



2021 Budget and Grid Management Charge Stakeholder Meeting

Meeting Logistics

Stakeholder Call

Date: Monday, November 16, 2020

Time: 10:00 - 12:00 p.m.

The following topics were discussed:

- Preliminary 2021 GMC Revenue Requirement
 - Operations and Maintenance Budget
 - Debt Service
 - Cash Funded Capital
 - Other Costs and Revenues
 - Operating Cost Reserve Adjustment
 - Grid Management Charges and Rates
- Key Calendar Dates and Next Steps
- Stakeholder Feedback and Discussion

Supporting documents can be found here,

<http://www.caiso.com/informed/Pages/StakeholderProcesses/Budget-GridManagementCharge.aspx>.

Questions and comments should be directed to: initiativecomments@caiso.com.

Phone Attendees

Organization	Name
Bonneville Power Administration	Leslie Pompel
CA Current (CA Energy Circuit, parent)	Elizabeth McCarthy
CDWR	Geoff Gong
City of Anaheim	Nicholas Burki
City of Riverside	Arturo Avalos
City of Riverside	Cindi Cohen
City of Riverside	Jose Vargas
City of Riverside	Mindy Ackermann
Customized Energy Solutions	Dan Williams
DWGP	Sylwia Dakowicz
DWGP for MID and SVP	Sean Neal
FERC	Saeed Farokhpay
Idaho Power	Jennifer Gerard
LS Power	Ross Hohlt
PacifiCorp	Christine Kirsten
PG&E	Matt Lecar
Puget Sound Energy	Larisa Ljubarskaya
SDGE	Matt Richardson
Southern California Edison	Bert Hansen
Thompson Coburn LLP	Meg McNaul

CAISO Attendees

Name
Ryan Seghesio
April Gordon
Jan Cogdill
Thomas Setliff
Kim Leung
Jordan Pinjuv
Ken Kasparian
Don Tretheway
Isabella Nicosia

Stakeholder Follow Up Comments/Questions

Stakeholder

Sean Neal

DWG&P on behalf of The City of Santa Clara, California, dba Silicon Valley Power and the Modesto Irrigation District

Questions/Comments

Regarding CAISO's technology expenses:

- Explain why the “Technology division budget will increase by \$2.3 million to \$75.5 million for 2021.”
 - The drivers for this change are listed in the section below the chart on pages 30 and 31. The largest driver, at \$1.8 million, is budgeted merit increases and additional headcount. The second largest is an increase of \$0.4 million under consultants and contract staff for temporary contractors needed to complete efforts such as technology applications maintenance.
- Could CAISO clarify what “technology system improvements” relate to as opposed to “telecommunications costs and hardware/software maintenance expenses”? CAISO notes that “telecommunications costs and hardware/software maintenance expenses” will decrease by \$0.2 million in 2021 but at the same time the costs to complete “technology system improvements” is increasing by \$0.4 million. (Draft Budget at pg. 31)
 - These efforts are better explained as technology applications maintenance; the budget book will be updated to reflect this. The type of efforts captured here are updates, small changes, display improvements or adjustments, and other maintenance activities to existing applications. These efforts do not meet the definition of an enhancement and therefore are not capitalized.
- Could CAISO clarify what it includes in “miscellaneous hardware and software purchases” referenced in the Draft Budget at pg. 48, and if those expenses relate to the “technology system improvements” or to the “telecommunications costs and hardware/software maintenance expenses” mentioned in the Draft Budget at pg. 31? CAISO notes that “miscellaneous hardware and software purchases” are

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considered a large expense (> \$1 million) in the Draft Budget at pg. 48 while on pg. 31 the CAISO mentions that “hardware/software maintenance expenses” will decrease by \$0.2 million and “technology system improvements” costs will increase by \$0.4 million.

- The miscellaneous hardware and software purchases line item referenced in the capital listing is for the refresh and new purchase for hardware equipment to support all the software systems that the ISO uses to run our business; this budget is also used to purchase network equipment that needs to be replaced or upgraded. Generally, we have a 5 to 8 year refresh cycle on equipment. Miscellaneous software would be third party software license with new or to true-up existing license counts for compliance purposes. These new purchases generally have a maintenance cost associated with them; the expense for the maintenance of these software and hardware purchases are captured under the O&M budget, which is discussed on p.31.

Regarding consultant staffing and fees:

- Explain why “Consultants and contract staff will increase by \$0.2 million primarily due to records automation efforts.” (Draft Budget at pg. 36)
 - This is for the one-time implementation and first year maintenance of a new records classification automation tool. This addresses ongoing records policy compliance.
- Explain in more detail the increase in consulting fees due to “efforts requiring budget in 2021 include resource adequacy studies, process assessments, records automation efforts, training, day-ahead-market studies, technology and operations system improvements, and the need for subject matter experts in various fields such as renewable integration.” (Draft Budget at 17)
 - This paragraph captures most of the high level efforts that contractors and consultants engage in regularly across the company. The increases shown in the chart on p. 17 are explained in more detail on p. 31 under the Technology division, on p. 36 under the General Counsel division, and included in the above answers.

Regarding planned new employees:

- Following up on discussion during the November 16, 2020 webconference, please provide further detail regarding the purpose and roles of the ten planned new employees.
 - The additional positions will address needs in the Project Management Office (project management), Power Systems Technology Development and Operations group (engineering), Market Engineering Support group (engineering), Information Technology Product Development and Management (business solutions analysis) group, Market Quality group (market quality and validation analysis), and Real Time Operations (administrative support) group.

In addition, regarding wildfire liability:

- Please identify where the Draft Budget reflects increases in insurance costs based on potential wildfire liability.
 - The insurance premium expense is included in the Training, Travel and Other Expenses category section on page 19. As well as, included in the Corporate Service divisions section on page 24.