUs	\$13.4	\$8.6	\$5.4
Marketers/ Importers	(\$12.5)	(\$11.2)	(\$10.3)
Munis	(\$1.5)	(\$2.1)	(\$2.5)
Others (renewables)	(\$1.2)	(\$1.0)	(\$0.8)
Suppliers (internal gen)	(\$2.2)	\$1.6	\$4.1

Treatment of Transmission Ownership Rights (TORs)

- Current GMC structure gives TORs a discounted rate because of limited ISO services required
- ISO is proposing to continue this discount in the new model
- Exclude 100% of TOR MWh from Market Services charge code
- Only charge the minimum of a TORs supply or demand MWh in the System Operations charge code
- A separate rate will need to be created for years 1 and 2 because of the phase in effect to rates

Application of SCID Fee

- Propose to keep SCID fee the same as it is in the current GMC structure (current exclusions will still apply)
- \$1000 per month if there is settlements activity in that trade month

Elimination of Station Power Fee

- Propose to eliminate the Station Power Fee
- The amount is minimal
- The costs are included in the System Operations charge

Treatment of Metered Sub System Load Following Energy

- Propose to exclude the MSS Load Following instructed imbalance energy from the Market Services GMC charge
- Cost causation impacts of this function are appropriately recovered through the System Operations charge

Items that the ISO will not be modifying

- Unscheduled Energy
 - There are market rules that already address these uninstructed deviations such as exposure to real time prices and ineligibility for bid cost recovery
 - UIE will only be charged the System Operations charge, not the Market Services charge

Items that the ISO will not be modifying

- PIRP Forecast Fee
 - This is being addressed in the ISO's Renewable Integration Market and Product Review initiative and will be resolved in that stakeholder process
 - The GMC rate design structure allows for the creation of other fees based on the outcome of other stakeholder initiatives

Revenue Requirement Cap Proposal

- Previous cap was established in 2004 at \$195M
- Increased to \$197M in 2006 and granted one year extensions since then
- Propose baseline cap of \$197M in 2012 with annual 1% increase starting in 2013 going through 2016

Year	Rev Req Cap (in millions)
2012	\$197
2013	\$199
2014	\$201
2015	\$203
2016	\$205

Next Steps

- Questions?
- Comments due 1/27/11
 - Comments to GMC mailbox
 - gmc@caiso.com