

Stakeholder Comments on 2017 Preliminary Budget and GMC Rates

September 29, 2016 Meeting

Stakeholder Comment	
Name: Sean Neal	
Organizations: City of Santa Clara, CA/Silicon Valley Power and the Modesto Irrigation District	
What is the total cost for Lincoln Operation Center (LOC)? Does that cost include the non-capitalized facility furniture expenses?	
ISO Response	
Respondent: April Gordon and Jan Cogdill	
The total approved budget for the LOC, as mentioned on the page 48 of the budget book, is \$30.4 million. The following snapshot was taken from the ISO's June 2015 memo released on the ISO website in regards to LOC budget. It identifies the types of expenses included in the budget. If appropriate, non-capitalizable facility furniture expenses will be picked up by the project.	
Description of expense	Estimate
Building costs (land purchase, construction, permitting, consultants, legal, insurance, and other)	\$25.3 million
Move costs (equipment move and purchases, employee relocation and severance)	\$5.1 million
Total capital/project budget	\$30.4 million

Stakeholder Comment	
Name: Sean Neal	
Organizations: City of Santa Clara, CA/Silicon Valley Power and the Modesto Irrigation District	
Refer to the Preliminary Draft 2017 GMC/Budget.	
On page 4, explain why the CAISO 2017 transmission volumes are forecasted to decrease by 241.5 TWH.	
ISO Response	
Respondent: April Gordon	
There have been a variety of factors that we have been adjusting for the last several years (i.e. lower pump loads, rooftop solar, and other forms of distributed generation). The 241.5 TWh estimate for 2017 is equal to the current forecast for 2016.	

Stakeholder Comments on 2017 Preliminary Budget and GMC Rates

Stakeholder Comment Name: Sean Neal Organizations: City of Santa Clara, CA/Silicon Valley Power and the Modesto Irrigation District
Refer to the Preliminary Draft 2017 GMC/Budget. On page 15 where the CAISO revises the organizational structure: Please provide a CAISO Organization Chart for the years 2014, 2015, 2016 and forecasted for 2017.
ISO Response Respondent: April Gordon
The budget book does provide the organizational structure at a higher level however the ISO policy does not permit sharing of the hierarchy any deeper due to the sensitive nature of the information and privacy concerns for ISO personnel. Should you require specific additional information, in which you can directly indicate the relevance to the budget, please contact April Gordon.

Stakeholder Comment Name: Sean Neal Organizations: City of Santa Clara, CA/Silicon Valley Power and the Modesto Irrigation District
Refer to the Preliminary Draft 2017 GMC/Budget. On page 16 why if the Occupancy and equipment costs [decreased \$640,000] and facility leases costs [decreased by \$670,000] which represent a reduction by \$1,310,000 is that savings not reflected in the 2017 GMC Budget?
ISO Response Respondent: April Gordon
The Occupancy and Equipment Leases budget category includes the facility lease expense, the facility operating expense, and equipment expense. The overall budget for this category decreased \$640,000 from the 2016 budget to the 2017 proposed budget. The reduction is due to the elimination of the Alhambra lease, a \$670,000 savings, offset by a slight increase in equipment costs. This reduction is captured in the 2017 proposed O&M budget.

Stakeholder Comment						
Name: Sean Neal						
Organizations: City of Santa Clara, CA/Silicon Valley Power and the Modesto Irrigation District						
How much of the Salary increase in 2017 are Merit dollars? See Table below.						
2017 O&M Budget Breakdown (\$)						
	2017 Number of FTE	2016 Number of FTE	2017 Personal Cost (Salaries & Benefits)	2016 Personal Cost (Salaries & Benefits)	2017 Increase in Salary & Benefits	2017 Merit Increase
Chief Exec Officer Division	51	51	\$11,720,000	\$11,500,000	\$220,000 (pg27)	
Market & Infrastructure Development	60	58	\$13,600,000	\$12,620,000	\$980,000 (pg 27)	
Technology	191	190	\$36,500,000	\$35,000,000	\$1,500,000 (pg 32)	
Operations	200	196	\$41,300,000	\$39,900,000	\$1,400,000	
General Counsel	32	32	\$8,570,000	\$8,400,000	\$170,000 (pg 38)	
Market Quality & Renewable Integration	24	24	\$5,400,000	\$5,300,000	\$100,000 (pg 40)	
Customer & State Affairs	34	34	\$6,700,000	\$6,500,000	\$220,000 (pg 42)	
Regional & Federal Affairs	8	8	\$2,300,000	\$2,200,000	\$80,000 (pg 45)	
Gross Total	600	593	\$126,200,000	\$121,600,000		
Please reconcile the 2017 Merit increase column to page 17 which identified that performance compensation increased between 2016 to 2017 by \$600,000?						
ISO Response						
Respondent: April Gordon						
The merit + burden and performance compensation budget increases by division are as follows. The amounts listed include budget for new 7 FTE, are in thousands, and do not take into consideration budget shifts for overtime or Human Resource program expenses.						
Division			Merit and Benefit Burden	Performance Compensation		
Chief Exec Officer Division			\$180	\$46		
Market & Infrastructure Development			\$840	\$101		
Technology			\$1,340	\$136		
Operations			\$1,709	\$221		
General Counsel			\$125	\$39		
Market Quality & Renewable Integration			\$164	\$24		
Customer & State Affairs			\$208	\$25		
Regional & Federal Affairs			\$55	\$12		
Total			\$4,621	\$603		

Questions or comments regarding the GMC should be directed to: initiativecomments@caiso.com.

