



GMC Stakeholder Process 2011-2012

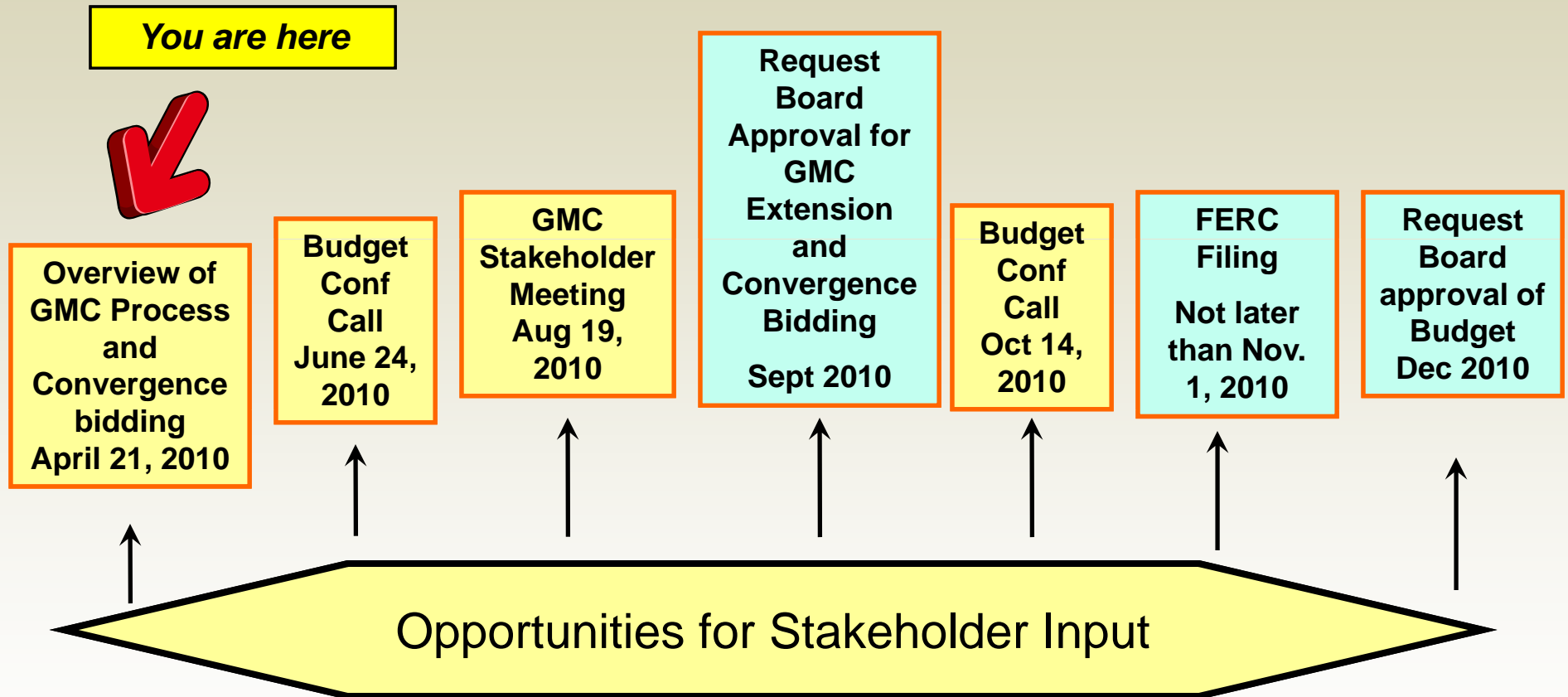
April 21, 2010

10 am - 2 pm Lake Tahoe Conf Rooms

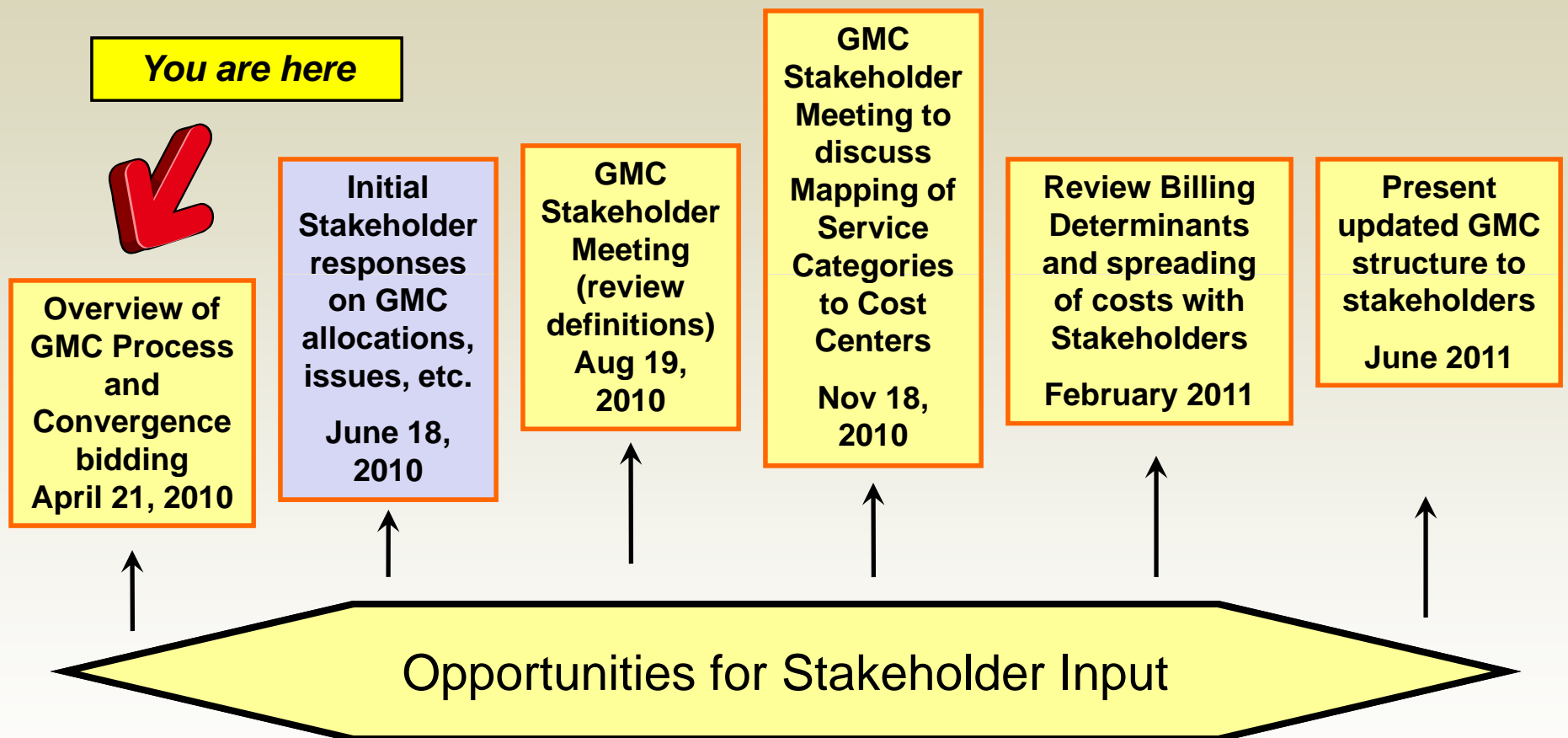
Agenda

- Opening remarks
- Timeline Review
- Status of GMC 2001-2003 Refund
- Review of GMC rate adjustments in 2010
- Status of settlement of 2010 GMC Market Usage Forward Energy (MUFE) structure
- Proposal on structure and rates for convergence bidding for 2011
- Plan for 2011 GMC revenue requirement
- Filing of 2011 rate extension
- Plan for cost of service study for 2012 GMC rates

Timeline for 2011 budget, GMC rates and convergence bidding



Timeline for 2012 GMC cost of service study



Status of 2001 – 2003 GMC refund

- GMC refund paid out in March 2010
 - Refund for 2001 of \$1.8M plus interest of \$1.2M for all 3 GMC categories
 - Reallocation of \$4.1M of credits for removal of specified behind the meter and standby capacity generation for 2001 to 2003 and elimination of dynamic scheduling for 2001 reliability bucket

April 2010 GMC Rate Adjustments

GMC rate adjustments effective April 1, 2010 due to Lower volumes in export MWhs and number of forward schedules

- Core Reliability Services -Exports rate increased from \$1.1652 to \$1.8291 per MWh
 - Core Reliability Services revised quantity forecast of 4,739,625 MWh is 36.2% lower than budgeted quantity of 7,439,739 MWh
- Forward Scheduling rate increased from \$1.7078 to \$2.5319 per schedule
 - Forward Scheduling revised quantity forecast of 8,768,556 schedules is 32.5% lower than budgeted quantity of 12,999,740 schedules

