



Briefing on Draft 2025 Budget and Grid Management Charges


Financial Planning and Procurement Department

Stakeholder Meeting
November 5, 2024

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.

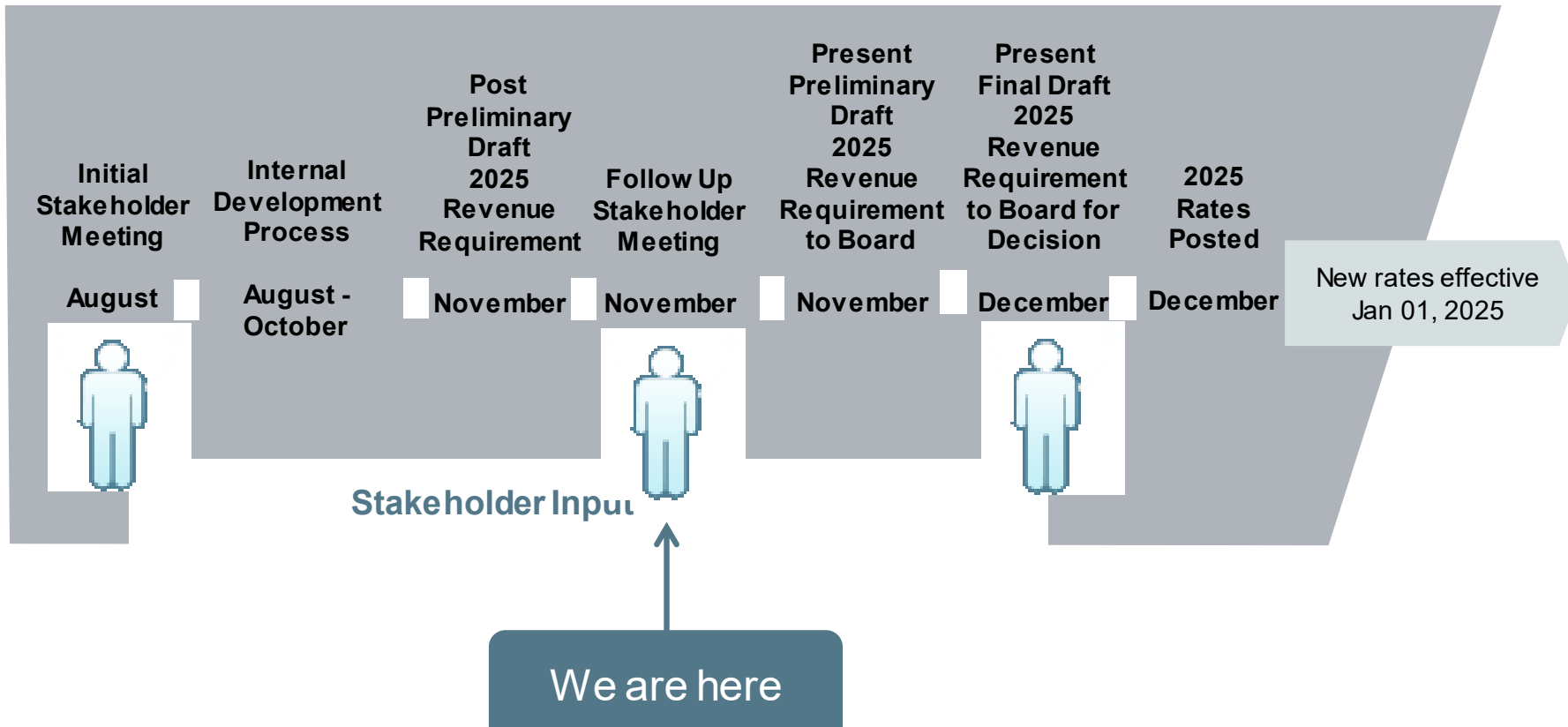
Instructions for raising your hand to ask a question

- Open the Participant and Chat panels from the bottom right.
- If you are connected to audio through your computer or used the “call me” option, select the raise hand icon  located on the bottom of your screen.
 - **Note:** *3 only works if you dialed into the meeting.
 - Please remember to state your name and affiliation before making your comment.
- You may also send your question via chat to Yelena Kopylov-Alford or to all panelists.

Agenda

Topic	Presenters
Welcome and Introductions	Yelena Kopylov-Alford
Highlights	Ryan Seghesio
GMC Revenue Requirement	April Gordon
Operations and Maintenance Budget	Thomas Setliff
Debt Service, Cash-Funded Capital, Other Costs & Revenues, Operating Cost Reserve Adjustment, and Rates	April Gordon
Key Calendar Dates	April Gordon
Next Steps	Yelena Kopylov-Alford
Stakeholder Feedback & Discussion	Group

