



California ISO

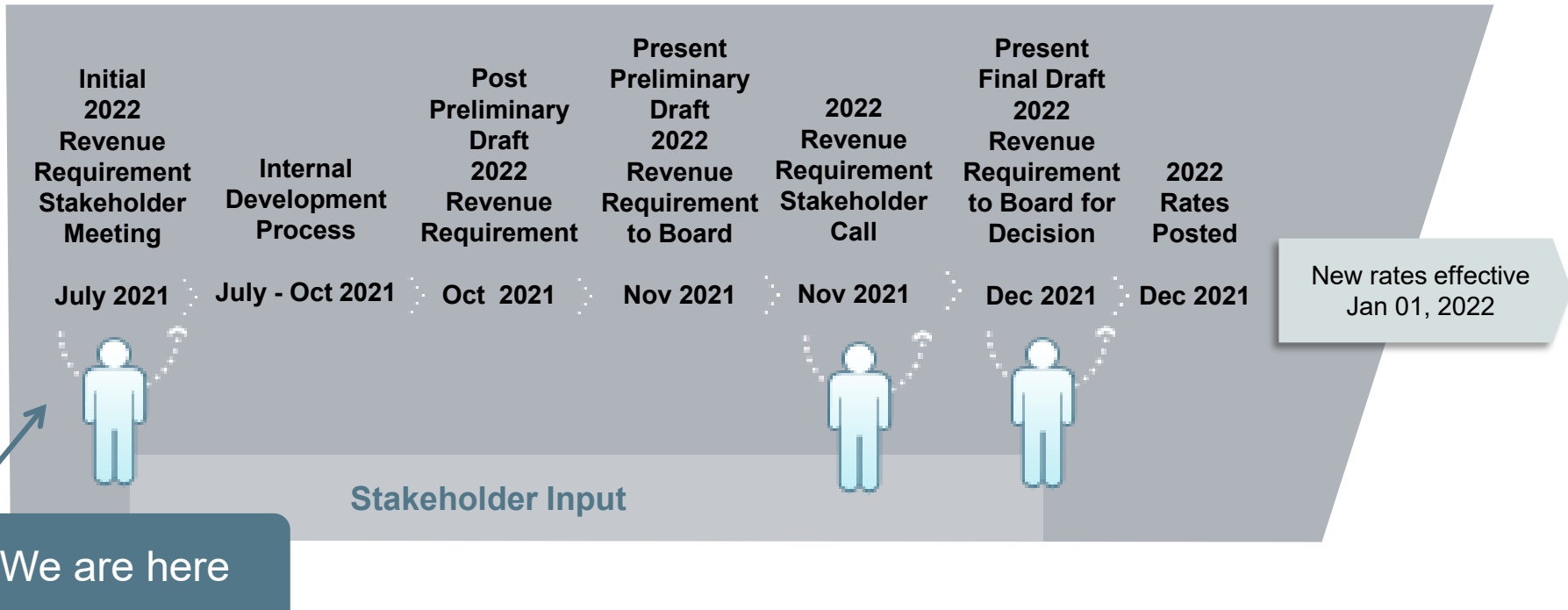
# 2022 Budget and Grid Management Charge Process Initial Stakeholder Meeting

July 22, 2021

# Agenda

<b>Topic</b>	<b>Presenters</b>
Welcome and Introductions	Isabella Nicosia
Revenue Requirement and Rates Process	April Gordon
Managing Employee Compensation	Lisa Johnson
Project Release Plans	Ken Kasparian
Project Summaries	Jan Cogdill
Financial Summaries	Denise Walsh
2022 Calendar & Next Steps	Thomas Setliff
Stakeholder Feedback & Discussion	Group

