

11.2.4 CRR Settlements

The CAISO will credit or debit CRR Holders as further specified in this Section 11.2.4 and its subsections.

11.2.4.1 Calculation of the IFM Congestion Charge

For each Settlement Period of the IFM, the CAISO will calculate the IFM Congestion Charge as the IFM MCC amount for all scheduled Demand and Virtual Demand Awards, minus the IFM MCC amount for all scheduled Supply and Virtual Supply Awards. The IFM MCC amount for all scheduled Demand and Virtual Demand Awards is the sum of the products of the IFM MCC and the total of the MWh of Demand scheduled in the Day-Ahead Schedule and Virtual Demand Awards at all the applicable PNodes and Aggregated Pricing Nodes for the Settlement Period. The IFM MCC amount for all scheduled Supply and Virtual Supply Awards is the sum of the products of the IFM MCC and the total of the MWh of Supply scheduled in the Day-Ahead Schedule and the Virtual Supply Awards at all the applicable PNodes for the Settlement Period.

11.2.4.1.1 [Not Used]

11.2.4.1.2 Calculation of Hourly CRR Congestion Fund

The CAISO calculates an Hourly CRR Congestion Fund for every Transmission Constraint that is congested in the IFM in a Settlement Period. The Hourly CRR Congestion Fund specific to a particular binding Transmission Constraint in a given Settlement Period is the sum of the: (a) portion of the IFM Congestion Fund in that Settlement Period attributable to congestion on the Transmission Constraint to which the congestion fund corresponds; (b) charges specific to the Transmission Constraint calculated pursuant to Section 11.2.4.4.1; and (c) CRR credit adjustments the CAISO may make pursuant to Sections 11.2.4.6 or 11.2.4.7 that are associated with the Transmission Constraint. Part (a) does not include funds needed to make a Congestion difference allocation to an EDAM Entity Balancing Authority Area as specified in Section 33.11.1.2.1.

11.2.4.2 Settlement Calculation for the Different CRR Types

For the purposes of settling the various CRR Types, the CAISO will calculate the Settlement of CRRs as described in this Section 11.2.4.2. When a CRR Source or CRR Sink is a LAP, the CAISO will use the Load Distribution Factors used in the IFM to produce the LAP Price at which it will settle the CRR. When a CRR Source or CRR Sink is a Trading Hub, the CAISO will use the weighting factors used in the IFM,

and in the CRR Allocation and CRR Auction processes, to produce the Trading Hub prices that it will use to settle the various CRR Types.

11.2.4.2.1 [Not Used]

11.2.4.2.2 [Not Used]

11.2.4.3 Credits and Debits for Monthly and Annual Auctions

The CAISO will charge CRR Holders for the Market Clearing Price for CRRs obtained through the clearing of the CRR Auction as described in Section 36.13.6. To the extent the CRR Holder purchases a CRR through a CRR Auction that has a negative value, the CAISO will retain the CRR Auction proceeds and apply them to credit requirements of the applicable CRR Holder, in accordance with Section 12.6.3 of the CAISO Tariff. The CAISO will net all credits and debits issued through this process to determine the net revenue amount. CRR Auction net revenue amounts for on-peak and off-peak usage from each CRR Auction will be separated. The CAISO will allocate CRR Auction revenues for each season coming from the annual auction uniformly across the three months comprising each season based on time of use. The CAISO will then add these on-peak and off-peak monthly amounts from the seasonal auctions to the corresponding monthly on-peak and off-peak amounts from the monthly CRR Auction for the same month to form the monthly net CRR Auction on-peak and off-peak revenues, respectively. Furthermore, the CAISO will convert these monthly net CRR Auction revenues into daily values and add them to the daily CRR Balancing Account. In particular, the daily CRR Balancing Account contribution will be the sum of: (1) the monthly net CRR Auction on-peak amount multiplied by the ratio of daily on-peak hours to monthly on-peak hours; and (2) the monthly net CRR Auction off-peak amount multiplied by the ratio of daily off-peak hours to monthly off-peak hours.