2025 GMC Revenue Requirement and Rates Timeline



2025 Highlights: Rightsizing resources to meet demands drives \$36.6 million increase in GMC Revenue Requirement

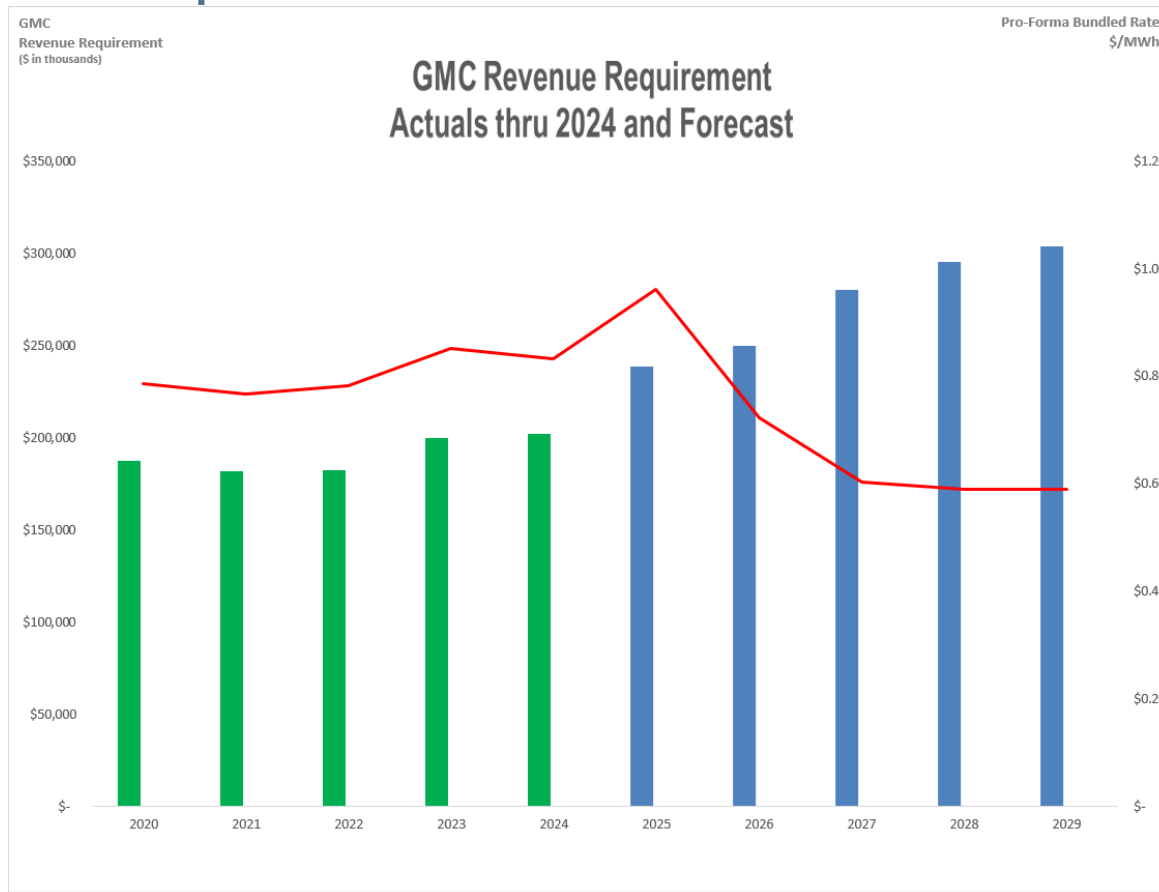
- FERC approved Revenue Requirement cap increases to \$245M.
 - Proposed Revenue Requirement is \$6.5M under new cap.
- O&M budget increases by \$20.3M driven by wage inflation, 18 additional positions for consideration, IT support growth, tools expansion, and consulting support.
- Cash Funded Capital contribution increases from \$8M to \$25M.
- Supplemental service fees projected to increase in alignment with Revenue Requirement and rates growth
- New Budget and Grid Management Charge Rates book format

GMC Revenue Requirement: The proposed revenue requirement increased by \$36.6 million, primarily due to a higher O&M budget and capital contribution.

GMC Revenue Requirement (\$ in millions)	2025 Budget	2024 Budget	Change	Change %
Operations & Maintenance Budget	\$276.0	\$255.7	\$20.3	8%
Debt Service (including 25% reserve)	14.7	14.7	0.0	0%
Cash Funded Capital	25.0	8.0	17.0	213%
Other Costs and Revenues	(68.6)	(63.6)	(5.0)	8%
Operating Cost Reserve Adjustment	(8.6)	(12.9)	4.3	-33%
Total GMC Revenue Requirement	\$238.5	\$201.9	\$36.6	18%
Transmission Volume Estimate in TWh	248.0	242.5	5.5	2%
Pro-forma bundled cost per MWh	\$0.96	\$0.83	\$ 0.13	16%

GMC Revenue Requirement: GMC Pro-Forma

Bundled rates forecasted to decrease starting in 2026 due to EDAM despite forecasted growth in the Revenue Requirement.



O&M Budget: Proposed O&M budget increase of \$20.3 million driven by additional positions, IT support growth and tools expansion, and consulting support.

