



California ISO

2024 Budget and Grid Management Charge Process Initial Stakeholder Meeting

August 8, 2023

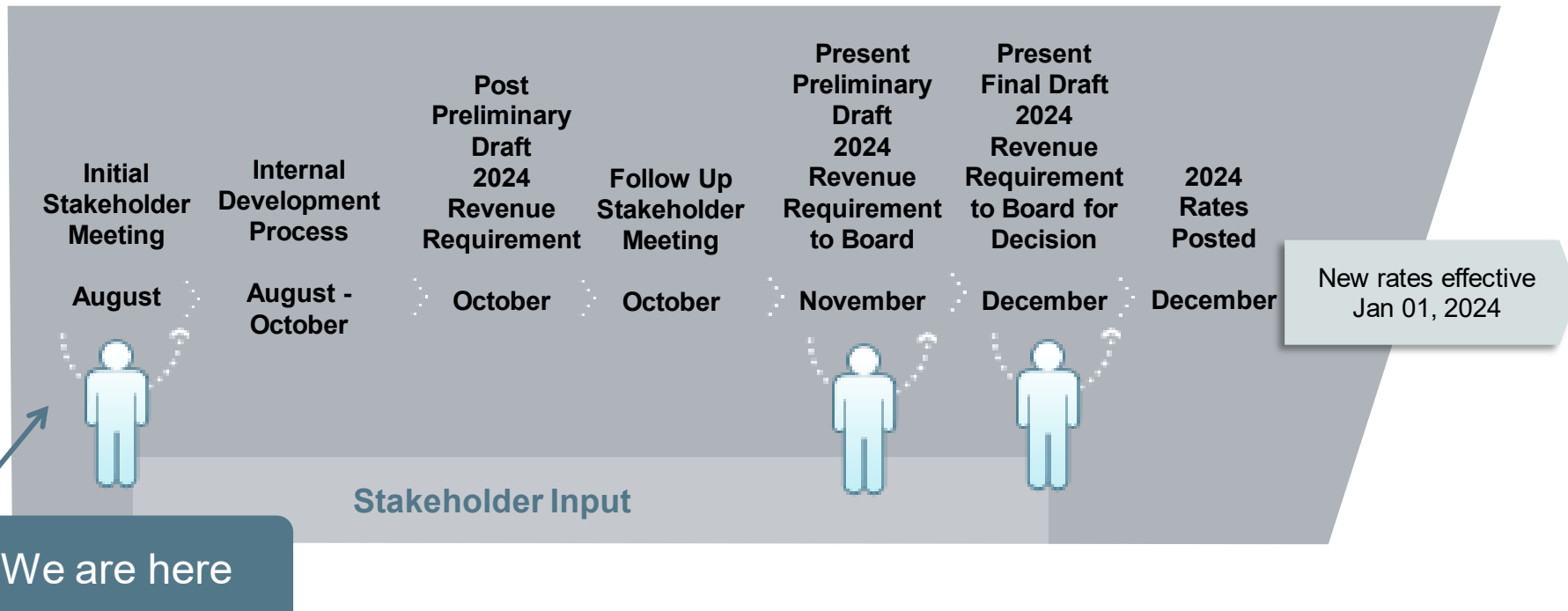
Reminders and Opening Remarks

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO permission.
- If you need technical assistance during the meeting, please send a chat to the event producer.
- Thank you for joining us, and we look forward to an engaging discussion.

Agenda

Topic	Presenters
Welcome and Introductions	Brenda Corona
GMC Revenue Requirement and Rates Process	April Gordon
Managing Employee Compensation	Lisa Johnson
Project Release Plans	Ken Kasparian
Project Summaries	Jan Cogdill
Financial Summaries	Dennis Estrada
Calendar & Next Steps	Thomas Setliff
Stakeholder Feedback & Discussion	Group

