



## 2025 DRAFT Budget and Grid Management Charge Process CAISO Response to Stakeholder Comments and Questions

Stakeholder conference call meeting held on November 5, 2024.

Supporting meeting documents are available here,

<https://stakeholdercenter.caiso.com/RecurringStakeholderProcesses/Budget-grid-management-charge-process-2025>

Submitted by	Company	Date Submitted
<b>Name:</b> Sean Neal  <b>Company:</b> Duncan, Weinberg, Genzer & Pembroke, P.C.	Comments submitted on behalf of Modesto Irrigation District (MID)	11/12/24

1. [Please provide your organization’s comments on the November 5, 2024 stakeholder call discussion on the 2025 Draft Budget and Grid Management Charge process:](#)

MID thanks the CAISO for the opportunity to submit comments and questions regarding the CAISO’s 2025 Grid Management Charge (“GMC”) and Budget. MID submits the following questions for which it requests a response from the CAISO:

The proposed 2025 “cash funded capital” category increase is partly driven by projects in resource adequacy (“RA”) and transmission planning infrastructure. See Nov. 5, 2024 Presentation at slides 6-7, 11; Nov. 2024 Budget at 51-52. The “Other Costs” category increase is due partly to growth in the Reliability Coordinator (“RC”) funding requirement. See Presentation at slide 12; Budget at 58.

Please explain the justification for the inclusion of cash-funded capital costs associated with projects in RA or transmission planning to transactions that appear to have no reliance on RA projects or the CAISO's transmission planning services. Please explain the justification for application of RC funding in the "Other Costs" category to transactions that appear to have no reliance on the CAISO's RC functions. In contrast, Energy Imbalance Market ("EIM") and Extended Day-Ahead Market ("EDAM") administrative charges appear to be collected directly from participants who use those services.

**CAISO Response:**

The RA and transmission projects on the preliminary projects list were identified as part of the CAISO strategic road mapping process and foundational operational needs. The needs are driven from regulatory initiatives (e.g. FERC 2023), our policy roadmap (e.g. Interconnection Process Enhancements (IPE) 2023), and business driven automation of manual business processes for improved efficiencies.

The CAISO uses an RC Funding Requirement to calculate the RC services fee amount. The RC Funding Requirement is calculated by multiplying the CAISO's total annual Revenue Requirement by the RC Percentage, also determined in the triennial Cost-of-Service study. The current RC Percentage is 8%, representing the direct and indirect costs associated with performing RC services. By integrating the RC Funding Requirement into the CAISO's overall Revenue Requirement, this approach ensures equitable cost allocation. It also enables both RC customers and existing GMC customers to benefit from economies of scale and the shared infrastructure and services essential to the CAISO's operations.

Submitted by	Company	Date Submitted
<b>Name:</b> Katherine Stockton Energy Division	California Public Utilities Commission	11/7/24

1. Please provide your organization's comments on the November 5, 2024 stakeholder call discussion on the 2025 Draft Budget and Grid Management Charge process:

I saw from the November 5th Budget and GMC Process for 2025 meeting that the revenue requirement is increasing by 36.6 million over the 2024 revenue requirement driven by O&M increases due to wage inflation, additional staff positions, IT support, tools expansion and consulting. I also see that CAISO expects bundled rates will decrease in 2026 due to EDAM.

Are these O&M increases due to EDAM costs? Are the decreases in rates due to EDAM's graduated rate structure where participants are charged less in earlier years and more in later years? Does this result in CAISO BAA participants being charged more than other participants?

**CAISO Response:**

A portion of next year's O&M budget increase can be attributed to EDAM as the company plans on hiring four employees whose focus will be primarily related to EDAM. The other O&M budget increases described in the draft budget are not driven by EDAM.

The forecasted decrease in CAISO's pro-forma bundled rate per MWh beginning in 2026 is due to the larger volumes in the market primarily because of the launch of EDAM in May 2026. The forecast only includes the entities that have publicly announced their intent to join EDAM and reflects the impact of the graduated rate design. Any additional EDAM participants would increase volumes even more thus driving rates to drop further. Under this rate design both the CAISO BAA participants and other participants (such as in EDAM) benefit from lower service rates.