



California ISO

Briefing on Draft 2027 Revenue Requirement, Project Budget, and Grid Management Charge Rates

Financial Planning and Procurement Department

Stakeholder Meeting
October 27, 2026

Engagement Best Practices



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Today's meeting is designed to encourage open dialogue and diverse perspective. Your participation is valued.



Please engage in a respectful and professional manner.



Please keep comments brief and avoid repeating points already made so we can manage time and ensure everyone has an opportunity to participate.



You can access Closed Captioning and the Transparency Viewer using the controls located at the bottom of the Webex screen.

Instructions for Raising Your Hand to Ask a Question



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Please remember to state your name and affiliation before making your comment.



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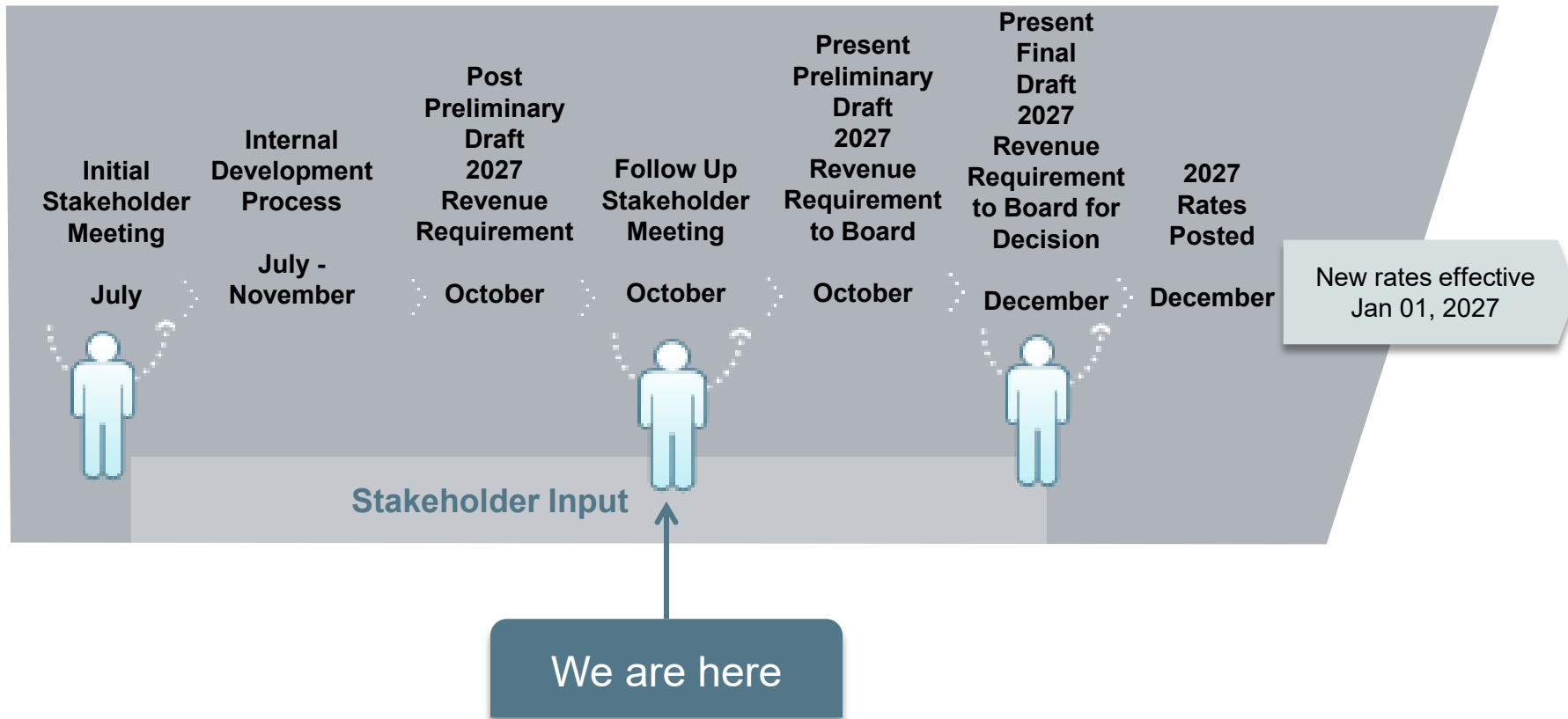


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Agenda

Topic	Presenters
Welcome and Introductions	Yelena Kopylov-Alford
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

Development Process Timeline



Summary: The 2027 Revenue Requirement increase is driven by the resumption of capital recovery and higher operating costs.