2024 GMC Revenue Requirement and Rates Timeline

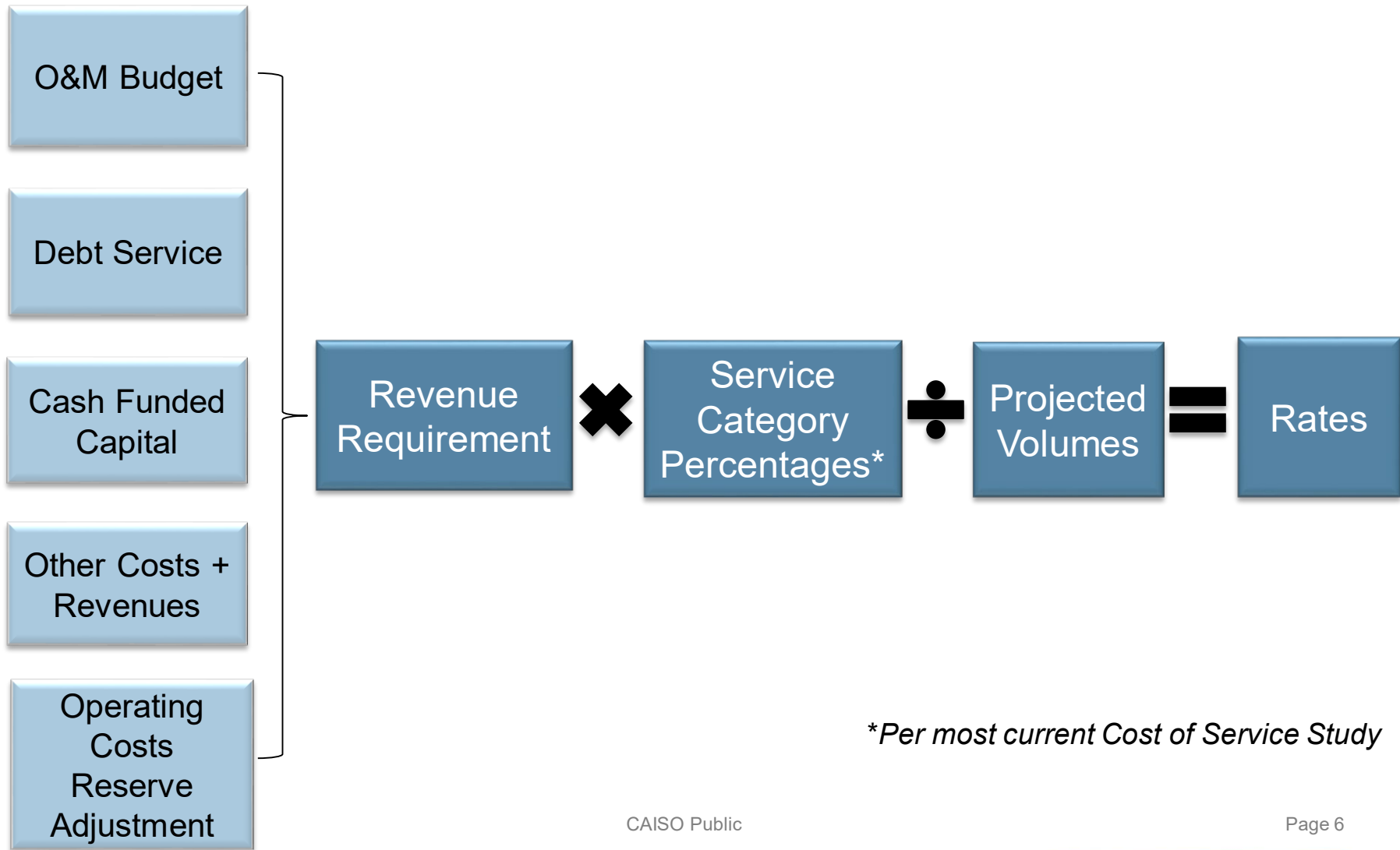


April Gordon

Director, Financial Planning and Procurement

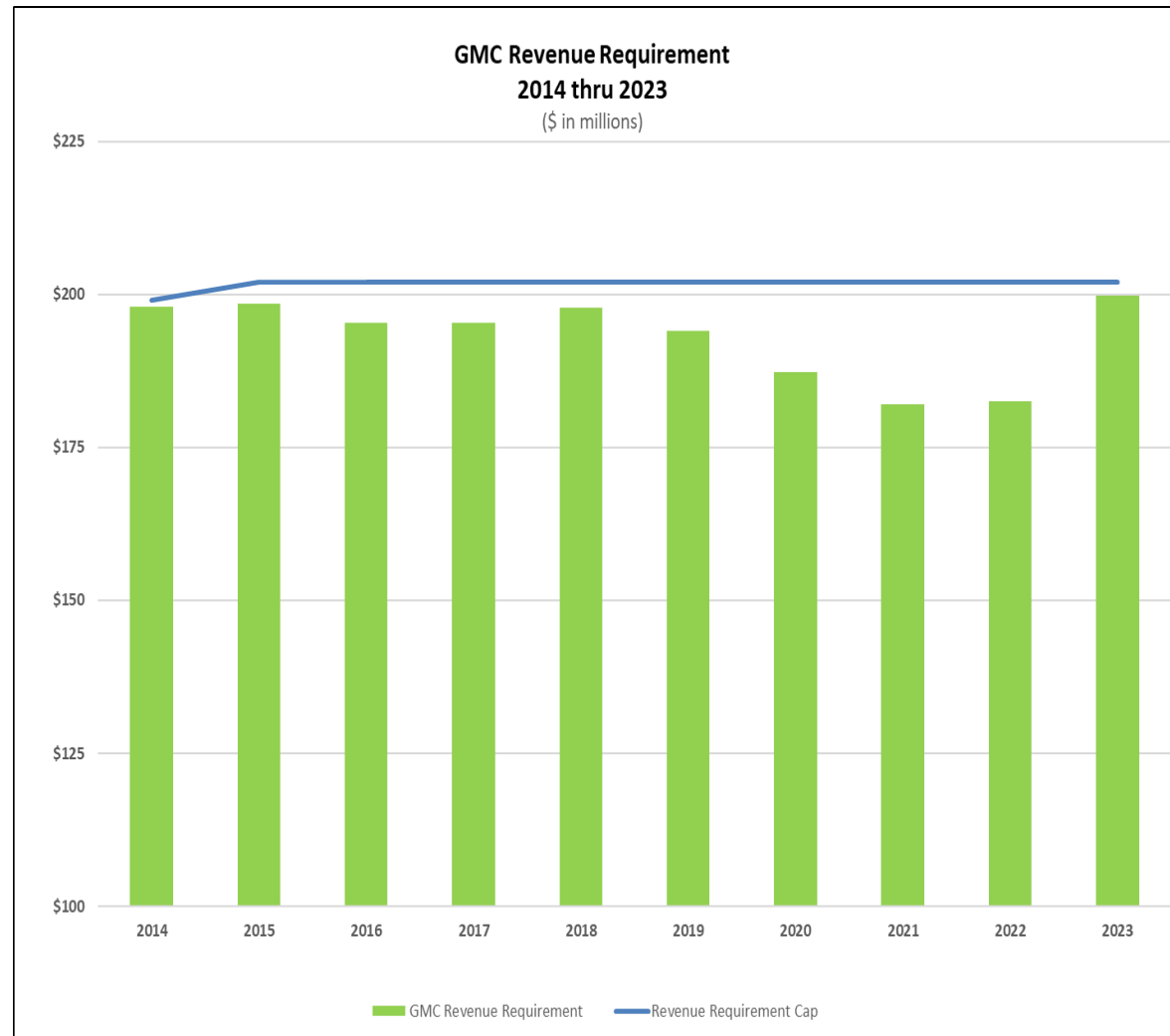
GMC REVENUE REQUIREMENT AND RATES PROCESS

GMC Revenue Requirement Components



Budgeting Principles

- Align with ISO Strategic Plan
- Maintain Fiscal Discipline
- Encourage Collaboration
- Provide Transparency
- Remain under RR Cap



Align Revenue Requirement with the 2022 – 2026 Strategic Plan

Our vision is to operate the world's most reliable, cost-effective and environmentally sustainable power system.

Critical strategic and tactical objectives involve:

1. Integration
2. Long-term transmission planning
3. Foundation
4. Stakeholder engagement and customer service
5. Highly skilled and engaged workforce

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, Enterprise Program Management Office

