

# WESTERN ENERGY IMBALANCE MARKET

## Briefing on ISO 2021 Rates and Fees Changes

April Gordon

Director, Financial Planning and Procurement

EIM Governing Body Meeting

General Session

September 16, 2020



# Agenda

## TOPIC

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**2019 Cost of Service Study Overview**

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**2021 Update and Impact to Rates and Fees**

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**Impact to GMC Percentages**

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**Impact to EIM Percentages**

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**Impact to RC Funding Percentage**

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**Impact to Supplemental Fees**

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**Key Calendar Dates and Next Steps**

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# WESTERN ENERGY IMBALANCE MARKET

## 2019 Cost of Service Study Overview



# What is the cost of service study?

A triennial study in which activity based costing (ABC) and the revenue requirement components are used to set forth the *cost category percentages* used to calculate the annual grid management charges (GMC) as well as other rates and fees. The study is a tariff requirement as part of current rate structure.

GMC Rate Calculation								
Annual Revenue Requirement	X	Cost of Service Study's GMC Percentages	=	Amount to Collect per GMC Cost Category	/	Estimated GMC Volumes	=	GMC Rates

# Impacted Charges, Rates and Fees

Updated percentages are used to calculate:

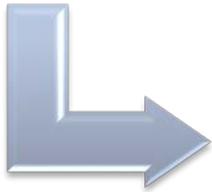
- Market Services Charge
- System Operations Charge
- Congestion Revenue Rights Services (CRR Services) Charge
- Fees and Rates
  - EIM Administrative Fees
  - RC Rate
  - Supplemental Fees

Percentages set forth in the study are used for a period of 3 years until the next cost of service study is conducted.

# What steps are involved?

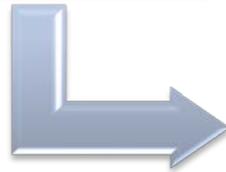
Timecard  
Data

- Hours
- Process + Project Codes
- Task Codes



Triennial  
Cost of Service  
Study

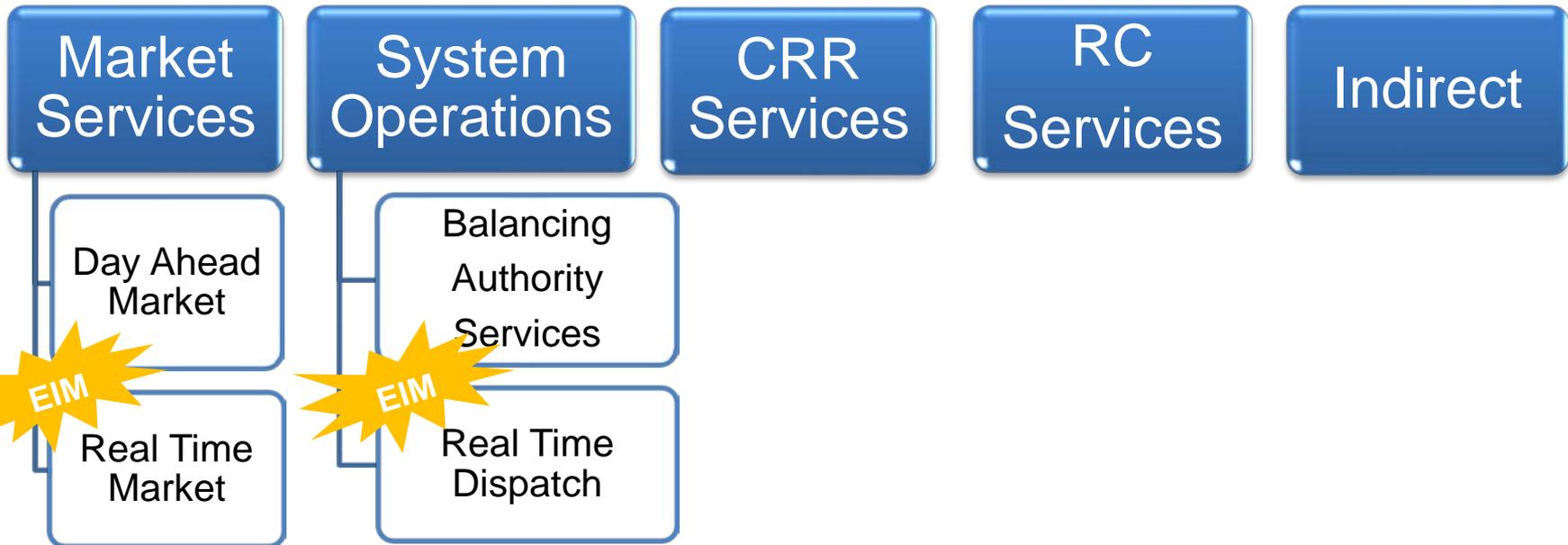
- Map out Direct and Indirect Costs
- Determine cost category allocation percentages