# 2022 Revenue Requirement and Rates Timeline

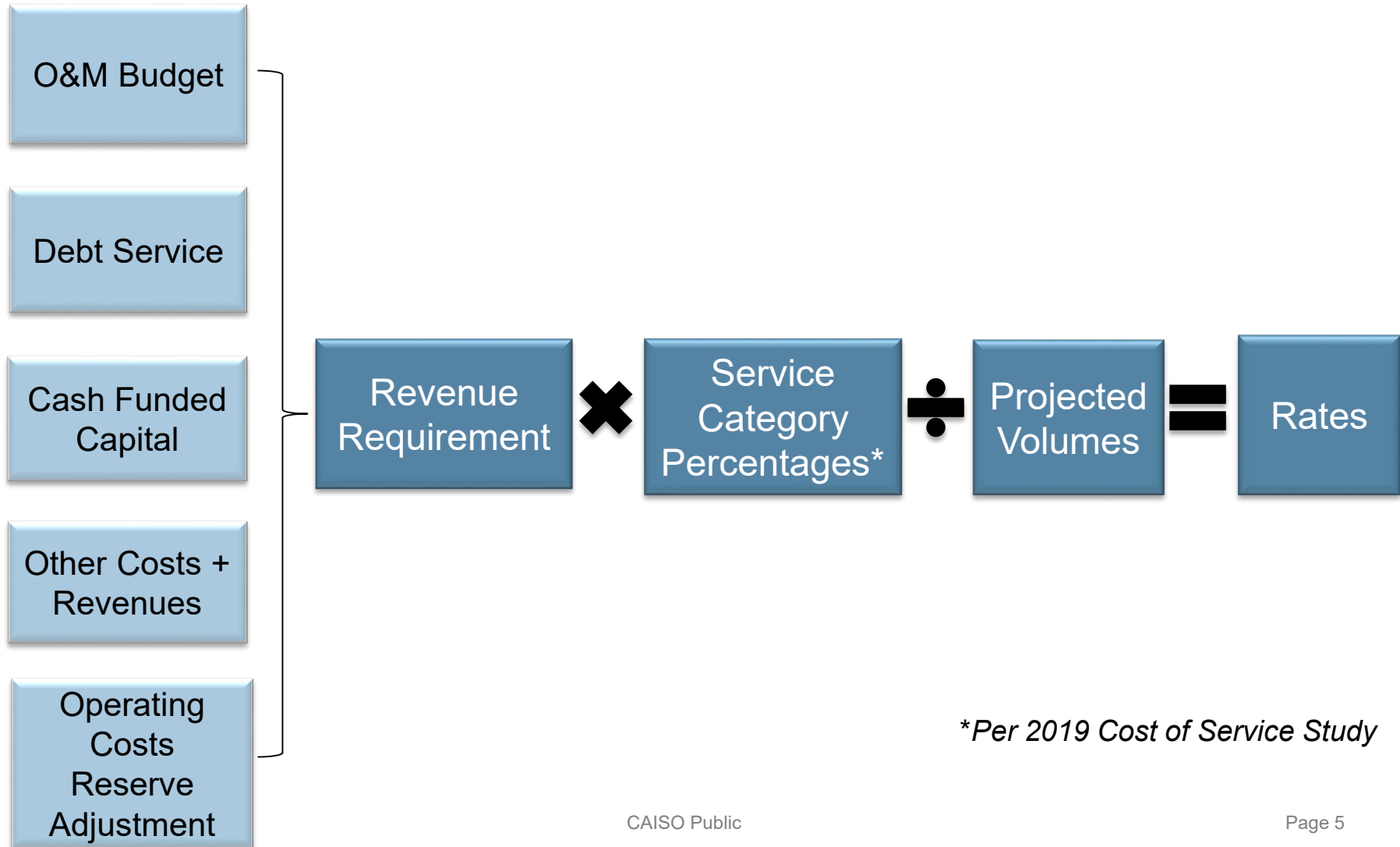


April Gordon

Director, Financial Planning and Procurement

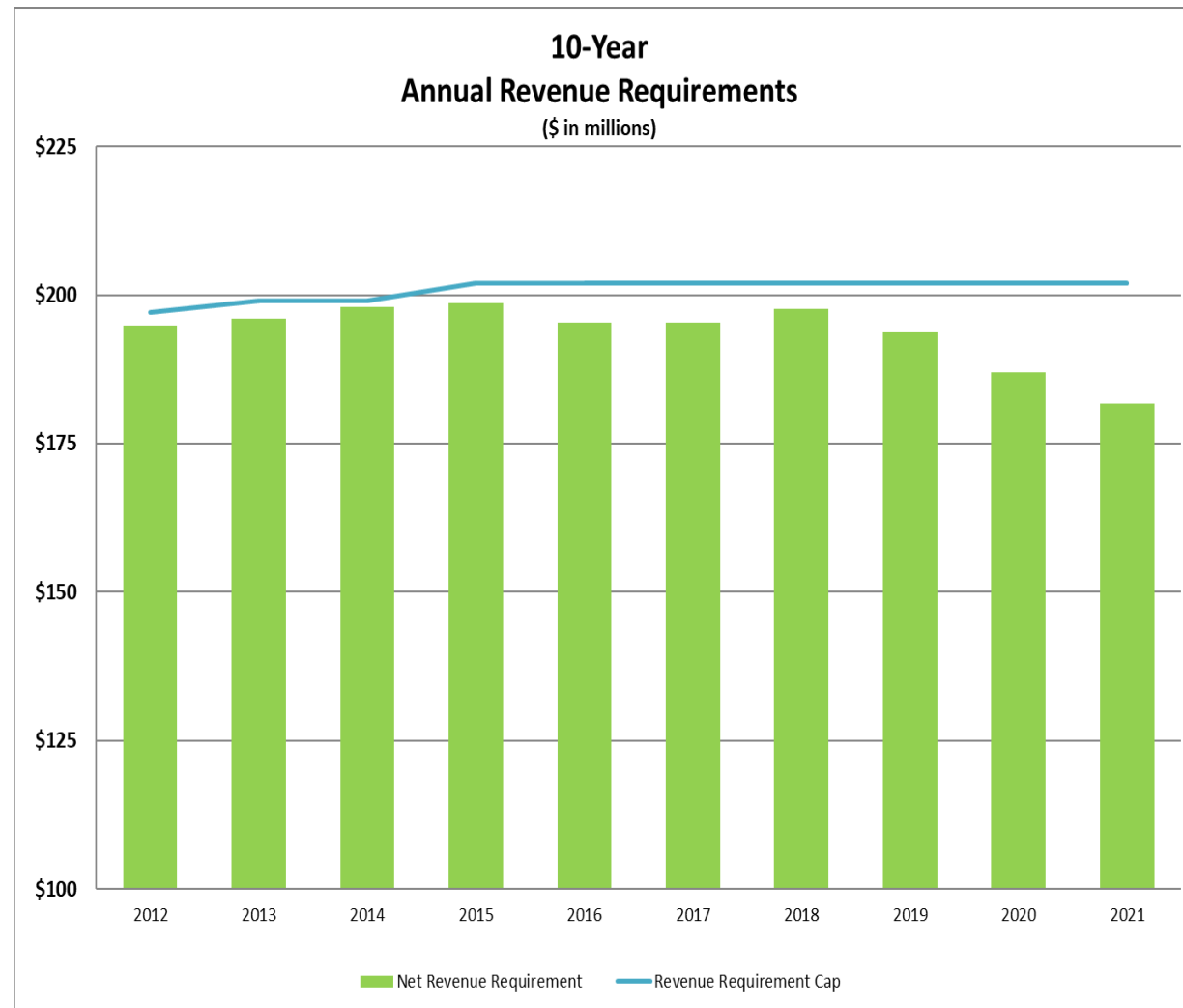
# REVENUE REQUIREMENT AND RATES PROCESS

# Revenue Requirement Components



# Budgeting Principles

- Align Budget with ISO Strategic Vision
- Maintain Fiscal Discipline
- Encourage Collaboration
- Provide Transparency
- Remain under \$202M Cap



Lisa Johnson  
Manager, Total Rewards

# MANAGING EMPLOYEE COMPENSATION

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

- **Competitive Pay**
  - Market pay practices
  - Bi-annual salary surveys covering 100% of ISO positions
- **Pay for Performance Philosophy**
  - High performance goals aligned to meet annual Corporate objectives
    - Board approved goals cascaded and tailored to individual employees
  - Year-end evaluation of performance results against objectives
  - Differentiation of merit dollars based on performance
- **Strong Performance Management Program**
  - Individual performance plans
  - Stretch objectives
  - Ongoing feedback, coaching and support
- **Budgeted Merit and Promotion Pool**
  - Optimal utilization of available salary dollars
  - Employee merit increases based on performance



Ken Kasparian

Sr. Manager, Strategic Initiative Business Analysis

