



California ISO

# 2026 Budget and Grid Management Charge Development Process

Initial Stakeholder Meeting  
July 21, 2025

# 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 to be brief and refrain from repeating what has already been said so that we can manage this 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 all panelists.
- If you need technical assistance during the meeting, please send a chat to the event producer @IntellorEvents.

# Agenda

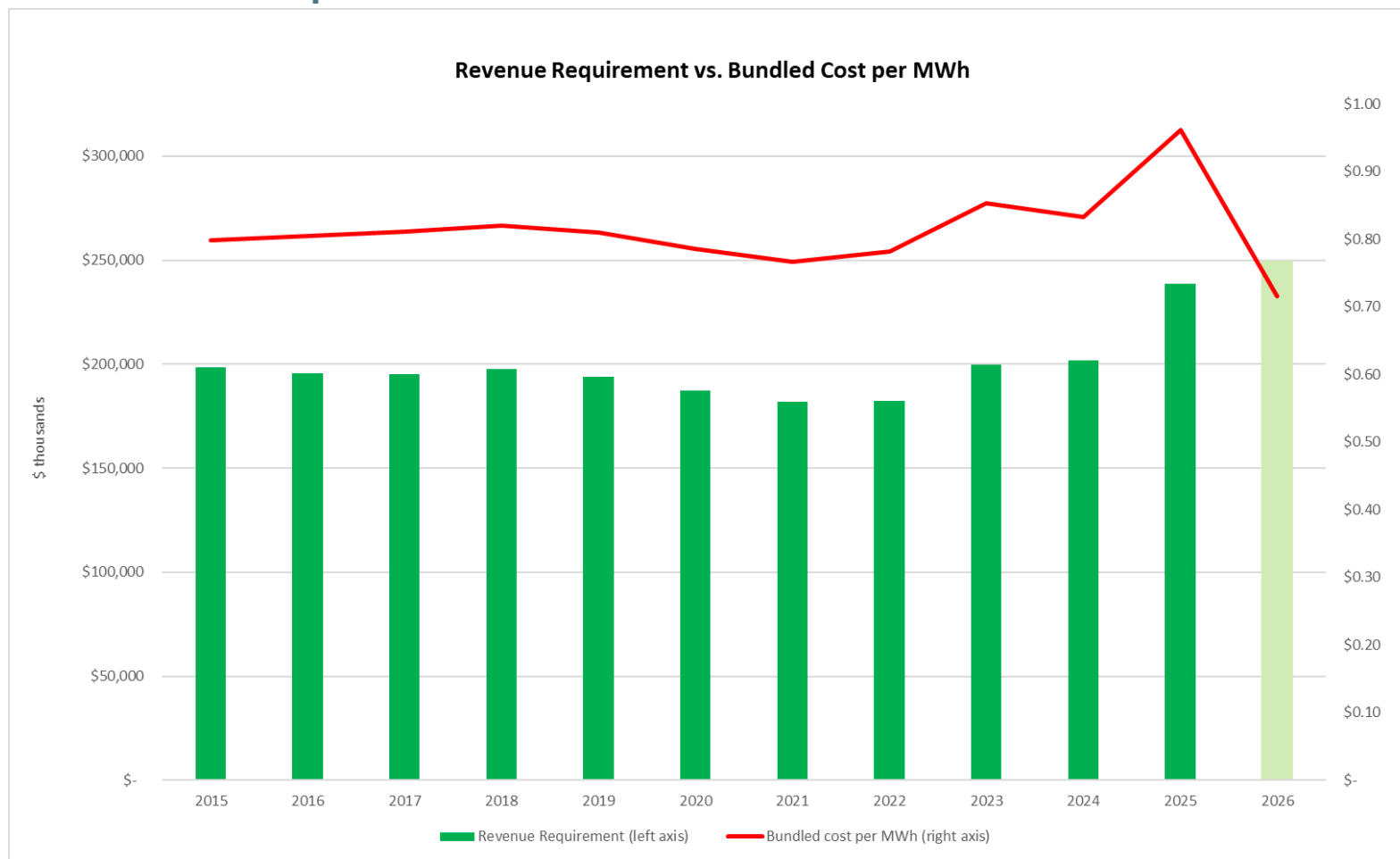
Topic	Presenters
Welcome and Introductions	Yelena Kopylov-Alford
GMC Revenue Requirement and Rates Process	April Gordon
Managing Employee Compensation	Lisa Johnson
Project Release Plans	Ken Kasparian
Project Summaries	Lee Sand
Financial Summaries	Denise Walsh
Calendar & Next Steps	Thomas Setliff
Stakeholder Feedback & Discussion	Group

