



California ISO

Briefing on Draft 2024 Budget and Grid Management Charges

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Stakeholder Meeting

October 31, 2023

New pre-registration process to join meetings

- Pre-registration is required for all future stakeholder meetings in order to receive a link to join the meeting.
 - The link to pre-register is available in the meeting notice and on the ISO calendar.
- A recent update to WebEx disabled the ability to view the list of meeting attendees.
- The new pre-registration process will allow us to provide the list of meeting attendees to stakeholders during the call.

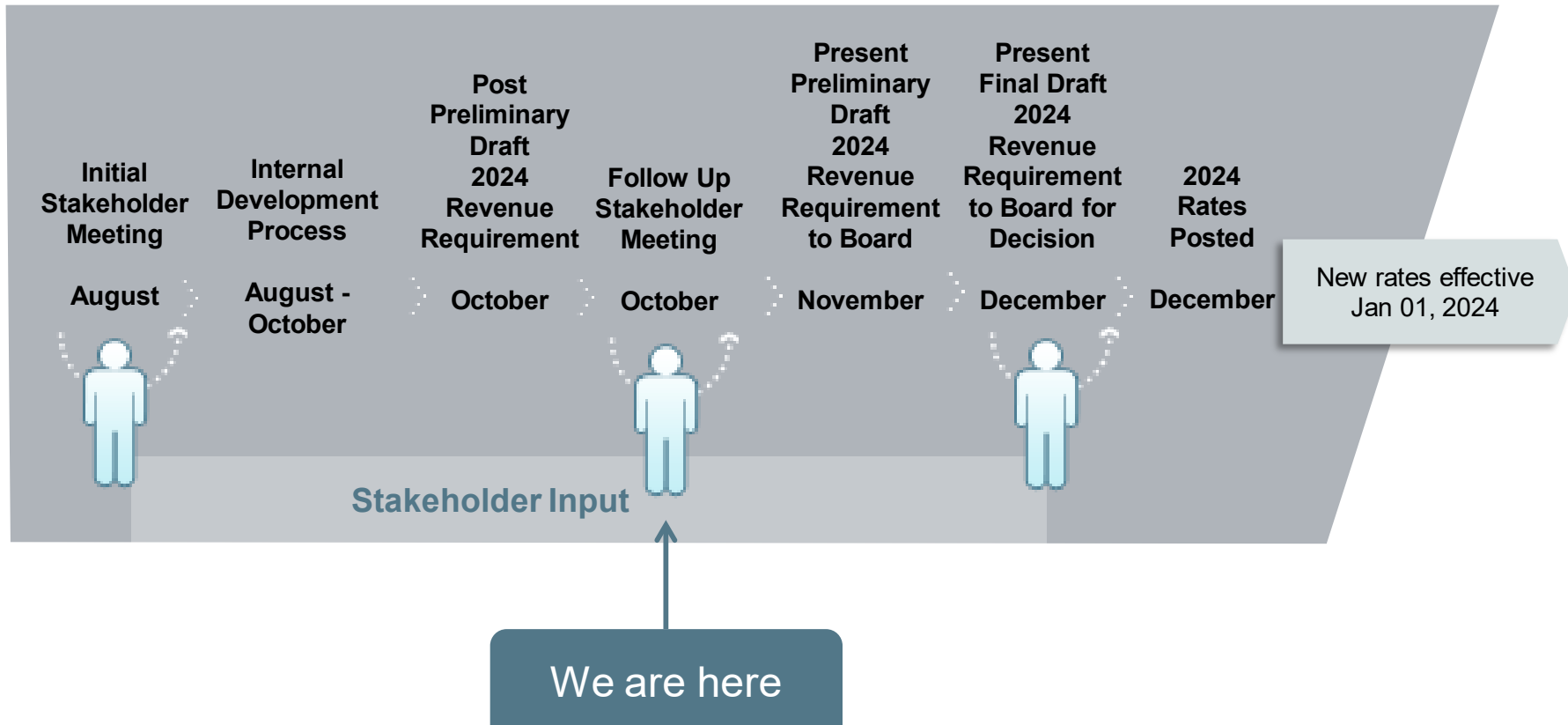
Housekeeping reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- The meeting is structured to stimulate dialogue and engage different perspectives.
- Please keep comments professional and respectful.
- Please try and be brief and refrain from repeating what has already been said so that we can manage the time efficiently.

Instructions for raising your hand to ask a question

- If you are connected to audio through your computer or used the “call me” option, select the raise hand icon 🙋 at the bottom of the screen. **Note:** #2 only works if you dialed into the meeting.
 - Please remember to state your name and affiliation before making your comment.
- If you need technical assistance during the meeting, please send a chat to the event producer.
- You may also send your question via chat to either Yelena Kopylov-Alford or to all panelists.

2024 GMC Revenue Requirement and Rates Timeline



Highlights: 2024 Revenue Requirement developed using updated Cost-of-Service Study results.

- Wage inflation and additional positions drive O&M higher
- Expected higher interest rates drive interest earning revenue higher
- Leveraging capital reserve to fund project budget
- Bottom line is the 2024 Revenue Requirement is \$201.9M, which is just shy of the RR cap.

GMC Revenue Requirement: The proposed revenue requirement increased by \$2.2 million, primarily due to a higher O&M budget.