# PROJECT RELEASE PLANS

# Project Release Planning Engagement Opportunities

## 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/InitiativeDocuments/ReleaseSchedule-Jul15-2021.pdf>
    - Updated monthly
  - **Implementation Milestones**
    - <http://www.caiso.com/Documents/ImplementationMilestones.xlsx>
    - Updated monthly
    - Multi-year time horizon

# 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**
  - Bimonthly 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.

# 2022 Release Plan

## **Spring – March, April**

- Energy Imbalance Market (EIM) - Avista
- Energy Imbalance Market (EIM) - Bonneville Power Administration
- Energy Imbalance Market (EIM) - Tacoma Power
- Energy Imbalance Market (EIM) - Tucson Electric Power

## **Spring – May 1**

- Flexible Ramping Product Improvements – Deliverability
- Western EIM Base Schedule Submission Deadline Phase 2
- Hybrid Resources Phase 2B

# 2022 Release Plan

## **Fall – Tentative, subject to impact assessment**

- External Load Forward Scheduling Rights Process
- Resource Sufficiency Evaluation
- Day Ahead Market Enhancements
- TAC Structure Enhancements
- Resource Adequacy Enhancements Track 2
- Maximum Import Capacity Enhancements
- Transmission Register Replacement
- NOPR - Managing Transmission Line Ratings