11.2.4.4 Hourly CRR Calculations, Daily CRR Settlement, and Potential Monthly Surplus Distribution Payments

11.2.4.4.1 Calculating CRR Holders' Congestion-Supported Values

For each Settlement Period, the CAISO uses the funds in the Hourly Congestion Funds calculated in Section 11.2.4.1.2 to determine the Congestion-Supported Values credited and charged to CRR Holders, by first determining all Net Modeled CRR Flow quantities. The CAISO then determines whether the Net Modeled CRR Flow results in a credit or debit to the CRR Holder.

For a CRR Holder whose Net Modeled CRR Flow over a binding Transmission Constraint is in the prevailing direction, the Congestion-Supported Value is a credit equal to the ratio of that CRR Holder's prevailing Net Modeled CRR Flow over that Transmission Constraint (accounting for adjustments made pursuant to Sections 11.2.4.6 or 11.2.4.7), as compared to the sum of all CRR Holders' prevailing Net Modeled CRR Flow over that Transmission Constraint (accounting for adjustments made pursuant to Sections 11.2.4.6 or 11.2.4.7). The CAISO will not credit a CRR Holder from an Hourly CRR Congestion Fund in excess of the CRR Holder's Net Modeled CRR Flow multiplied by the Shadow Price of that binding Transmission Constraint, minus any adjustments made pursuant to Sections 11.2.4.6 or 11.2.4.7 that are allocated to that Transmission Constraint.

For a CRR Holder whose Net Modeled CRR Flow over a binding Transmission Constraint is in the counter-flow direction, the Congestion-Supported Value is a charge equal to the Net Modeled CRR Flow multiplied by the Shadow Price of that binding Transmission Constraint.

The lower bound of the sum of Congestion-Supported Values for a CRR Option across the Settlement Periods of a day is zero.

The CAISO transfers any funds in an Hourly CRR Congestion Fund associated with binding Transmission Constraints to which no CRR has a positive or negative difference between the source and sink PTDFs to the CRR Balancing Account.

Any funds remaining in an Hourly CRR Congestion Fund after all funds have been allocated to CRRs or transferred to the CRR Balancing Account for that hour are reserved for potential Daily CRR Surplus Distribution Payments or Monthly CRR Surplus Distribution Payments to CRR Holders. The funds the CAISO holds in reserve for a CRR Holder pertaining to a Transmission Constraint are held in proportion to that CRR Holder's Net Modeled CRR Flow in that Settlement Period (accounting for adjustments made pursuant to Sections 11.2.4.6 or 11.2.4.7) relative to the Net Modeled CRR Flow over that Transmission Constraint for all CRR Holders in that Settlement Period (accounting for adjustments made pursuant to Sections 11.2.4.6 or 11.2.4.7).

11.2.4.4.2 Calculating Daily CRR Surplus Payments

The CAISO allocates the funds in a Daily Congestion Fund as a Daily CRR Surplus Distribution Payment to CRR Holders that have funds reserved for them in a Daily CRR Congestion Fund pursuant to Section

11.2.4.4.1, and whose total Congestion-Supported Values pertaining to that Transmission Constraint during the day are less than the sum of the Net Modeled CRR Flow multiplied by the Shadow Price of that binding Transmission Constraint across the day (accounting for adjustments made pursuant to Sections 11.2.4.6 or 11.2.4.7). A Daily CRR Surplus Distribution Payments specific to a CRR Holder and Transmission Constraint cannot exceed the sum of the Net Modeled CRR Flow multiplied by the Shadow Price of that binding Transmission Constraint across all Settlement Periods of the day (accounting for adjustments made pursuant to Sections 11.2.4.6 or 11.2.4.7). The CAISO adds any funds remaining in a Daily CRR Congestion Fund after it has made all necessary Daily CRR Surplus Distribution Payments to that Transmission Constraint's Monthly CRR Congestion Fund.