Revenue Requirement (\$ in millions)	2027 Budget	2026 Budget	Change
Operations & Maintenance Budget	\$305.0	\$290.3	\$14.7
Debt Service (including 25% reserve)	14.7	14.7	0.0
Cash-Funded Capital	35.0	0.0	35.0
Other Costs and Revenues	(51.1)	(51.2)	0.1
Operating Cost Reserve Adjustment	(10.3)	(3.9)	(6.4)
Total Revenue Requirement	\$293.3	\$249.9	\$43.4

Highlights: Revenue Requirement balances operating cost growth, renewed capital funding, and expanded market participation

- **O&M Budget:** Increases \$14.7 million (5.1%) to \$305 million, primarily reflecting compensation and benefit adjustments, technology and service costs, and anticipated sales tax impacts from SB 122. Budgeted staffing increases by two positions to 792.
- **Cash-Funded Capital:** \$35 million in collections resumes in 2027 following the use of existing reserves in 2026, supporting a \$27 million project budget and replenishment of capital reserves.
- **GMC Rate Outlook:** Expanded EDAM participation is expected to increase billing volumes and reduce certain GMC rates despite a higher revenue requirement. Actual rate impacts will vary by service category and participant, with projections subject to uncertainty associated with new EDAM operations.

O&M Budget: Proposed O&M budget increase of \$14.7 million primarily driven by compensation and benefits costs, technology service tools, and telecommunication expense

O&M Budget by Resource (\$ in millions)	2027 Budget	2026 Budget	Change
Salaries & Benefits	\$225.3	\$214.2	\$11.1
Occupancy Costs & Equipment Leases	4.4	3.8	0.6
Telecom, HW/SW Maintenance Costs	20.4	19.1	1.3
Consultants & Contract Staff	19.8	20.4	(0.6)
Outsourced Contracts & Professional Fees	24.6	22.4	2.2
Training, Travel, & Other Costs	10.5	10.4	0.1
Total	\$305.0	\$290.3	\$14.7
Budgeted Headcount	792	790	2

Debt Service: The debt service amount included in the 2027 GMC revenue requirement remains at \$14.7 million.

Debt Service (\$ in millions)	2027 Budget	2026 Budget	Change
Principal payments	\$9.0	\$9.0	\$0.0
Interest payments	2.7	2.7	0.0
Subtotal	11.7	11.7	0.0
25% debt service reserve	3.0	3.0	0.0
Total Debt Service	\$14.7	\$14.7	\$0.0

Cash-Funded Capital and Project Budget

- The cash-funded capital component of the revenue requirement supports planned project investments and the funding of capital reserves.
- Annual collections are determined based on anticipated capital needs, reserve funding objectives, and available capacity under the revenue requirement cap.
- Following the use of existing reserves to fund projects in 2026, cash-funded capital collections will resume in 2027.
- The 2027 revenue requirement includes \$35 million in cash-funded capital, supporting a \$27 million draft project budget and additional capital reserve funding.
- The project budget supports strategic and foundational initiatives funded outside the O&M budget, including capital investments in technology, infrastructure, and operational improvements.

Other Costs and Revenues: Remain stable at \$51 million, with minimal year-over-year impact on the Revenue Requirement.

Other Costs and (Revenue) (\$ in millions)	2027 Budget	2026 Budget	Change
Reliability Coordinator Funding Requirement	(\$25.5)	(\$21.7)	(\$3.8)
Interest Earnings	(7.5)	(7.7)	0.2
Intermittent Resource (wind and solar) Forecasting Fees	(7.0)	(7.0)	-
Western Energy Imbalance Market Administrative Charges	(4.1)	(5.3)	1.2
Generation Interconnection Project Fees	(3.6)	(3.6)	-
Nodal Pricing Model Fee	-	(3.1)	3.1
Other Revenue	(3.3)	(2.8)	(0.5)
Total Other Costs and (Revenue)	(\$51.0)	(\$51.2)	\$0.2

Operating Cost Reserve Adjustment: Favorable 2025 results reduce 2027 Revenue Requirement by \$10.3M.