# 2023+ Release Plan

## Spring 2023

- Energy Imbalance Market (EIM) - Avangrid
- Energy Imbalance Market (EIM) - El Paso Electric
- Energy Imbalance Market (EIM) - Xcel Energy – Colorado

## **Fall 2023 Tentative, subject to impact assessment**

- Extend Day-Ahead Market to EIM Entities
- Frequency Response Measures
- VER Dispatch Enhancements
- Scarcity Pricing / System Market Power
- Joint Owned Unit Model
- Hybrid Evolution
- Energy Storage Enhancements

Jan Cogdill  
Lead Financial Planning

# PROJECT SUMMARIES

# Capital and Project Budgets

- **2021 Project Budget**
  - Approved at \$22M
  
- **2022 Project Budget**
  - Targeted at \$18M - 20M
  - At least 74 proposed projects will be prioritized to meet final budget limit



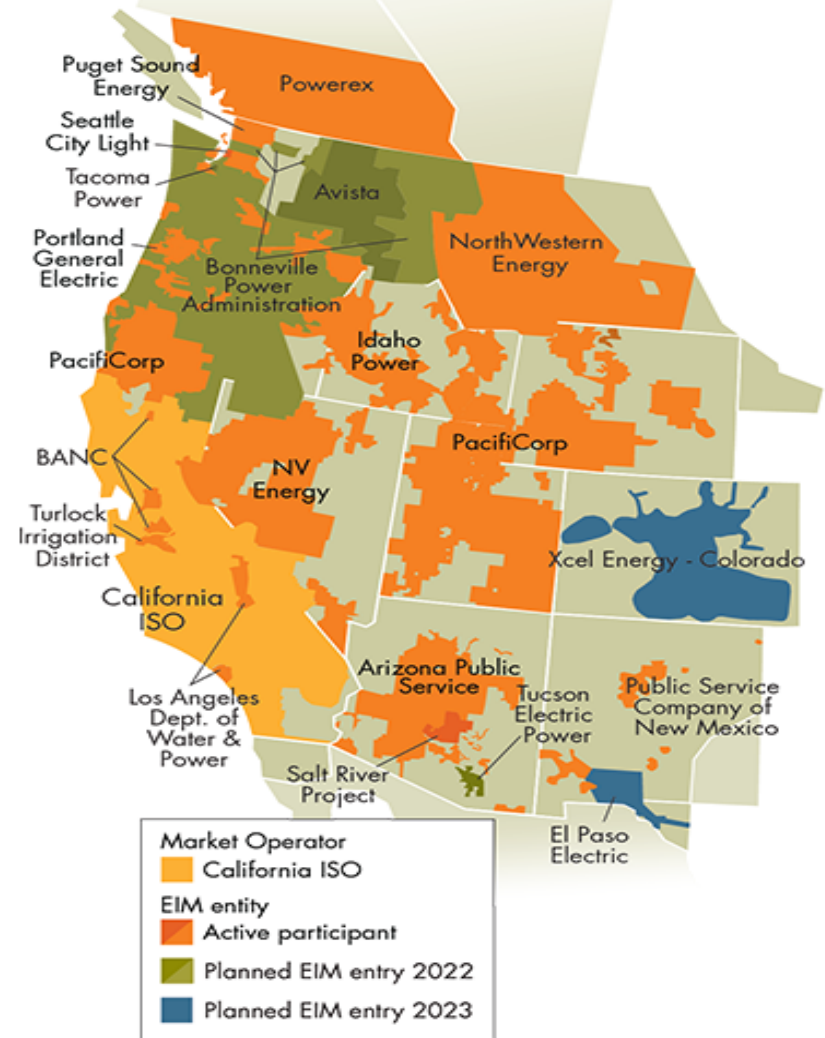
# Summary of Completed and Active Projects

- **Completed projects from July 2020 to June 2021**
  - **25 Capital Projects**
    - Budgeted costs \$12.7M, actual costs \$11M
  - **22 Requirements & Other Projects**
    - Budgeted costs \$3.6M, actual costs \$3.4M
- **Active projects as of June 30, 2021**
  - **34 Capital Projects**
    - Budgeted costs \$29.2M, PTD costs \$8.5M
  - **26 Requirements & Other Projects**
    - Budgeted costs \$5.3M, PTD costs \$2.2M

# EIM Implementations

## Future implementations funded by the following entities:

- Avangrid
- Avista
- Bonneville Power Administration
- El Paso Electric
- Tacoma Power
- Tucson Electric Power
- Xcel Energy