April Gordon

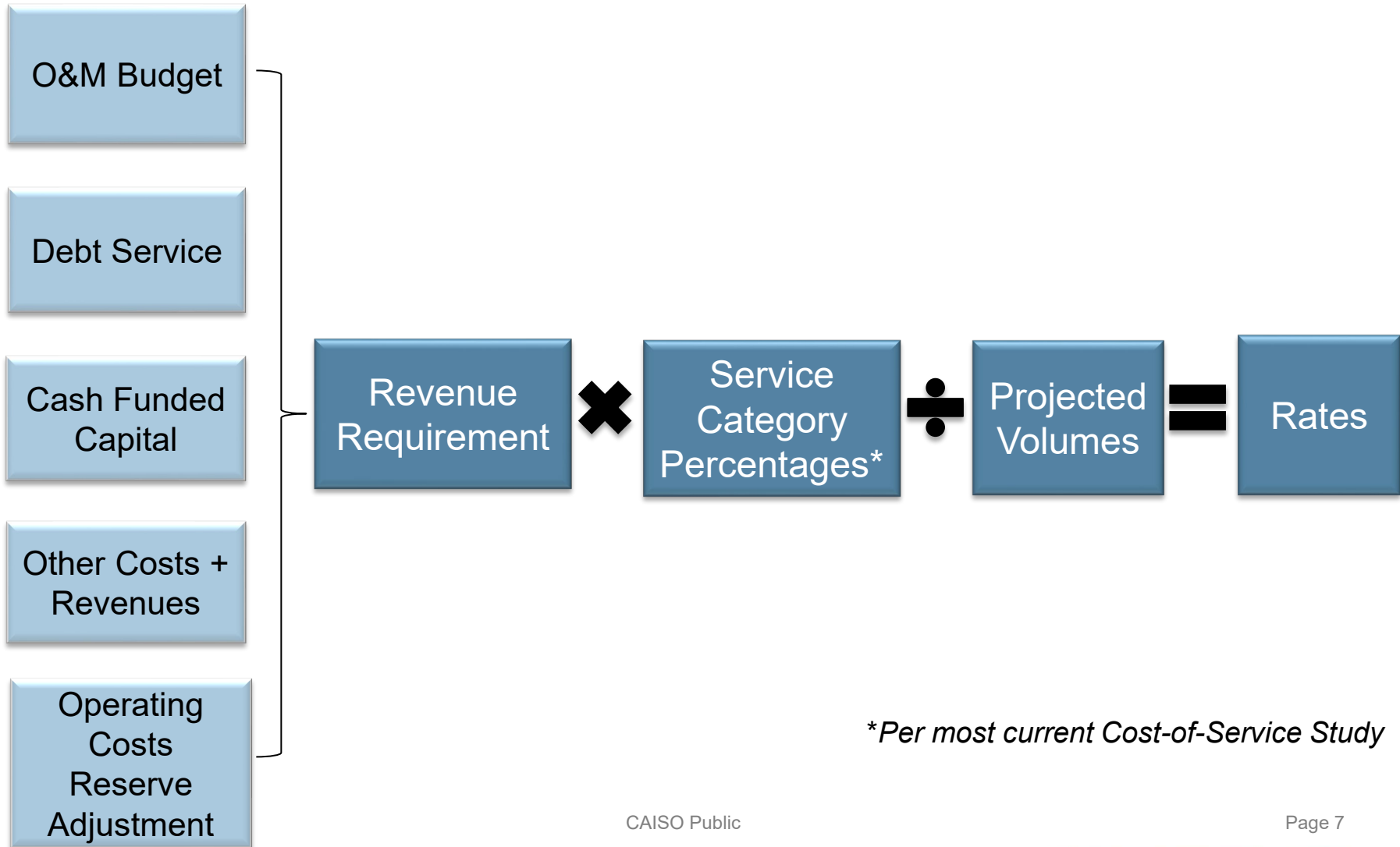
Executive Director, Financial Planning and Procurement

# **GMC REVENUE REQUIREMENT AND RATES PROCESS**

# 2026 Highlights: Kick-off EDAM, increase day-ahead volumes, cap revenue requirement at \$250M, lower bundled cost per MWh.