11.2.4.4.3 Monthly Clearing of the Monthly Constraint-Specific CRR Congestion Fund

The CAISO distributes the total of the Monthly CRR Congestion Fund at the end of each month. The CAISO first distributes the funds in a Monthly CRR Congestion Fund as Monthly CRR Surplus Distribution Payments to CRR Holders that have funds reserved for them in a Monthly CRR Congestion Fund pursuant to Section 11.2.4.4.1 and whose total Congestion-Supported Values pertaining to that Transmission Constraint during the month, plus the Daily CRR Surplus Distribution Payments, are less than the sum of the Net Modeled CRR Flow multiplied by the Shadow Price of that binding Transmission Constraint across all Settlement Periods of the month (accounting for adjustments made pursuant to Sections 11.2.4.6 or 11.2.4.7).

The CAISO distributes any funds remaining in a Monthly CRR Congestion Fund after it has made all required Monthly CRR Surplus Distribution Payments to Scheduling Coordinators in an amount equal to: (a) the funds in the Monthly CRR Congestion Fund, multiplied by (b) the ratio of each Scheduling Coordinator's Measured Demand for the relevant Trading Month (net of the Scheduling Coordinator's Measured Demand associated with valid and balanced ETC or TOR Self-Schedule quantities, which IFM Congestion Credits and/or RTM Congestion Credits were provided in the same relevant Trading Month), divided by (c) the total Measured Demand for all Scheduling Coordinators for the relevant Trading Month (net of the total Measured Demand associated with valid and balanced ETC or TOR Self-Schedule quantities, which IFM Congestion Credits and/or RTM Congestion Credits were provided in the same relevant Trading Month).

11.2.4.5 CRR Balancing Account

11.2.4.5.1 Accumulation of CRR Balancing Account Funds

The CAISO will accumulate the daily CRR Balancing Account: (1) seasonal and monthly CRR Auction revenues as described in Section 11.2.4.3; (2) any funds in an Hourly CRR Congestion Fund associated with binding Transmission Constraints to which no CRR has a positive or negative difference between the source and sink PTDF; (3) any IFM Congestion Charges associated with Day -Ahead Ancillary Services Awards as provided in Section 11.10.1.1.1; and (4) IFM Congestion Fund Credits as specified in Section 11.2.1.5.

11.2.4.5.2 Distribution of CRR Balancing Account Funds

The CAISO distributes the CRR Balancing Account to Scheduling Coordinators in an amount equal to: (a) the funds in the CRR Balancing Account, multiplied by (b) the ratio of each Scheduling Coordinator's Measured Demand for the relevant Trading Day (net of the Scheduling Coordinator's Measured Demand associated with valid and balanced ETC or TOR Self-Schedule quantities, which IFM Congestion Credits and/or RTM Congestion Credits were provided in the same relevant Trading Day), divided by (c) the total Measured Demand for all Scheduling Coordinators for the relevant Trading Day (net of the total Measured Demand associated with valid and balanced ETC or TOR Self-Schedule quantities, which IFM Congestion Credits and/or RTM Congestion Credits were provided in the same relevant Trading Day).

11.2.4.5.3 Interest on CRR Balancing Account

Interest accruing due to the CRR Balancing Account will be at the CAISO's received interest rate and will be credited to each monthly CRR Balancing Account accrued interest fund, which is then allocated to monthly Measured Demand excluding Measured Demand associated with valid and balanced ETC, TOR, or Converted Rights Self-Schedule quantities, which IFM Congestion Credits and/or RTM Congestion Credits were provided in the same month.