Denise Walsh  
Controller

# FINANCIAL SUMMARIES

# 2020 Highlights

## Key components of the audited 2020 financials:

- **Operating revenues**

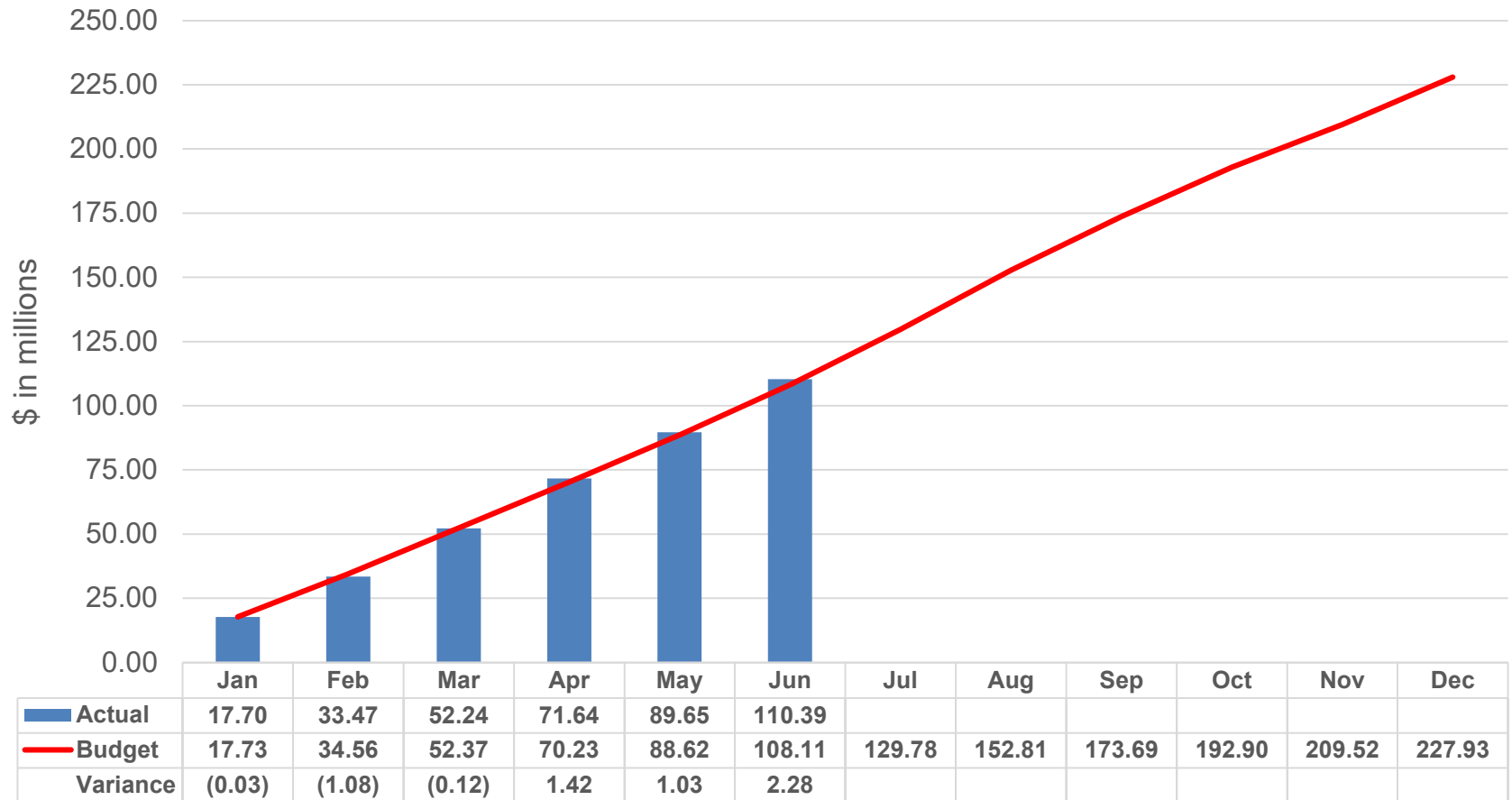
- Finished the year over budget
- Higher GMC revenues as well as higher miscellaneous revenues
  - Interest income
  - Large generator interconnection projects (LGIP)
  - EIM administrative charges