GMC Revenue Requirement (\$ in millions)	2024 Budget	2023 Budget	Change \$
Operations & Maintenance Budget	\$255.7	\$238.4	\$17.3
Debt Service (including 25% reserve)	14.7	14.7	0.0
Cash Funded Capital	8.0	21.0	(13.0)
Other Costs and Revenues	(63.6)	(57.6)	(6.0)
Operating Costs Reserve Adjustment	(12.9)	(16.8)	3.9
Total GMC Revenue Requirement	\$201.9	\$199.7	\$2.2
Transmission Volume Estimate in TWh	242.5	234.2	8.3
Pro-forma bundled cost per MWh	\$0.8327	\$0.8527	(\$0.0200)

O&M Budget: The proposed O&M budget increase is driven primarily by additional positions and upward cost pressures in the labor market.

O&M Budget by Resource Category (\$ in millions)	2024 Budget	2023 Budget	Change \$
Salaries & Benefits	\$194.1	\$183.1	\$11.0
Occupancy Costs & Equipment Leases	\$3.3	3.0	0.3
Telecom, HW/SW Maintenance Costs	\$15.9	15.1	0.8
Consultants & Contract Staff	\$18.9	15.0	3.9
Outsourced Contracts & Professional Fees	\$14.3	13.2	1.1
Training, Travel, & Other Costs	\$9.2	9.0	0.2
Total	\$255.7	\$238.4	\$17.3
Budgeted Headcount	759	746	13

Debt Service:

Annual requirement remains \$14.7 million.

- \$148 million principal remaining to be collected as part of the revenue requirements
- \$14.7 million requirement consists of:
 - \$11.7 million in debt payments due to bondholders, and
 - \$3 million to be collected for required reserve
- Level annual debt service until February 2039
 - Bonds are callable in February 2031

Cash-Funded Capital: \$8 million will be collected for capital in the proposed revenue requirement.

- Total project approvals are targeted at \$25 million
- Leverage \$17 million from capital reserves to fund projects
- Portfolio focus areas:
 - Reliability and Efficient Operations
 - Technology Foundation Improvements
 - Transmission Planning Infrastructure
 - Market and Resource Adequacy
 - Stakeholder Engagement and Customer Service
 - Facilities and Other Projects

Other Costs and Revenues: \$6M increase is primarily due to higher projected interest earnings driven by favorable interest rates.

Other Costs and Revenue (\$ in millions)	2024 Budget	2023 Budget	Change
Reliability Coordinator Funding Requirement	\$17.6	\$19.7	(\$2.1)
Western Energy Imbalance Market Administrative Charges	15.6	15.3	0.3
Nodal Pricing Model Fee	9.2	8.4	0.8
Interest Earnings	9.0	4.0	5.0
Intermittent Resource (wind and solar) Forecasting Fees	6.5	5.5	1.0
Generation Interconnection Project Fees	3.0	2.0	1.0
Other Revenue	2.7	2.7	-
Total Other Costs and Revenue	\$63.6	\$57.6	\$6.0

Operating Cost Reserve Adjustment:

Favorable 2022 collections and spend results lead to \$12.9 million reduction in the 2024 revenue requirement.

Operating Cost Reserve Adjustment (\$ in millions)	2024 Budget	2023 Budget	Change
Change in the 15% reserve for O&M budget	(\$2.6)	(\$4.2)	\$1.6
25% debt service collection from prior year	2.9	2.9	0.0
True-up of budget to actual revenues and expenses	12.6	18.1	(5.5)
Total Operating Cost Reserve Credit / (Debit)	\$12.9	\$16.8	(\$3.9)

Rates: GMC rate decreases are driven by higher projected volumes.

Summary of Rates (\$ per MWh)	2024 Rate	2023 Rate	Change \$
Grid Management Charges			
Market Service Charge	\$0.1412	\$0.1513	(\$0.0101)
Systems Operations Charge	\$0.2159	\$0.2167	(\$0.0008)
CRR Services Charge	\$0.0069	\$0.0071	(\$0.0002)
Miscellaneous Fixed Fees			
TOR Charge	\$0.3250	\$0.1800	\$0.1450
Supplemental Services Rates			
WEIM Market Service	\$0.0911	\$0.0953	(\$0.0042)
WEIM System Operations	\$0.0907	\$0.1084	(\$0.0177)
RC Service Rate	\$0.0271	\$0.0305	(\$0.0034)

Key calendar dates and next steps

Previous Events	Date
Initial stakeholder meeting	August 8
Internal budgeting process	August – October
Draft 2024 Budget and Grid Management Charges posted to public website	October 25
Follow up stakeholder budget meeting	October 31
Upcoming Events	Date
Stakeholder comments due	November 7
Draft budget reviewed by Board of Governors	November 8
Internal budgeting process	November – December
Board decision on 2024 Budget and Grid Management Charges	December 13-14
2024 Rates and GMC revenue requirement documentation posted to ISO website	December 20

Next Steps

- Please submit comments on the 10/31 Briefing on Draft 2024 Budget and Grid Management Charges stakeholder call and meeting discussion using the commenting tool linked on the process webpage by end of day **November 7, 2023**
- Visit process webpage for more information:
<https://stakeholdercenter.caiso.com/RecurringStakeholderProcesses/Budget-grid-management-charge-process-2024>
- If you have any questions, please contact isostakeholderaffairs@caiso.com