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11.5.4 Imbalance Energy Pricing; Non-Zero Offset Amount Allocation

11.5.4.1 EIM Transfers and Offset Allocations

EIM Transfer revenue will be collected when one Balancing Authority Area in the EIM Area provides Energy to another Balancing Authority Area in the EIM Area and the associated EIM Transfer System

Resource prices differ. Congestion revenue will be collected when a Transmission Constraint or intertie scheduling limit binds at different locations of the transmission system and the LMP varies across a Balancing Authority Area in the EIM Area and across FMM and RTD LMPs from source to sink within and across the EIM Area. The CAISO will collect neutrality amounts to recover differences between Real-Time Market payments made and Real-Time Market payments received within Balancing Authority Areas in the EIM Area. The CAISO will allocate EIM Transfer revenue, Real-Time Congestion revenue, and offsets to an EIM Entity Balancing Authority Area or the CAISO Balancing Authority Area as provided below.

11.5.4.1.1 Real-Time Imbalance Energy Offset

- (a) **Financial Value of EIM Transfers.** For each Balancing Authority Area in the EIM Area, the CAISO will calculate the Real-Time Market financial value of EIM Transfers as the product of the EIM Transfer MWh, either positive or negative, and the Marginal Energy Cost.
- (b) **Initial Calculation.** The CAISO will initially calculate the Real-Time Imbalance Energy Offset to be recovered on a 5-minute basis for each Balancing Authority Area in the EIM Area as the sum of the financial value of EIM Transfers and the Settlement amounts for FMM Instructed Imbalance Energy and RTD Instructed Imbalance Energy, Uninstructed Imbalance Energy, and Unaccounted For Energy, and for the CAISO and EDAM Entity Balancing Authority Areas with Convergence Bidding, Real-Time Virtual Bid Settlement, plus the Real-Time Ancillary Services Congestion revenues for the CAISO, and Virtual Awards settlements in the Real-Time Market in accordance with Section 11.3, less the Real-Time Congestion Offset and less the Real-Time Marginal Cost of Losses Offset, and excluding the Marginal GHG Cost.
- (c) **Allocation.** The CAISO will allocate the adjusted Real-Time Imbalance Energy Offset:
 - (1) for the CAISO Balancing Authority Area, to Scheduling Coordinators in the CAISO Balancing Authority Area according to Measured Demand; and
 - (2) for EIM Entity Balancing Authority Areas, to the applicable EIM Entity Scheduling Coordinator.

- (d) **Residual Neutrality Amounts.** The CAISO will allocate any residual Real-Time Imbalance Energy Offset amount to Scheduling Coordinators in the EIM Area based upon EIM Measured Demand.

11.5.4.1.2 Real-Time Congestion Offset.

- (a) **Contribution to Marginal Cost of Congestion.** For each Settlement Period of the RTM, the CAISO shall calculate the contribution of each Balancing Authority Area in the EIM Area to the Marginal Cost of Congestion at each resource location and intertie in the EIM Area for each Balancing Authority Area based on the location of the Transmission Constraints in each Balancing Authority Area, EIM Interties, and constraints enforced outside of the EIM Area needed to manage that Balancing Authority Area's responsibilities.
- (b) **Real-Time Congestion Offset.** For each Settlement Period of the RTM, the CAISO shall calculate the Real-Time Congestion Offset for each Balancing Authority Area in the EIM Area as –
 - (1) the sum of the product of the contribution of that Balancing Authority Area as determined in subsection (a) of this section, the Marginal Cost of Congestion component of the Locational Marginal Price at each resource location in the EIM Area, and the imbalance energy at that resource location, including Virtual Bids at that resource location;
 - (2) minus any Virtual Bid adjustment as determined in accordance with section 11.5.4.1.1(d); and
 - (3) including any marginal Congestion adjustment to account for schedules associated with EDAM Legacy Contracts, EDAM Transmission Ownership Rights under Section 33.16 and Section 33.17 and registered EDAM Transmission Service Provider transmission customer rights under Section 33.18.
- (c) **Virtual Bid Adjustment.**
 - (1) **Individual Constraint Calculation.** For each Transmission Constraint in an EIM Entity Balancing Authority Area, the CAISO will calculate a Virtual Bid adjustment

as the product of that Transmission Constraint's FMM Shadow Price and the lesser of –

- (A) the Flow Impact of Virtual Bids and
 - (B) the Flow Impacts of all Day-Ahead Scheduled Energy and EIM Base Schedules less the Flow Impacts of FMM Schedules,
- but not less than zero.