- **Operating expenses**

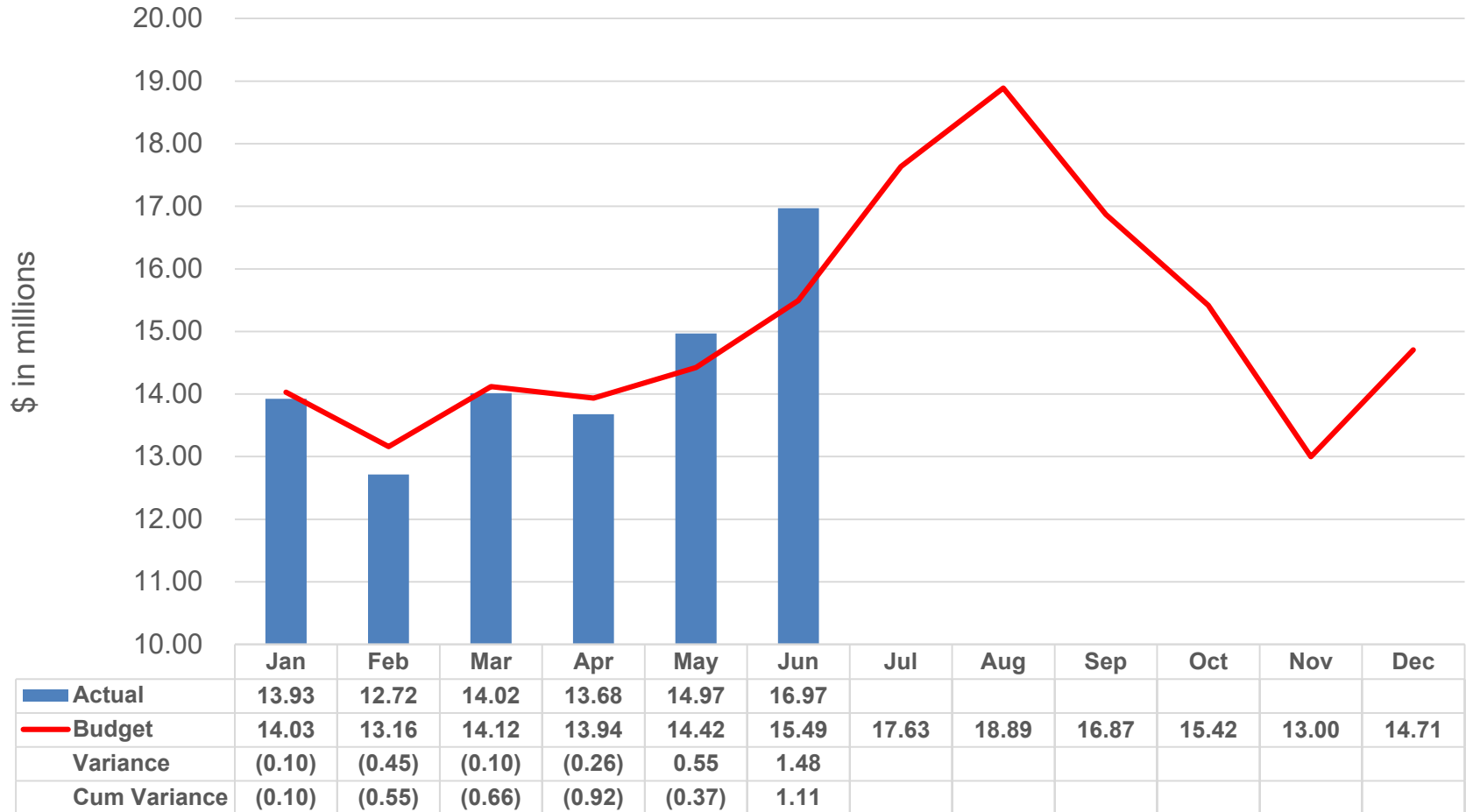
- Finished the year under budget
- Lower outside legal, contract staff, consultant, travel and salaries/benefits spend