Annual  
Revenue  
Requirement

- Allocate annual revenue requirement into cost categories to determine GMC Rates:
  - Market Services (RTM / DAM)
  - System Operations (RTD / BAS)
  - CRR Services
  - Reliability Coordinator Services

# Cost Categories



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## 2021 Update and Impact to Rates and Fees



# Summary of GMC Cost Category Percentage Changes

Cost Category	2016 Study Effective 2018 GMC	2019 Study Effective 2021 GMC	Increase / (Decrease) from Prior
Market Services	32%	49%	17%
System Operations	66%	49%	-17%
CRR Services	2%	2%	0%

## System Operations to Market Services shift drivers:

- New Reliability Coordinator services cost category,
- Process efficiencies,
- System improvements,
- and automation of services.

# GMC Rates Comparison

Rates Comparison				
\$ Rates per MWh				
	GMC Cost Categories			
Year	Market Services	System Operations	CRRs	
2020 (eff 1/1/20)	\$ 0.0994	\$ 0.2788	\$ 0.0078	
Projected 2021 (using 2019 COSS results)	\$ 0.1533	\$ 0.1977	\$ 0.0074	
Increase / (Decrease) From Prior	\$ 0.0539	\$ (0.0811)	\$ (0.0004)	

# Summary of EIM Percentage Changes

Cost Category	Sub-Category	2016 Study Effective 2018 GMC	2019 Study Effective 2021 GMC	Increase / (Decrease) from Prior
Market Services	Real Time Market	79%	63%	-16%
	Day Ahead Market	21%	37%	16%
System Operations	Real Time Dispatch	39%	50%	11%
	Balancing Authority	61%	50%	-11%

The primary driver of the shifts is a balancing of efforts between the market services and system operations functions and responsibilities.

# EIM Rates Comparison

Rates Comparison				
<i>\$ Rates per MWh</i>				
Year	EIM Rate	RT Market	RT Dispatch	
2020 (eff 1/1/20)	\$ 0.1872	\$ 0.0785	\$ 0.1087	
Projected 2021 (using 2019 COSS results)	\$ 0.1955	\$ 0.0966	\$ 0.0989	
Increase / (Decrease) From Prior	\$ 0.0083	\$ 0.0181	\$ (0.0098)	

# Summary of RC Funding Percentage Change

<b>Cost Category</b>	<b>2016 Modified Study Effective 2019 GMC</b>	<b>2019 Study Effective 2021 GMC</b>	<b>Increase / (Decrease) from Prior</b>
Reliability Coordinator Services	9%	9%	0%

- No change in the RC funding percentage from that of the initial calculation.
- No change in rate design.
  - CAISO determined that there is no separation of duties between supporting a load serving entity and generator only entity that supports a change in the RC rate design.

# RC Rates Comparison

Rates Comparison		
<i>\$ Rates per MWh</i>		
Year		RC Rate
2020 (eff 1/1/20)	\$	0.0278
Projected 2021 (using 2019 COSS results)	\$	0.0267
Increase / (Decrease) From Prior	\$	(0.0011)

# Summary of Fee Changes

Fee	Billing Units	Current Fee	Updated Fee
Bid Segment Fee	per bid segment	\$ 0.0050	No Change
Inter SC Trade Fee	per Inter SC Trade	\$ 1.0000	No Change
Scheduling Coordinator ID Fee	per month	\$ 1,000	\$ 1,500
TOR Fees	minimum of supply or demand TOR MWh	\$ 0.2400	\$ 0.1800
CRR Bid Fee	number of nominations and bids	\$ 1.00	No Change
Intermittent Resource Forecasting Fee	per MWh	\$ 0.1000	No Change
Scheduling Coordinator Application Fee	per application	\$ 5,000	\$ 7,500
CRR Application Fee	per application	\$ 1,000	\$ 5,000
HANA Administrative Fee	annual fee	\$ 45,000	No Change
HANA Setup Fee	one time fee	\$ 35,000	No Change

# WESTERN ENERGY IMBALANCE MARKET

## Key Calendar Dates and Next Steps



# Key Calendar Dates\* and Next Steps

Key Date	Event
June 24, 2020	Conducted Initial Stakeholder Meeting
July 29	Conducted 2 <sup>nd</sup> Stakeholder meeting (call) to review final draft proposal and tariff amendments
July – November	Develop 2021 Revenue Requirement
September 16	Present 2021 update to EIM Governing Body
September 30 – October 1	Present 2021 update to Board of Governors
October	File amended Tariff with FERC
December 16 - 17	Present 2021 draft revenue requirement to Board of Governors for approval
Jan 1, 2021	New percentages and fees go into effect
<i>*Dates are subject to change</i>	