

Agenda
2004 GMC Rate Structure Project
California ISO, Folsom
Monday, June 30, 2003
10:00 a.m. to 3:00 p.m.

Public Session (10:00 am – 12:45 pm)
Conference Call-in #1-888-788-6681 Passcode: 98563

1. Introductions/roll call
2. Updates
 - a. SCE proposal
 - b. MID proposal
 - c. ISO proposal
3. SDG&E issues
4. ISO topics
 - a. Discussion of use of non-coincident peak
 - b. Discussion of functional association of charge types
5. Discussion of timeline

Over lunch

6. Data
 - a. Billing determinant stability
 - b. Data verification

Confidential Session (1:00 pm – 3:00 pm)
Conference Call in #

7. Discussion of cost allocation method
8. Bill impact analysis update

List of attendees is attached at the end of these notes.

DRAFT Notes

The meeting began with an update of SCE's proposal given by Bert Hansen. SCE offered to drop its proposal and support the ISO proposal under two conditions. First, the correct billing determinant of Core Reliability and Energy and Transmission Services should be grid demand net of generation at distribution level. Bert said that SCE estimated that the generation connected at distribution level was approximately 6 percent of its load. Second, exports should be defined so that flows over Eldorado from Mohave, the Southwest Power Link and the California Oregon Transmission Project would be excluded.

There was a long discussion on the implications of these changes on rates. SDG&E did not have an estimate of the amount of generation connected at distribution level. PG&E was not present for this portion of the discussion. The CPUC requested that SDG&E and PG&E develop estimates. David Cohen said that he was not willing to support these changes as there was no cost basis for the exemption on certain exports. CDWR agreed with Mr. Cohen. Some of the other participants saw some merit in SCE's proposed "tweaks." There was no action plan as a result of this discussion.

MID gave a short update on its proposal. Nothing much had changed. Jan Pritchard noted that Laurence Kirsch was working on some minor tweaks.

The ISO gave a short update on its proposal. David Cohen had some edits and comments to the ISO white paper and asked if it was the appropriate time to go over them. It was and Mr. Cohen proceeded to discuss his comments and edits. Many of the comments were clarifications. There was not sufficient time for Mr. Cohen to go through all his comments, so the ISO agreed to talk with him outside the meeting.

Ali Yari of SDG&E next gave a presentation on why the flows on the SWPL to APS and IID should be exempted from all GMC assessments. There were some questions concerning the ability of the ISO to identify these flows separately. SDG&E reports the APS/IID SWPL flows under a separate ID, so that they are easily identified.

During lunch, the stability of billing determinants was discussed. (The presentation and the spreadsheet containing the data used to develop the charts are available and have been distributed to the GMC WG.)

The timeline was next discussed. It was agreed that, for the purposes of making presentations before the ISO Finance Committee on July 17th, the data would continue to be for September 2001 through August 2002. This would simplify the development of the presentations and reduce the possibility of errors. A conference call was tentatively set for July 8th to discuss any updates to proposals and to inform participants of the agenda for the Finance Committee meeting.

After lunch, CDWR asked about rationale behind using non-coincident peak instead of coincident peak. The ISO response was to explain that the nature of monitoring and maintaining reliability required around the clock staffing and operation of the control room. The work was not related to the system peak, but to events that could happen anytime of day. To the extent an SC peaked in the off-peak, there was still work that the ISO needed to do and a contingency in the off-peak would be met with the same level of commitment as an on-peak contingency.

CDWR argued that transmission related costs should be recovered with using coincident peak as that was consistent with cost causation and FERC precedent.

There was some confusion at this point as what began as a public discussion of capital costs led to questions concerning confidential cost and or cost assignment information. It was decided that the public session would end and a confidential session would begin so that CDWR and David Cohen could ask their pointed questions.

Mr. Cohen wanted more detail concerning the process the Barkovich & Yap following in developing the cost assignments for system applications. Brian Rahman, manager of Market Engineering, explained the procedure from his perspective.

There was a discussion of how debt service was assigned started by some questions from CDWR.

At the end of the meeting, Mr. Cohen requested a focused conference call just to address CDWR's and his concerns and questions about cost assignments. It was agreed that this call would take place on Monday July 7th and would take the place of the previously agreed to the July 8th conference call.

California ISO
2004 GMC Rate Structure Project
Contact List for June 30, 2003 meeting

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