Status of 2010 GMC MUFE Structure

Proposed 2010 GMC MUFE Offer of Settlement

- Incorporates methodology submitted by the ISO in October 2009
- Rate will be adjusted based on new forecasted volumes
- Eliminates Inter SC Trades (ISTs) from the calculation
- Uses the “greater of” the absolute value of supply or demand scheduled in the forward market as the volume determinant
- Settlement filed with FERC on March 23, 2010
- Rate will go into effect on June 1, 2010 subject to refund unless FERC rules on the Offer of Settlement prior to that date

Convergence Bidding Overview

- Convergence bidding will be a new GMC service category consisting of 2 charge codes
 - One charge code for a per bid segment rate
 - 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
- These rates will be filed as part of the 2011 GMC rate extension
- Anticipate convergence bidding to go live 2/1/2011

Convergence Bidding Bid Segment Rate

- An \$0.005 per-segment fee will be imposed on submitted convergence bids
 - Designed to alleviate bid volume limitations economically
 - Revenues from the fee will be credited against the next year's GMC imposed on cleared convergence bids (gross MWh)
 - Design limits incentives to submit out of the money bid segments without imposing additional “net cost” on convergence bids
 - CAISO will evaluate magnitude on an on-going basis

Convergence Bidding Rate (Based on 2010 Budget and Volumes)

- Assumed 10% incremental cleared MW above physical estimate of 246,000,000 MW
- 9% of Forward Scheduling and MUFEE costs allocated to convergence bidding - \$3.9M
- Gross cleared MW rate is \$0.078

Convergence Bidding Rate Table

	Dollars	Volume (MWh)	Rate
2010 Forward Scheduling	\$22,201,462		
2010 MUFE	\$20,438,138		
Total:	\$42,639,590		
9% of Total:	\$3,837,563		
2010 estimated cleared MWh		246,000,000	
10% of estimated cleared Volume		24,600,000	
Gross counting both sides (*2)		49,200,000	
Rate:			\$.078

Plan for 2011 GMC Revenue Requirement and Rate Extension

- Conference calls tentatively scheduled for June 24 and October 14 to discuss revenue requirement
- Targeting revenue requirement of \$197 Million
 - Continuing to stay at or under budget
 - Cash funding Capital Projects costs
- Stakeholder meeting August 19 to discuss rate extension
- Present rate extension at September Board meeting (no October Board meeting this year)
- Present budget at December Board meeting

Cost of Service Study for 2012 GMC Rates: Assumptions and Phases

- Start with existing structure (plus convergence bidding)
- Seek stakeholder input on allocations and other issues
 - Settlements, Metering and Client Relations allocated based on settlement charges
 - 35% of Core Reliability Services going to Energy Transmission Services, both Net Energy and Uninstructed Energy
 - 80%/20% split of Energy Transmission Services between metered load and uninstructed imbalance energy

Cost of Service Study for 2012 GMC Rates

Milestones

- Review definitions of categories and map software to categories
- Map cost centers and debt service to categories
- Review billing determinants and modify if appropriate
- Review impacts using 2010 data
- Propose long term revenue requirement ceiling
- Seek stakeholder input at completion of milestones

Cost of Service Study for 2012 GMC Rates: Next Steps in 2010

ISO reviewing GMC definitions, allocations and cost center mapping with stakeholders:

- June 18
 - Initial stakeholder responses on allocations of Settlements, Metering and Client Relations, Core Reliability Service & Energy Transmission Services, other issues
- August 19
 - Review of definitions with stakeholders
- November 18
 - Review of mapping of cost centers and debt service with stakeholders

Cost of Service Study for 2012 GMC Rates: Tentative Calendar 2011

- February 2011

Discuss with stakeholders:

- GMC categories
- Billing determinants
- Review impacts using 2010 data
- Propose long term revenue requirement ceiling

- June 2011

- File revised GMC rate structure

- June and October 2011

- Stakeholder meeting to review 2012 revenue requirement

- Other meetings as necessary

Cost of Service Study for 2012 GMC Rates: Stakeholder Input Requested

- Please send written comments, suggestions, and questions to GMC@caiso.com by close of business June 18, 2010
 - Process suggestions and improvements
 - Proposed calendar of events
 - SMCR allocation based on settlement charges
 - 35% of Core Reliability Services going to Energy Transmission Services, both Net Energy and Uninstructed Energy
 - 80%/20% split of Energy Transmission Services between metered load and uninstructed imbalance energy
 - Billing determinants
 - Other issues
 - Questions