# Thru Q2 2021 Cumulative Operating Revenues

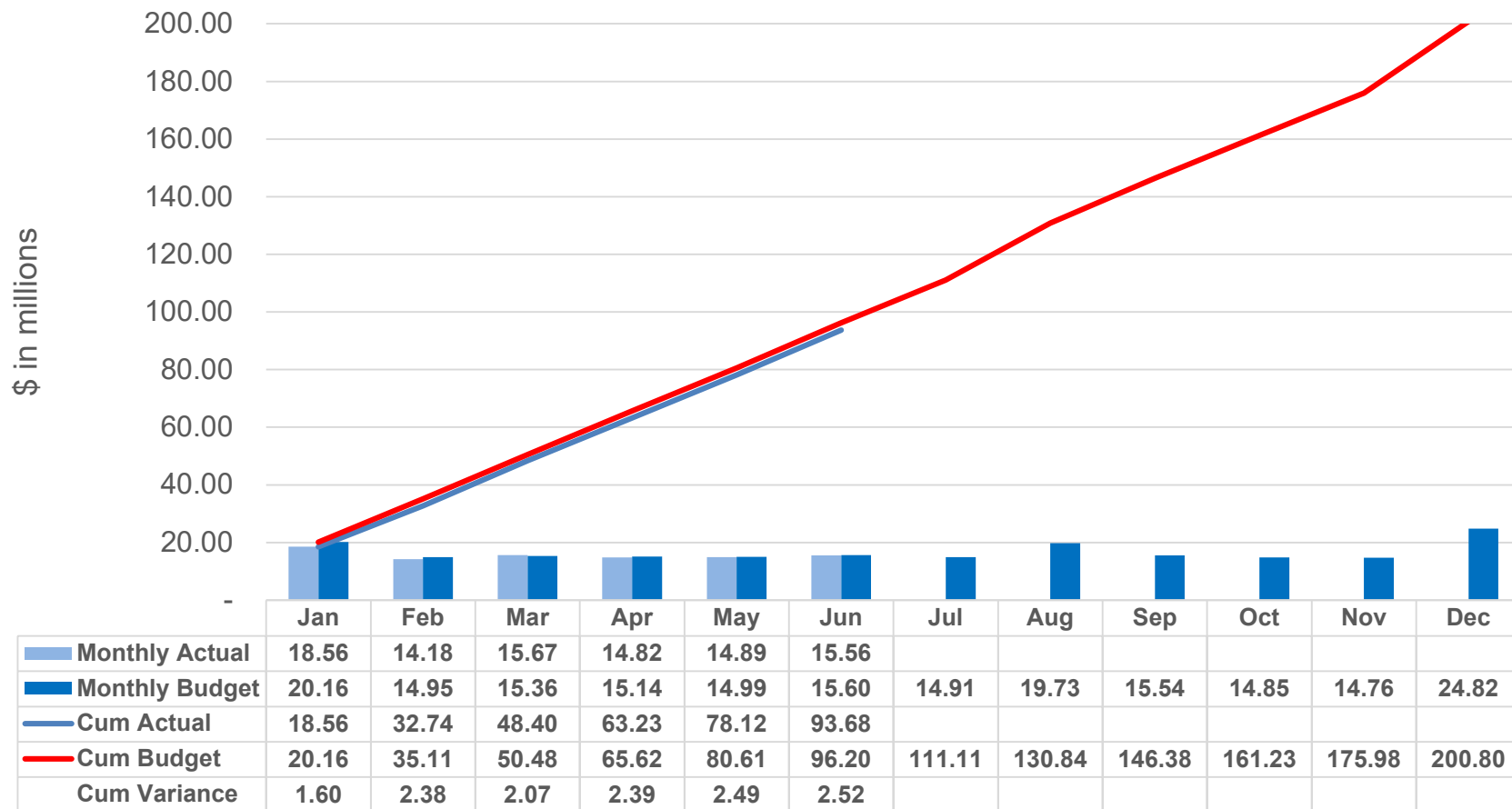
Revenues = GMC & Other Revenues



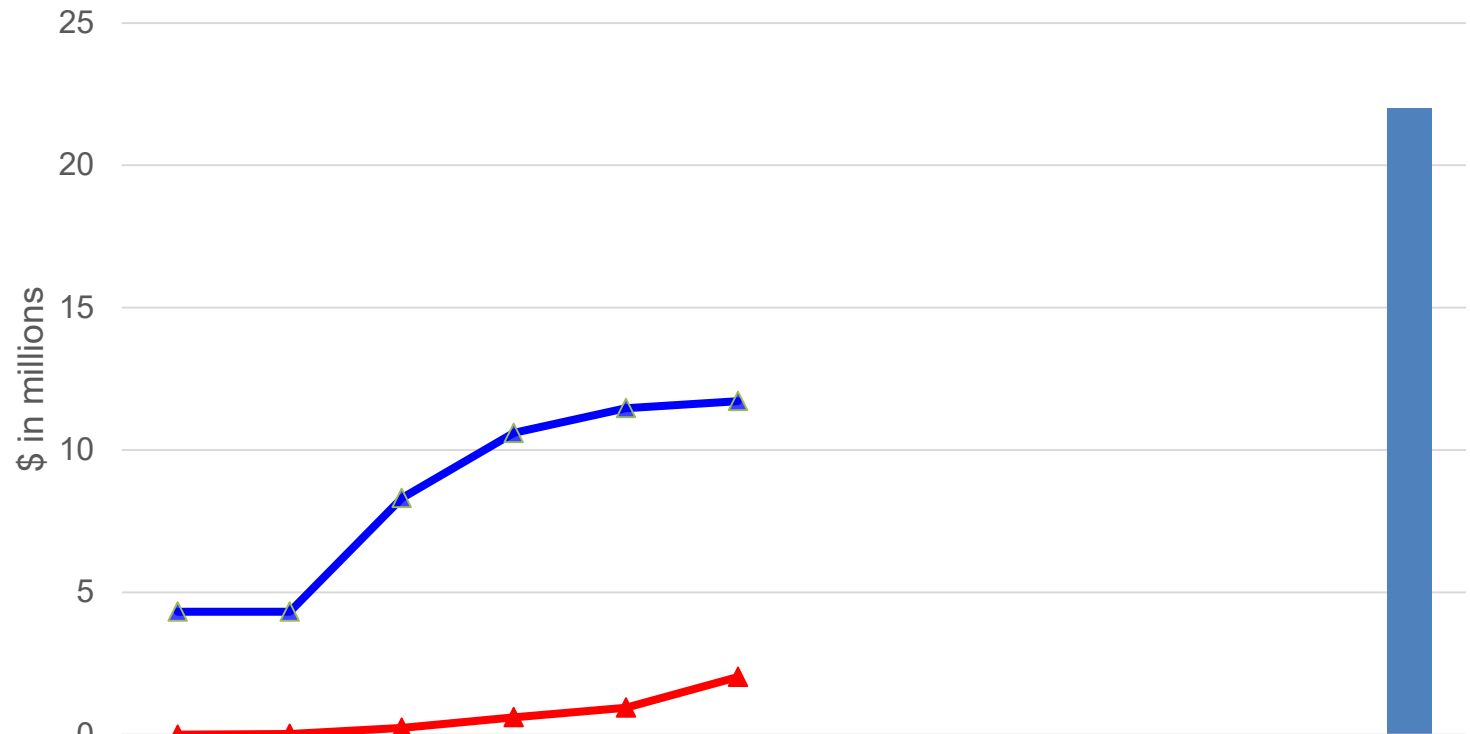
# Thru Q2 2021 GMC Revenues



# Thru Q2 2021 Operations and Maintenance Expenses



# Thru Q2 2021 Cumulative Capital Expenditures



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec 22
Budgeted Capital												
Cum Expenditures	0	0.03	0.24	0.61	0.95	2.03						
Approved Projects	4.32	4.32	8.31	10.6	11.47	11.72						



Thomas Setliff  
Lead Financial Analyst

# CALENDAR AND NEXT STEPS

# Key Calendar Dates\* and Next Steps


- Internal development process July – Oct
- Stakeholder comments due July 29
  - Submit comments through the ISO’s commenting tool using the template provided on the process webpage
  - ISO responses to stakeholder comments posted Aug 5
- Post preliminary draft 2022 Revenue Requirement Oct 29
- Board of Governors meeting (executive session) Nov 3
- Stakeholder call to discuss draft Revenue Requirement Nov 15
  - Written stakeholder comments due to ISO Nov 22
  - ISO responses to stakeholder comments posted Nov 29
- Board of Governors meeting (general session) Dec 15-16
  - Public comments to board on final draft 2022 Revenue Requirement
  - Request approval of final draft 2022 Revenue Requirement
- Post Revenue Requirement and Rates to ISO website Dec 23

# Comments will be submitted to the ISO using the online stakeholder commenting tool

- Ability to view all comments with a single click.
- Ability to filter comments by question or by entity.
- Login, add your comments directly to the template and submit.