# GMC Revenue Requirement Components



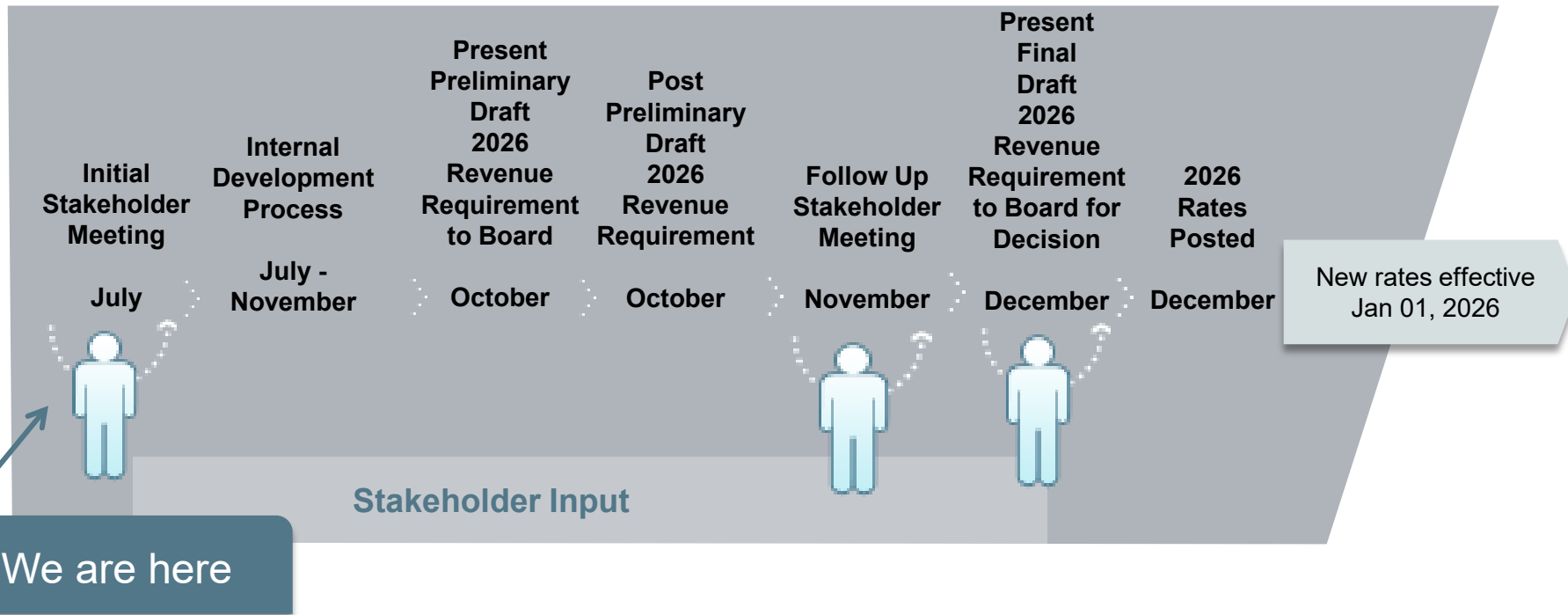
CAISO budgeting principles include encourage collaboration, remain under RR cap, maintain fiscal discipline, and align RR with CAISO Strategic Plan.

Critical strategic and tactical objectives involve:

1. Reliably and efficiently integrate new resources
2. Strengthen resource adequacy and meet long-term transmission planning needs
3. Build on the foundation of the Western Imbalance Market
4. Provide highly responsive and inclusive stakeholder engagement and customer service
5. Cultivate an environment that attracts and retains highly skilled and engaged workforce



# 2026 GMC Revenue Requirement and Rates Development Timeline



Lisa Johnson

Sr. Manager, Total Rewards

# MANAGING EMPLOYEE COMPENSATION

Managing employee compensation reflects CAISO philosophy to attract, train, motivate and retain top talent.

- **Competitive Pay**
  - Best practices for market-based pay
    - Bi-annual salary surveys covering 100% of CAISO positions
- **Pay for Performance Philosophy**
  - Board approved Company goals cascaded and tailored to individual employees
    - Set high performance goals aligned with Company goals
  - Year-end evaluation of performance results against Company and individual goals
  - Employee merit and promotion salary increases based on performance and in alignment with budget
- **Strong Performance Management Program**
  - Individual performance plans
    - Core Responsibilities and Stretch objectives
    - Ongoing feedback, coaching and support
- **Renegotiate Union Contract**