Operating Cost Reserve Adjustment (\$ in millions)	2027 Budget	2026 Budget	Change
Change in the 15% reserve for O&M Budget	\$2.2	\$2.1	\$0.1
25% Debt Service collection from prior year	(2.9)	(2.9)	0.0
True-up of budget to actual revenues and expenses	(9.6)	(3.1)	(6.5)
Total Operating Cost Reserve Debit / (Credit)	(\$10.3)	(\$3.9)	(\$6.4)

- The 2027 operating cost reserve adjustment results in a \$10.3 million credit, reducing the amount recovered through GMC rates.
- Favorable 2025 financial results generate a \$9.6 million true-up credit, primarily driven by higher-than-budgeted other income and realized investment gains, partially offset by higher operating expenses.
- The adjustment also reflects the return of \$2.9 million in previously collected debt service reserves, partially offset by a \$2.2 million increase in the required operating reserve as the O&M budget grows.
- The calculation currently assumes no adjustment from updated 2026 financial estimates.

Rates: Market Services rate projected to decline as EDAM expands Day-Ahead billing volumes.

Charge Code	Summary of Charges, Fees, and Rates	2027 Rate	2026 Rate	Change	Billing Unit
Grid Management Charges					
4560	Market Services Charge	\$0.1346	\$0.1416	(\$0.0070)	per MWh
4566	System Operations Balancing Authority Area Services Charge	\$0.1634	\$0.1356	\$0.0278	per MWh
4567	System Operations Real-Time Dispatch Charge	\$0.0924	\$0.0901	\$0.0023	per MWh
4562	CRR Services Charge	\$0.0125	\$0.0109	\$0.0016	per MWh

EDAM volume projections reflect limited operating history for new participants and remain subject to changes in implementation timing and market activity.

WEIM Market Services Administrative Charge projected to decline alongside the Market Services rate.

Charge Code	Summary of Charges, Fees, and Rates	2027 Rate	2026 Rate	Change	Billing Unit
Miscellaneous Fixed Fees					
701	EIR Forecast Fee	\$0.1000	\$0.1000	\$0.0000	per MWh
4512	Inter-SC Trade Fees	\$1.00	\$1.00	\$0	per # of trades
4515	Bid Segment Fees	\$0.0050	\$0.0050	\$0.0000	per # of bid segments
4516	CRR Auction Bid Fees	\$1.00	\$1.00	\$0.0000	per # of nominations and bids
4563	TOR Charge	\$0.3250	\$0.3250	\$0.0000	Minimum of supply or demand TOR MWh
4575	SCID Fees (monthly)	\$1,500	\$1,500	\$0	per # of SCID
Supplemental Services Rates					
4564	WEIM Market Services	\$0.0868	\$0.0913	(\$0.0045)	per MWh
4564	WEIM System Operations	\$0.0924	\$0.0901	\$0.0023	per MWh
5701	RC Service Rate	\$0.0415	\$0.0325	\$0.0090	per MWh

NEXT STEPS

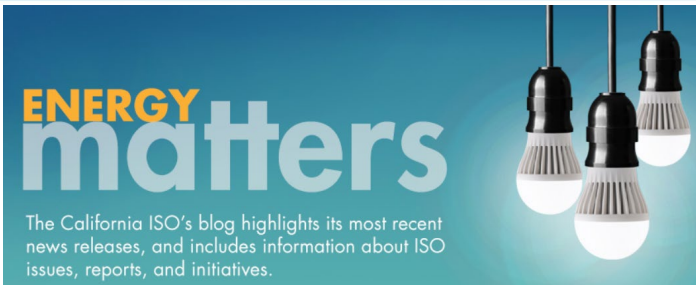
Key Calendar Dates*

Previous Events	Date
Initial stakeholder meeting	July 13
Internal budgeting process	July – October
Draft 2027 Revenue Requirement, Project Budget, and Grid Management Charge Rates posted to public website	October 21
Upcoming Events	Date
Follow up stakeholder meeting	October 27
Draft budget reviewed by Board of Governors	October 28
Stakeholder comments due	November 10
CAISO response to comments posted	November 24
Internal budgeting process	November – December
Board decision on 2027 Revenue Requirement, Project Budget, and Grid Management Charge Rates	December 8
2027 Revenue Requirement, Project Budget, and Grid Management Charge Rates documentation posted to ISO website	December 10

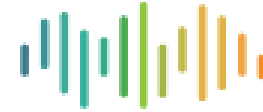
*Dates are subject to change

Next Steps

- Comments on the Draft 2027 Revenue Requirement, Project Budget, and Grid Management Charge Rates are due by end of day November 10, through the commenting tool on the process webpage.
- Questions? Please email ISOStakeholderAffairs@caiso.com
- Additional information on this process is available on the CAISO website at:
<https://stakeholdercenter.caiso.com/RecurringStakeholderProcesses/Grid-management-charge-revenue-requirement-project-budget-rates-2027>



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