<p>Stakeholder Comment Name: Sean Neal Organizations: City of Santa Clara, CA/Silicon Valley Power and the Modesto Irrigation District</p>
<p>Refer to page 48, how much will the new CAISO Energy Management System (EMS) cost? How much was spent on the new EMS in 2016 and how much is forecasted to be spent in 2017?</p>
<p>ISO Response Respondent: April Gordon and Jan Cogdill</p>
<p>The Board approved \$13.5 million dollars for this project. This amount will fund from the Capital Reserve account. As of the June 2016 Capital Financials, the actual spend is \$501,000. Estimated spend by the end of the 2016 is \$2.5 million. The remaining budget will be spent over calendar years 2017 and 2018. The new system is expected to be implemented in 2018. The final version of the 2017 budget book will be updated to reflect the same information.</p>

<p>Stakeholder Comment Name: Sean Neal Organizations: City of Santa Clara, CA/Silicon Valley Power and the Modesto Irrigation District</p>
<p>Refer to page 48, what are the 2017 dollars of capital budget associated with EIM Implementation? How many dollars are Portland General Electric and Idaho Power going to pay?</p>
<p>ISO Response Respondent: April Gordon</p>
<p>As mentioned on page 48, there is no capital budget assigned to EIM implementations in 2017. The costs of the EIM implementations are paid for by the joining EIM participants. Portland General Electric's implementation fee is \$645,000. Idaho Power's implementation fee is \$540,000.</p>

<p>Stakeholder Comment Name: Sean Neal Organizations: City of Santa Clara, CA/Silicon Valley Power and the Modesto Irrigation District</p>
<p>Refer to Attachment A of the Preliminary Draft 2017 GMC/Budget.</p> <p>Please explain the reasons that the Charge Code 4562 CRR Services 2017 billing determinants have declined to 735,578,976 MWH compared to 2015 920,849,600 MWH?</p> <p>Please explain the reasons that the Charge Code 4516 CRR Auction Bid Fees Services 2017 billing determinants have declined to 793,527 compared to 2015 854,679?</p>
<p>ISO Response Respondent: April Gordon and Jake Thai</p>
<p>The 2017 estimated units in question have declined from the 2015 actual units due to changes made by the CRR Team. During the summer of 2015, the CRR Team implemented a couple of changes to the annual CRR allocation and auction process that contributed to the decrease in CRR Awards and CRR Auction Fees. These changes include full enforcement of all nodal group constraints and inclusion of a number of increases in the number of contingencies being enforced in the annual CRR allocation and auction.</p>

Stakeholder Comment				
Name: Sean Neal				
Organizations: City of Santa Clara, CA/Silicon Valley Power and the Modesto Irrigation District				
Refer to the Briefing on Draft 2017 Budget.				
See Slide 10, Explain why if total capital projects in 2017 are targeted at \$20 million, has the CAISO included in the 2017 GMC Budget \$24 million of revenue funded forecast?				
For 2014, 2015, and 2016 (through July) how much of the Revenue funded capital included in the GMC rates has the CAISO actually spent each year on the capital projects?				
ISO Response				
Respondent: April Gordon and Jan Cogdill				
The unused capital contributes to the long term capital reserve funds. The funds set aside for future projects and years will enable the ISO to maintain a stable revenue requirement for an extended period.				
The 2014, 2015, and 6-months of 2016 capital spend is as follows:				
(Amounts in thousands)	2014	2015	2016	2017 Proposed
Revenue Requirement Capital Budget	\$ 26,000	\$ 30,000	\$ 24,000	\$ 24,000
Cash Funded Capital Projects	\$ 24,000	\$ 20,000	\$ 16,500	\$ 20,000
Funding for Capital Reserves	\$ 2,000	\$ 10,000	\$ 7,500	\$ 4,000
	12/31/2014	12/31/2015	6/30/2016	
Actual Projects Approved	\$ 23,608	\$ 15,893	\$ 13,466	
Spend at period end	\$ 14,439	\$ 8,752	\$ 3,995	
Carry over to be paid in future years	\$ 9,169	\$ 7,141	\$ 9,471	
In addition to the numbers above related to the ISO's annual capital/project budget, the Board approved two supplemental projects: the Lincoln Operations Center and the Energy Management System Replacement. Those projects will be paid for with capital reserves.				

Stakeholder Comment				
Name: Sean Neal				
Organizations: City of Santa Clara, CA/Silicon Valley Power and the Modesto Irrigation District				
Refer to the Briefing on Draft 2017 Budget.				
See Slide 13, How many grandfathered contracts does the CAISO have which are not subject to Transmission Ownership Rights (TOR) rates? Are there any grandfathered contracts that are subject to the GMC TOR rate? If so, how many contracts? The volume of grandfathered TOR is 4,708,500 MWH (page 56 of the large budget document).				
ISO Response				
Respondent: April Gordon				
Two contracts are subject to grandfathered System Operations volumes. The note on the slide was misplaced and does not refer to TOR rates.				

Questions or comments regarding the GMC should be directed to: initiativecomments@caiso.com.