Ken Kasparian  
Strategic Portfolio Manager

# PROJECT RELEASE PLANS

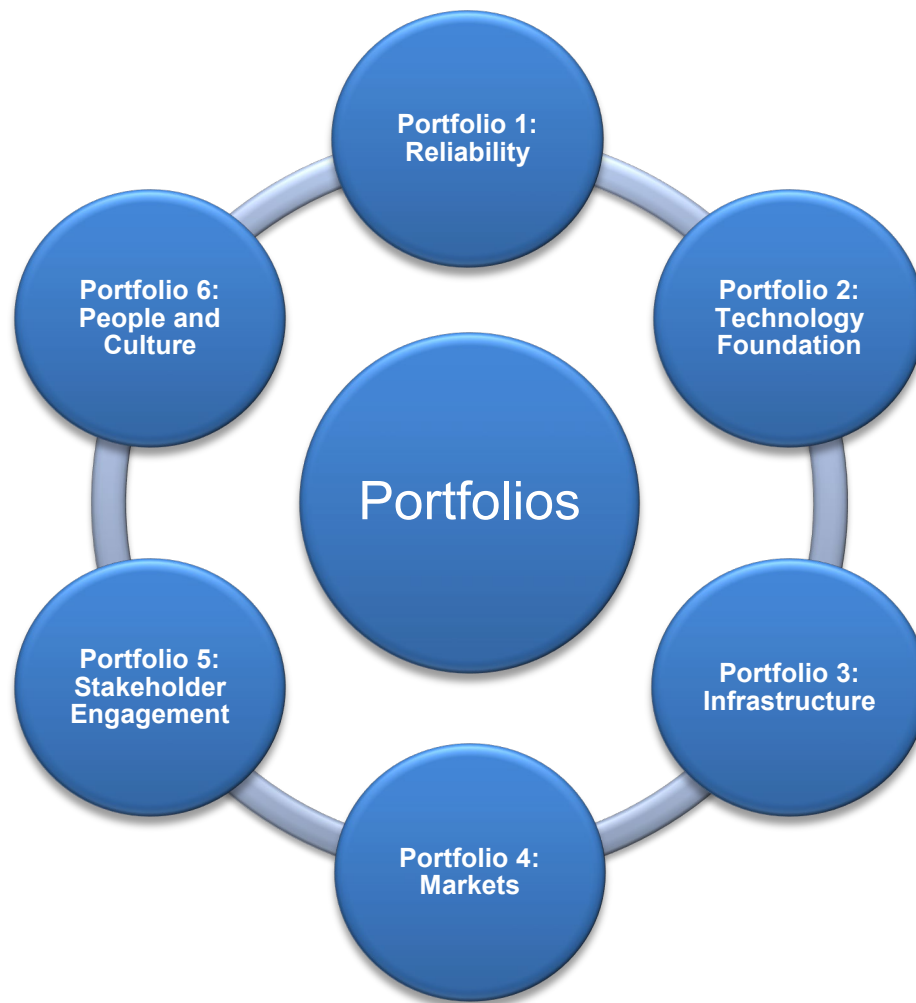
# 2026 Portfolio Planning

Over the next 3 months the CAISO leadership is working to review and update the Release Plan through early 2027.

Key activities include:

1. Identify potential 2026 capital project list
2. Evaluate the list against budget & resource constraints
3. Finalize and communicate the 2026 project plan
4. Update the external release plan & policy roadmap

# Portfolios Organized by Strategic Plan Objectives



# Project Release Planning Engagement Opportunities

## Stay Informed > Meetings and Events

### > User groups and recurring meetings

- <http://www.caiso.com/informed/Pages/MeetingsEvents/UserGroupsRecurringMeetings/Default.aspx>
- **Market Performance and Planning Forum**
  - Quarterly forum that engages stakeholders in review of market performance issues and in high level dialogue on release planning, implementation and new market enhancements.
- **Release Users Group**
  - Biweekly forum for market initiatives to discuss project milestones and deliverables. Projects are managed through the Master Stakeholder Engagement Plan and follow a standard project lifecycle. Major releases occur twice a year with monthly releases for smaller enhancements.

## Stay Informed > Release Planning

- <http://www.caiso.com/informed/Pages/ReleasePlanning/Default.aspx>
- Information is updated and discussed regularly throughout the year
- **Plans and schedules**
  - **Release Schedule**
    - <http://www.caiso.com/Documents/ReleaseSchedule.pdf>
    - Updated monthly
  - **Implementation Milestones**
    - <http://www.caiso.com/Documents/ImplementationMilestones.xlsx>
    - Updated monthly
    - Multi-year time horizon



# Current Release Plan Summary

## **Independent 2025**

- Congestion Revenue Rights System Upgrade
- Demand Response Registry System (DRRS)
- Unwarranted storage bid-cost recovery
- Subscriber participating transmission owner model
- Western Energy Imbalance Market (WEIM) enhancements

## **Fall 2025**

- FERC order 881 – Managing Transmission Line Ratings Track 2

# Current Release Plan Summary

\* Indicates Policy Initiative

## **Independent 2026**

- FERC 881 Track 3
- Transmission Exchange Agreement Renegotiation

## **Spring 2026**

- Day-Ahead Market Enhancements Activation\*
- Extended Day-Ahead Market Activation \*
- CAISO BAA Participation Rules Track A