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

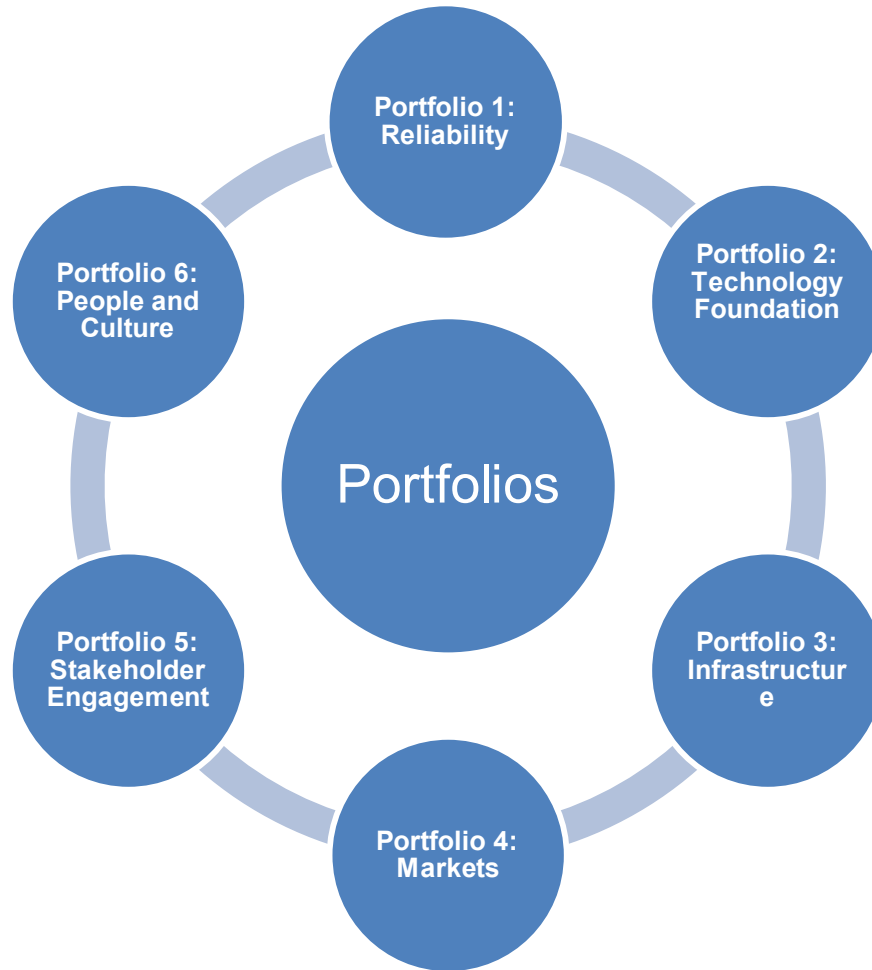
Project Release Planning Engagement Opportunities

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**
 - 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.

Strategic Plan Objectives Mapping to Portfolios



2023 Release Plan

Fall 2023 Release

- Maximum Import Capability Enhancements
- Washington WEIM Greenhouse Gas Enhancements & Interim Solution
- WEIM Resource Sufficiency Evaluation Enhancements Phase 2 Track 2
- Energy Storage Enhancements Track 2

2023 Independent

- Capacity Procurement Mechanism Enhancements
- Hybrid Resources Phase 2C – RIMS
- URL & IP Changes – Application Delivery Resiliency

2024 Release Plan (pending feasibility assessment)

Independent / Pre-Summer

- WEIM Resource Sufficiency Evaluation Enhancements Phase 2
- Transmission Service & Market Scheduling Priorities Phase 2
- CPM Enhancements Phase 1 and 2

Fall 2024 & Spring 2025

- FERC Order 881
- Day-Ahead Market Enhancements
- Extended Day-Ahead Market
- CAISO BAA EDAM Participation

2025+ Release Plan (pending feasibility assessment)

- Price Formation Enhancements Phase 1
- Storage Modeling Enhancements
- VER and Storage Dispatch Enhancements
- FERC Order on Transmission Planning & Extreme Events Planning
- Price Formation Enhancements Phase 2
- Resource Sufficiency Evaluation Enhancements Phase 3
- Resource Adequacy Enhancements
- FERC Order on Generator Interconnection Enhancements
- GHG Coordination
- EDAM Enhancements
- Subscriber PTO Participation Rules

Jan Cogdill
Lead Financial Planning

PROJECT SUMMARIES

Capital and Project Budgets

- **2023 Project Budget**
 - Approved at \$25M

- **2024 Project Budget**
 - Targeted at \$22M - \$25M
 - At least 33 proposed projects will be prioritized to meet final budget limit

Summary of Completed and Active Projects

- **Completed projects from July 2022 to June 2023**
 - **20 Capital Projects**
 - Budgeted costs \$14.4M, actual costs \$13.6M
 - **22 Requirements & Other Projects**
 - Budgeted costs \$2.0M, actual costs \$1.7M
- **Active projects as of June 30, 2023**
 - **29 Capital Projects**
 - Budgeted costs \$54.2M, PTD* costs \$12.2M
 - **31 Requirements & Other Projects**
 - Budgeted costs \$11.3M, PTD costs \$4.6M