O&M Budget by Resource (\$ in millions)	2025 Budget	2024 Budget	Change
Salaries & Benefits	\$205.4	\$194.2	\$11.2
Occupancy Costs & Equipment Leases	3.5	3.3	0.2
Telecom, HW/SW Maintenance Costs	18.3	15.9	2.4
Consultants & Contract Staff	20.5	18.6	1.9
Outsourced Contracts & Professional Fees	18.5	14.4	4.1
Training, Travel, & Other Costs	9.8	9.3	0.5
Total	\$276.0	\$255.7	\$20.3
Budgeted Headcount	777	759	18

Debt Service:

Annual requirement remains \$14.7 million.

- \$139.1 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: \$25 million will be collected for capital in the proposed revenue requirement.

- Total project approvals are targeted at \$25 million
- Focus areas:
 - Portfolio 1: Reliability and Efficient Operations
 - Portfolio 2: Technology Foundation Improvements
 - Portfolio 3: Transmission Planning- Infrastructure
 - Portfolio 4: Market and Resource Adequacy
 - Portfolio 5: Stakeholder Engagement and Customer Service
 - Portfolio 6: People and Culture (generally O&M in nature)
 - Portfolio 7: Facilities and Other projects

Other Costs and Revenues: \$5 million increase is due to the growth in the RC Funding Requirement and WEIM Administrative Charges offset by projected lower Interest Earnings.

Other Costs and Revenue (\$ in millions)	2025 Budget	2024 Budget	Change
Reliability Coordinator Funding Requirement	\$20.7	\$17.6	\$3.1
Western Energy Imbalance Market Administrative Charges	18.4	15.6	2.8
Nodal Pricing Model Fee	9.2	9.2	-
Interest Earnings	8.0	9.0	(1.0)
Intermittent Resource (wind and solar) Forecasting Fees	6.5	6.5	-
Generation Interconnection Project Fees	3.0	3.0	-
Other Revenue	2.8	2.7	0.1
Total Other Costs and Revenue	\$68.6	\$63.6	\$5.0

Operating Cost Reserve Adjustment:

Favorable 2023 collections and spend results lead to \$8.6 million reduction in the 2025 revenue requirement.

Operating Cost Reserve Adjustment (\$ in millions)	2025 Budget	2024 Budget	Change
Change in the 15% reserve for O&M budget	(\$3.0)	(\$2.6)	(\$0.4)
25% debt service collection from prior year	2.9	2.9	0.0
True-up of budget to actual revenues and expenses	8.7	12.6	(3.9)
Total Operating Cost Reserve Credit / (Debit)	\$8.6	\$12.9	(\$4.3)

Change in 15% Operating Reserve (\$ in millions)	2025 Budget	2024 Budget	Change
O&M budget	\$276.0	\$255.7	\$20.0
Operating Reserve percentage	15%		
Total Operating Reserve	\$41.4	\$38.4	\$3.0

Rates: GMC and Supplemental Services rate increases driven by higher GMC Revenue Requirement

Summary of Rates (\$ per MWh)	2025 Rate	2024 Rate	Change
Grid Management Charges			
Market Service Charge	\$0.1609	\$0.1376	\$0.0233
Systems Operations Charge	\$0.2389	\$0.2127	\$0.0262
CRR Services Charge	\$0.0073	\$0.0069	\$0.0004
Supplemental Services Rates			
WEIM Market Service	\$0.1038	\$0.0888	\$0.0150
WEIM System Operations	\$0.1003	\$0.0893	\$0.0110
RC Service Rate	\$0.0320	\$0.0278	\$0.0042

Key Calendar Dates*

Previous Events	Date
Initial stakeholder meeting	August 6
Internal budgeting process	August – October
Draft 2025 Budget and Grid Management Charges posted to public website	November 1
Upcoming Events	Date
Follow up stakeholder budget meeting	November 5
Stakeholder comments due	November 12
Draft budget reviewed by Board of Governors	November 12
Internal budgeting process	November – December
Board decision on 2025 Budget and Grid Management Charges	December 18-19
2025 Rates and GMC revenue requirement documentation posted to ISO website	December 20

Next Steps

- Please submit comments on the November 5 Briefing on Draft 2025 Budget and Grid Management Charges stakeholder call and meeting discussion using the commenting tool linked on the process webpage by end of day **November 12, 2024**
- Visit process webpage for more information:
<https://stakeholdercenter.caiso.com/RecurringStakeholderProcesses/Budget-grid-management-charge-process-2025>
- If you have any questions, please contact isostakeholderaffairs@caiso.com

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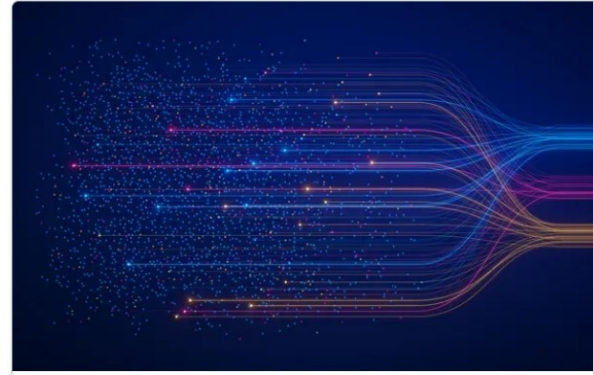


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