Lee Sand  
Lead Financial Planning Analyst

# PROJECT SUMMARIES

# Summary of Completed Projects and Active Projects

## **Completed projects from July 2024 to June 2025**

- 31 Projects
- Budgeted costs \$31.1M, actual costs \$30.4M

## **Active projects as of June 30, 2025**

- 42 Projects
- Forecasted costs \$108.7M, paid-to-date \$38.8M

# Project Budgets

## **2025 Project Budget**

- Approved at \$30M
  - \$4.6M Additional Settlements Upgrade project
  - \$25.4M Other projects
- Supplemental amount approved for \$19.5M Energy Management System Upgrade project\*

## **2026 Project Budget**

- Targeted at \$25M
- At least 31 proposed projects will be prioritized to meet final budget limit

*\*The CAISO Board of Governors approved funding during their 5/22/2025 meeting.*

Denise Walsh  
Controller

# FINANCIAL SUMMARIES

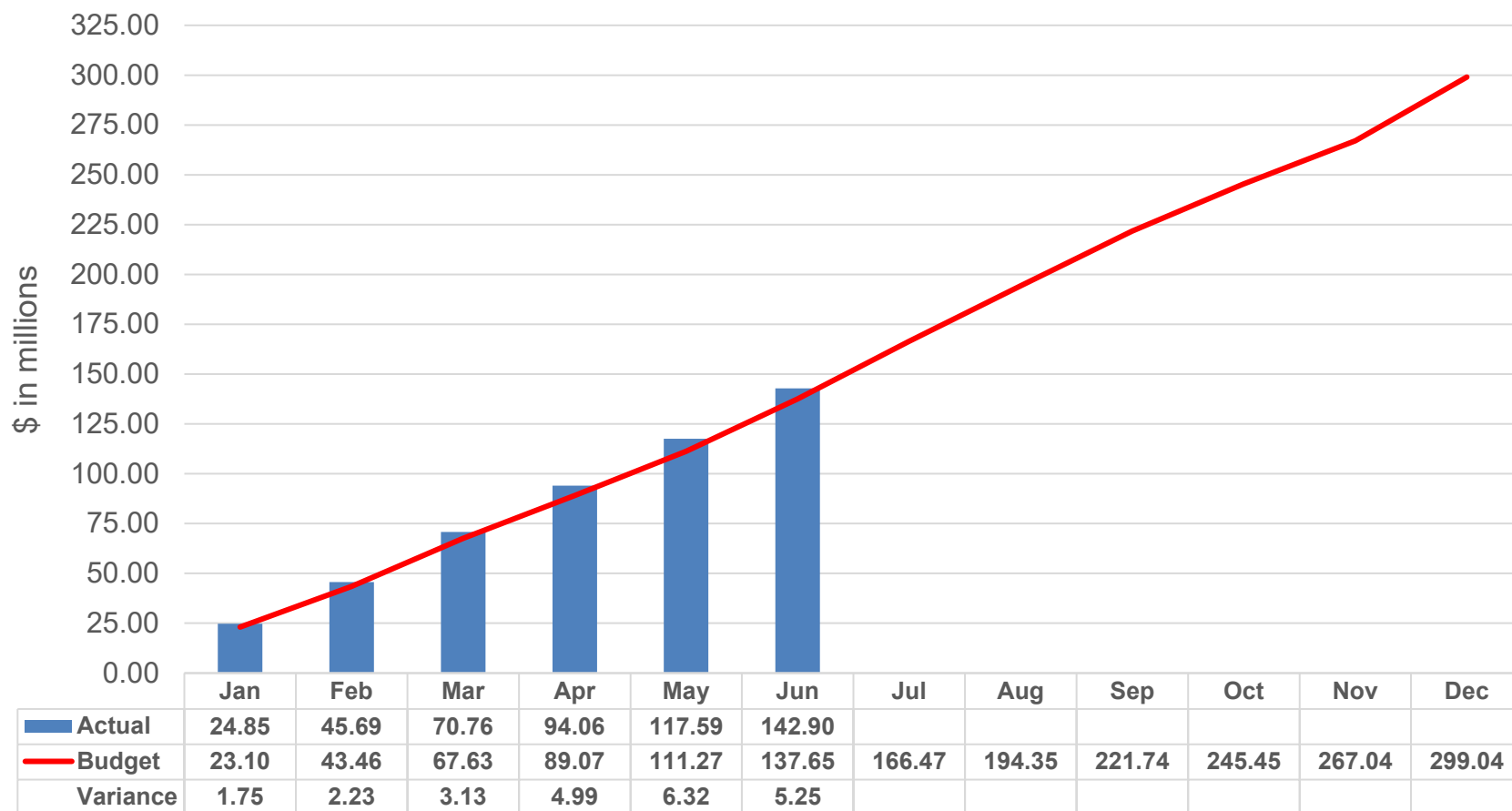
# Key Components of the Audited 2024 Financial Statements