*PTD = Period to date

Dennis Estrada
Assistant Controller

FINANCIAL SUMMARIES

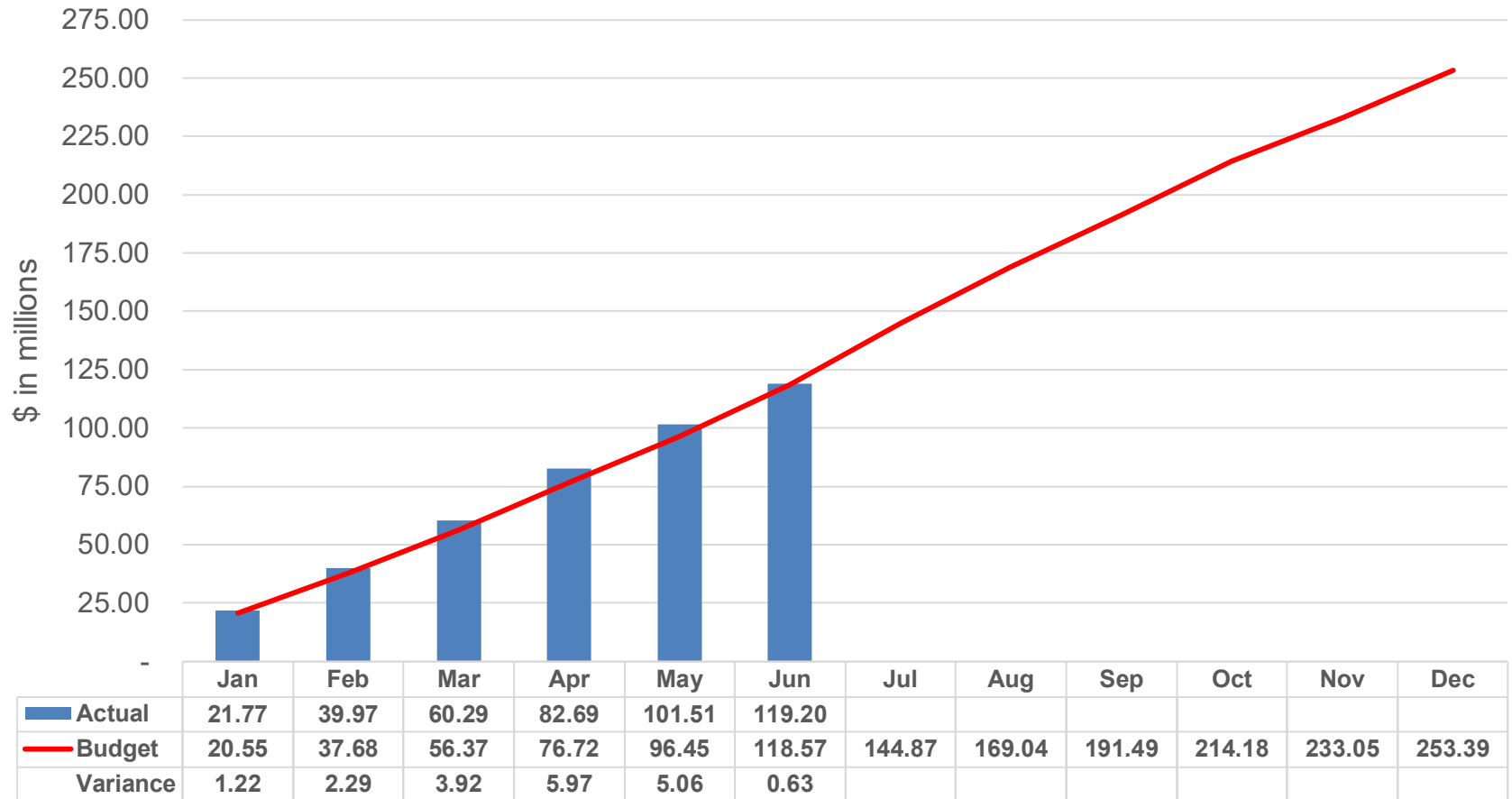
Key Components of the Audited 2022 Financial Statements

Changes in Net Position:

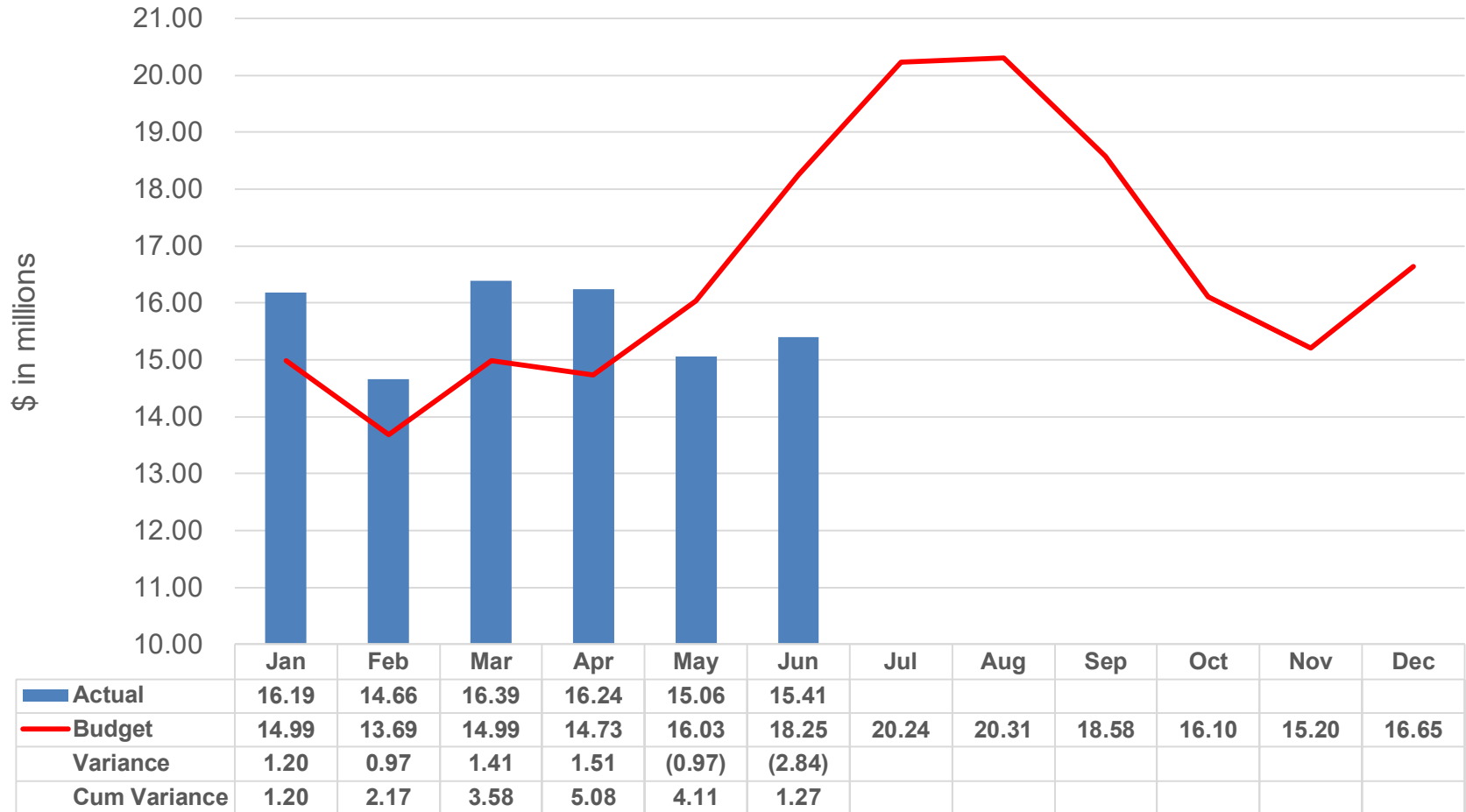
- **Operating Revenues**
 - Finished the year over budget
 - Higher GMC revenues as well as higher miscellaneous revenues
 - Large generator interconnection projects (LGIP)
 - Metered Sub-Systems (MSS)
- **Operating Expenses**
 - Finished the year under budget
 - Lower salaries/benefits, outside legal and training/travel spend
- **Other Income (Losses) from Investments / (Debt Expenses)**
 - Lower interest income driven by unrealized losses