  - You can save and return to your entry anytime during the open comment period.

## NOTE

Submitting comments in the tool will require a one-time registration.

 Find a [video](#) on how to use the commenting tool on the Recurring Stakeholder Processes [landing page](#).

# Previous Budget and GMC process webpages can be found here:

Home > Stay Informed > Recurring Stakeholder Processes

## Recurring stakeholder processes

Stakeholder input is essential to ISO planning processes. Similar to policy development, the ISO is committed to providing ample opportunities for stakeholder input into these processes.

Learn how to use the new stakeholder commenting tool:

 View presentation  View video

 Commenting tool



 Recent process documents

 Stakeholder initiatives



 Miscellaneous meetings

The California ISO is closely monitoring coronavirus (COVID-19) developments and have taken steps to transition in-person stakeholder meetings to a virtual format or conference call. Please check our calendar for updates and contact customer service at (916) 608-7320 with questions.

budget 

STATUS:  

- All
- Active
- Inactive
- Completed/Closed

Title	Status	Development	Decision	Implementation
Budget and grid management charge - 2018 	Completed			
Budget and grid management charge - 2019 	Completed			
Budget and grid management charge - 2020 	Completed			
Budget and grid management charge - 2021 	Completed			

<https://stakeholdercenter.caiso.com/RecurringStakeholderProcesses>

Search for "budget" in the search bar

Select "Completed/Closed" in the status drop down menu