## Changes in Net Position

- **Operating Revenues**
  - Finished the year over budget
  - Higher GMC revenues as well as higher miscellaneous revenues
    - Stronger actual GMC volumes than forecasted
- **Operating Expenses**
  - Finished the year at budget
  - Higher non-capitalizable software/computer expenses offset by lower salaries/benefits, outside legal and training/travel spend
- **Other Income (Losses) from Investments / (Debt Expenses)**
  - Higher interest income driven by both earnings and unrealized gains

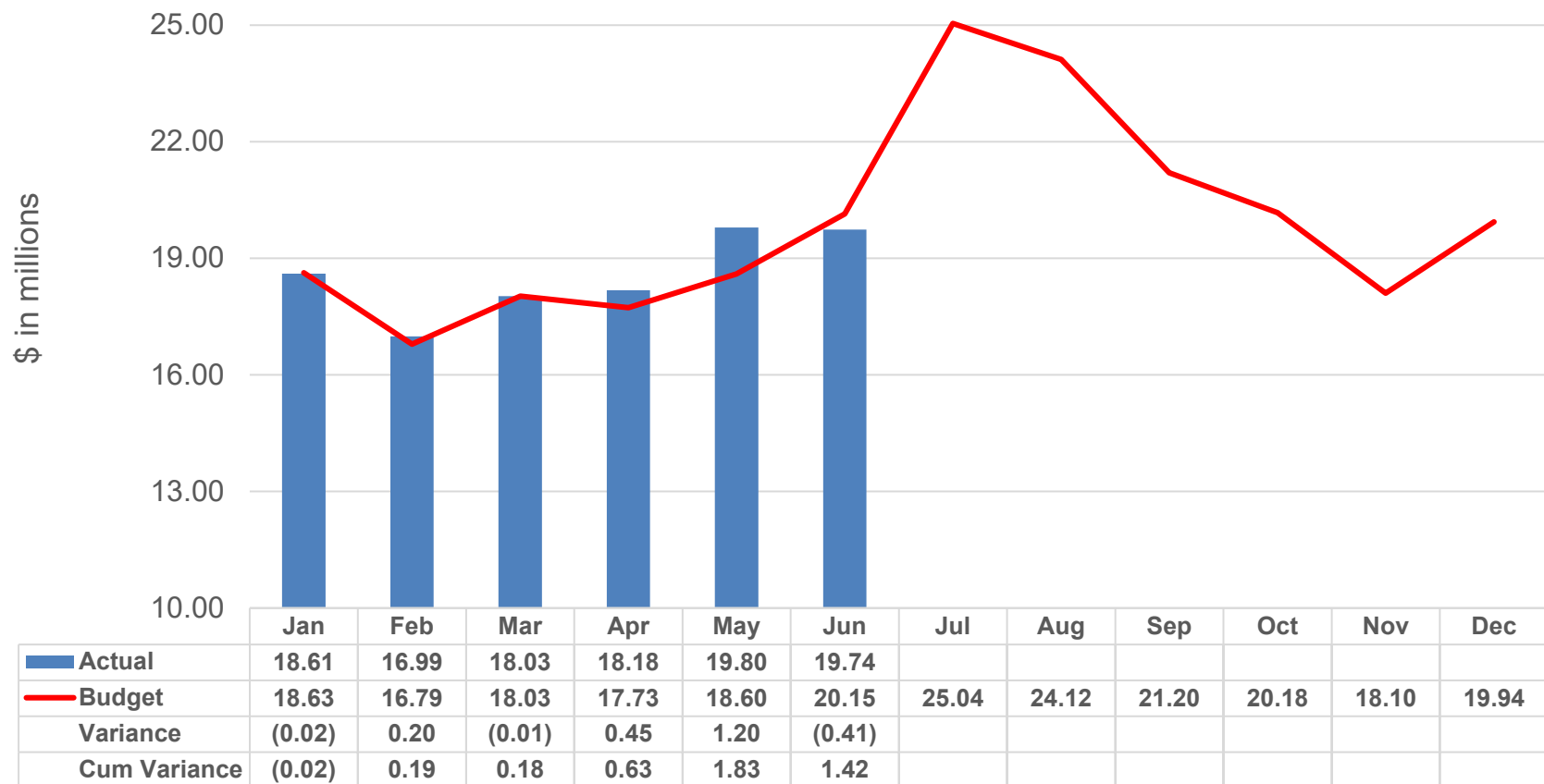
# Thru Q2-2025 Cumulative Operating Revenues