Thru Q2 2023 Cumulative Operating Revenues

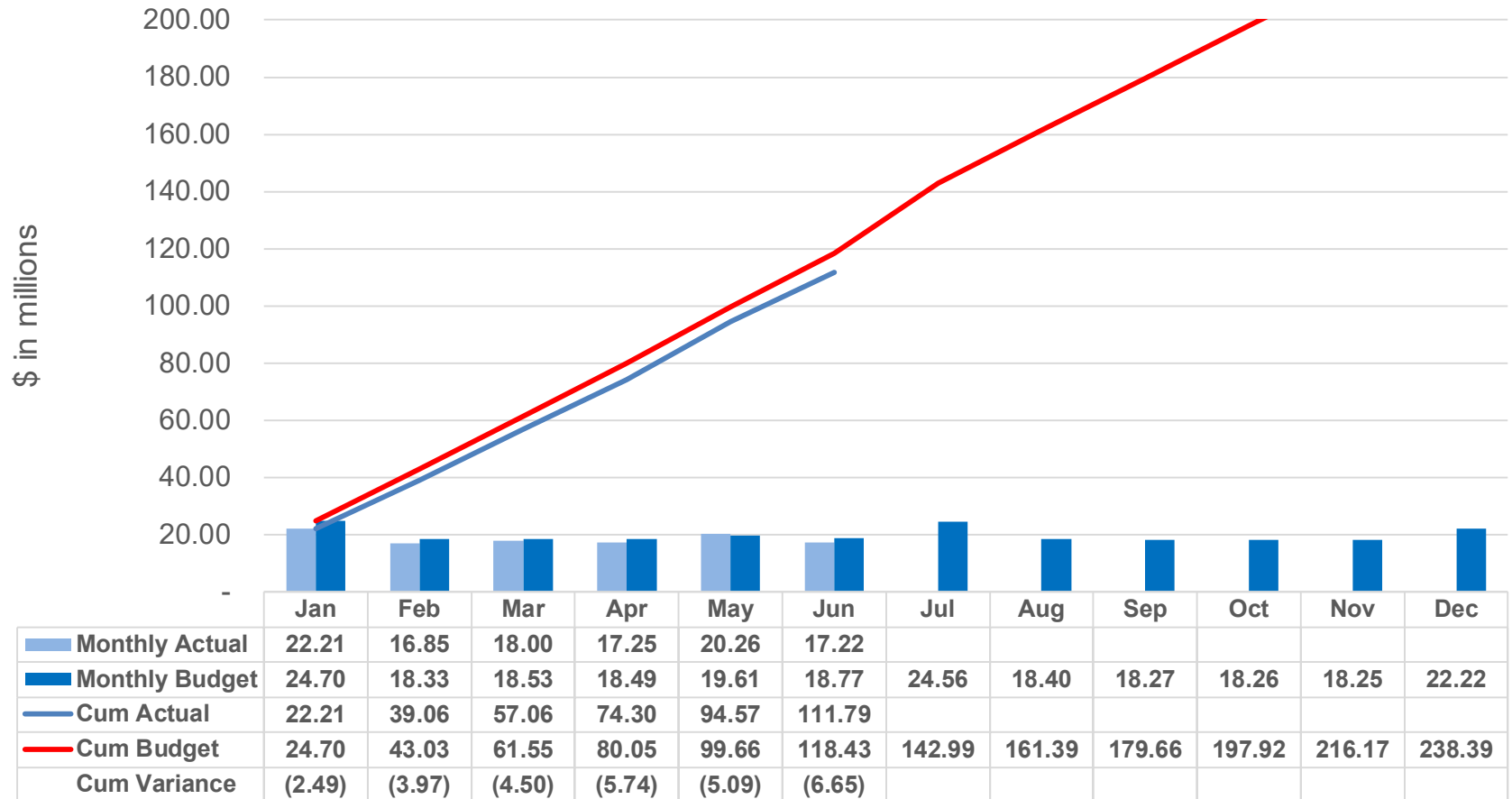
Revenues = GMC & Other Revenues



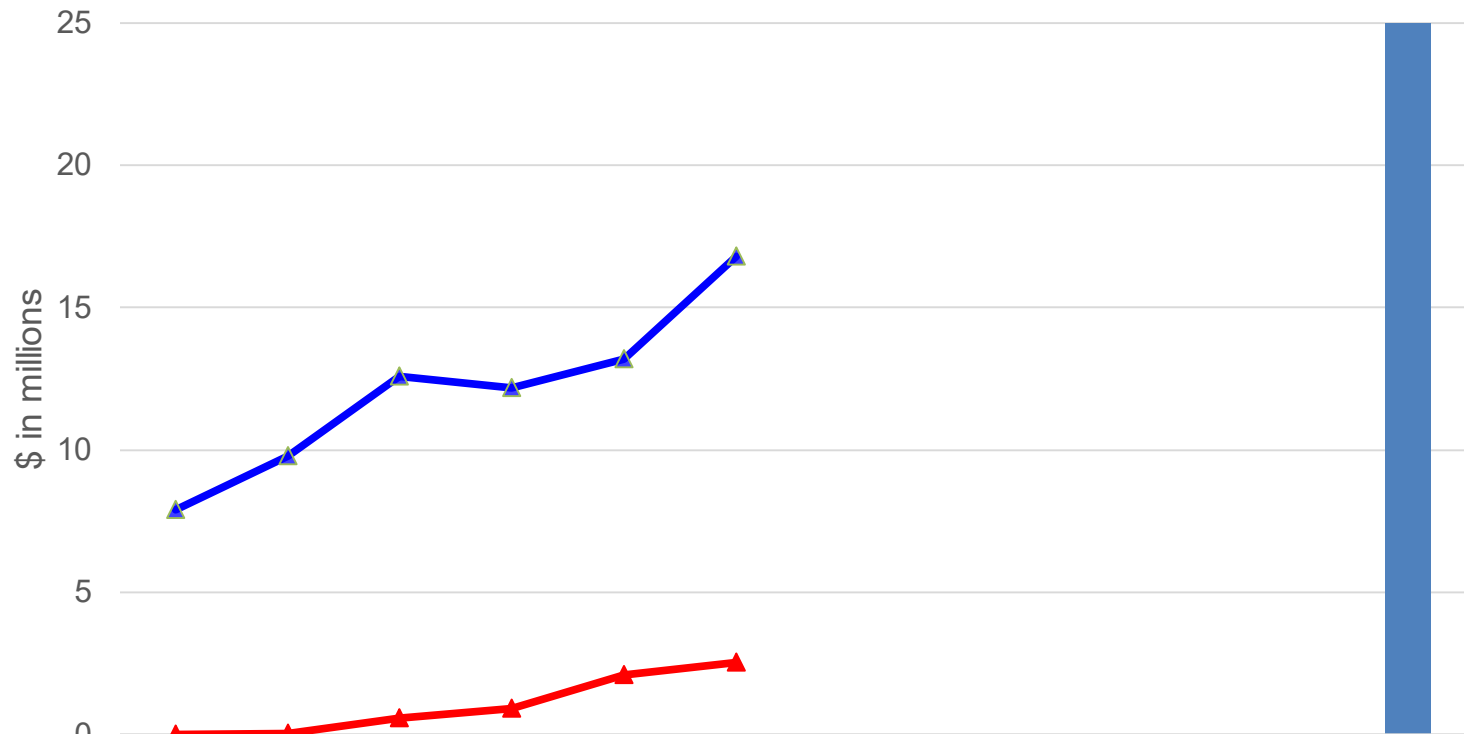
Thru Q2 2023 GMC Revenues



Thru Q2 2023 Operations and Maintenance Expenses



Thru Q2 2023 Cumulative Capital Expenditures



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec 25
Budgeted Capital												25
Cum Expenditures	0	0.05	0.58	0.92	2.1	2.52						
Approved Projects	7.91	9.8	12.6	12.19	13.2	16.8						

Thomas Setliff
Lead Financial Analyst

CALENDAR AND NEXT STEPS

Key Calendar Dates* and Next Steps

- Internal development process Aug – Oct
- Stakeholder comments due Aug 15
 - ISO responses to stakeholder comments posted Aug 22
- Post preliminary draft Revenue Requirement Oct 27
- Stakeholder call to discuss draft Revenue Requirement Oct 31
 - Written stakeholder comments due to ISO Nov 7
 - ISO responses to stakeholder comments posted Nov 14
- Board of Governors meeting (executive session) Nov 8
- Board of Governors meeting (general session) Dec 12-13
 - Public comments to board on final draft Revenue Requirement
 - Request approval of final draft Revenue Requirement
- Post Revenue Requirement and Rates to ISO website Dec 19

*Dates are subject to change

Stakeholder Feedback and Discussion

- Comments are due by end of day August 15th.
 - Please submit your comments using the comment template available on the process webpage (linked below).
- Questions? Please email ISOStakeholderAffairs@caiso.com
- Additional information on this process is available on the ISO website at [California ISO - Budget and grid management charge process - 2024 \(caiso.com\)](https://www.caiso.com/california-iso-budget-and-grid-management-charge-process-2024)

THANK YOU

CAISO Public