Revenues = GMC & Other Revenues

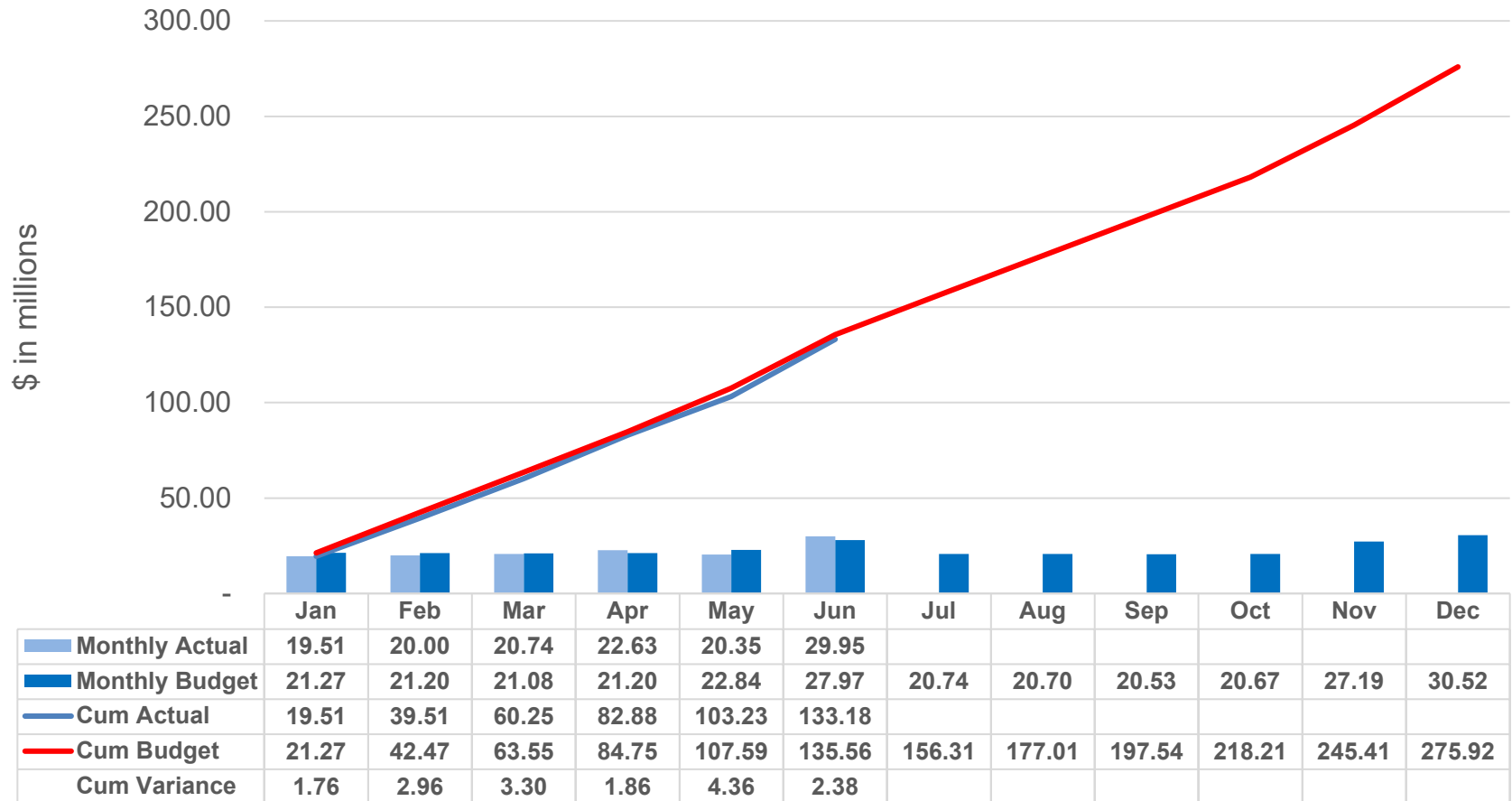




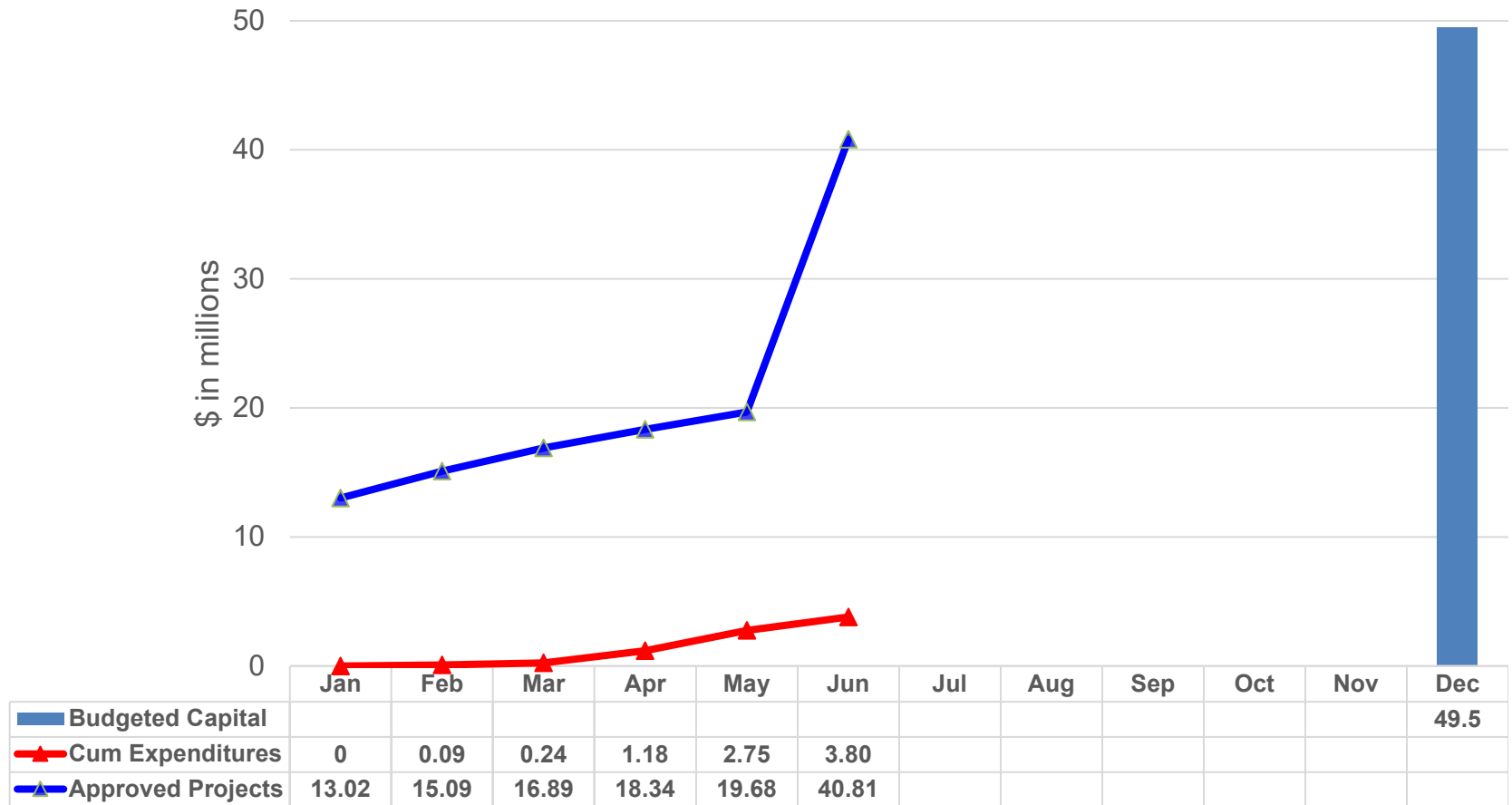
# Thru Q2-2025 GMC Revenues



# Thru Q2-2025 Operations and Maintenance Expenses



# Thru Q2-2025 Cumulative Capital Expenditures



Thomas Setliff  
Manager, Financial Planning and Analysis

# CALENDAR AND NEXT STEPS

# Key Calendar Dates\* and Next Steps

- Internal development process July – Nov
- Stakeholder comments due Aug 4
  - CAISO responses to stakeholder comments posted Aug 18
- Board of Governors meeting (executive session) Oct 29
- Post draft budget book Oct 30
- Stakeholder call to discuss draft Revenue Requirement Nov 5
  - Written stakeholder comments due to CAISO Nov 19
  - CAISO responses to stakeholder comments posted Dec 3
- Board of Governors meeting (general session) Dec 17
  - Public comments to Board on draft final Revenue Requirement
  - Request approval of draft final Revenue Requirement
- Post Revenue Requirement and Rates to CAISO website Dec 19

\*Dates are subject to change

# Stakeholder Feedback and Discussion

- Comments are due by end of day August 4<sup>th</sup>, 2025.
  - Please submit your comments using the comment template available on the process webpage (linked below).
- Questions? Please email [ISOStakeholderAffairs@caiso.com](mailto:ISOStakeholderAffairs@caiso.com)
- Additional information on this process is available on the CAISO website at [California ISO - Budget and grid management charge process - 2026 \(caiso.com\)](https://www.caiso.com/BudgetandGridManagementChargeProcess2026)

***THANK YOU***



*Energy Matters* blog provides timely insights into ISO grid and market operations as well as other industry-related news.



# SUMMER READINESS

07/09/2025



07/01/2025



06/19/2025



California ISO

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