- (2) **EIM Entity Balancing Authority Area Calculation.** Each EIM Entity Balancing Authority Area's Virtual Bid adjustment shall be the sum of the individual Transmission Constraint calculation for all Transmission Constraints within that EIM Entity Balancing Authority Area.

(d) **Allocation.** The CAISO will allocate –

- (1) the Real-Time Congestion Offset for each EIM Entity Balancing Authority Area to the applicable EIM Entity Scheduling Coordinator;
- (2) the Real-time Congestion Offset for the CAISO Balancing Authority Area in accordance with Section 11.5.4.2; and
- (3) the Virtual Bid adjustment from each individual constraint calculation to each Scheduling Coordinator who submitted Virtual Bids based on that Scheduling Coordinator's Virtual Award's pro rata share of the gross positive Congestion revenues received by all Virtual Awards from that Transmission Constraint.

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33.11 Settlements And Billing for EDAM Market Participants

Section 33.11, rather than Section 11, will apply to CAISO Settlement with EDAM Entity Scheduling Coordinators, EDAM Resource Scheduling Coordinators, EDAM Load Serving Entity Scheduling Coordinators and EDAM Market Participants, except as otherwise provided in this Section 33.11.

33.11.1 Transfer Revenue and Congestion Revenue Allocation

EDAM Transfer revenue will be collected when one Balancing Authority Area in the EDAM Area provides Energy, Imbalance Reserve, and/or Reliability Capacity to another Balancing Authority Area in the EDAM Area and the associated EDAM Transfer System Resource prices elements or

components differ. Congestion revenue will be collected when a Transmission Constraint or intertie scheduling limit binds at different locations of the transmission system and the LMP varies across a Balancing Authority Area in the EDAM Area. The CAISO will allocate EDAM Transfer revenue and Congestion revenue attributed to an EDAM Entity Balancing Authority Area or the CAISO Balancing Authority Area as provided below.

33.11.1.1 Transfer Revenue

The CAISO will calculate and allocate EDAM Transfer revenue for Energy transfers, Imbalance Reserve transfers, and/or Reliability Capacity transfers for a Balancing Authority Area in the EDAM Area.

33.11.1.1.1 Energy Transfer Revenue

EDAM Transfer revenue for Energy occurs when the net EDAM Transfer scheduling limit is reached in the Day-Ahead Market. This manifests as a separation of the Marginal Energy Cost of the binding Balancing Authority Area in the EDAM Area from the Marginal Energy Cost of an adjacent Balancing Authority Area in the EDAM Area that is attributed to an EDAM Transfer System Resource. The CAISO will allocate the EDAM Transfer revenue for Energy represented by EDAM Transfer System Resources equally between the Balancing Authority Areas, except when the CAISO has been notified during the implementation of the Day-Ahead Market within a prospective EDAM Entity Balancing Authority Area of an agreement between both EDAM Entities on either side of a EDAM Transfer that a different allocation for some portion of the EDAM Transfer revenue is required to give effect to a pre-existing commercial arrangement. The CAISO will then allocate the EDAM Transfer revenue for Energy directed to a Balancing Authority Area based upon whether the transmission across an EDAM Internal Intertie is made available by: (a) by an EDAM Entity pursuant to Section 33.18.2, in which case the CAISO will allocate the EDAM Transfer revenue to the EDAM Entity Scheduling Coordinator, (b) an EDAM Transmission Service Provider customer pursuant to Section 33.18.2.2.2, in which case the CAISO will allocate the EDAM Transfer revenue to the Scheduling Coordinator for the EDAM Transmission Service Provider customer, or (c) an EDAM Legacy Contract,

Existing Contract, EDAM Transmission Ownership Right, or Transmission Ownership holder pursuant to Section 33.18.2.2.2, in which case the CAISO will allocate the EDAM Transfer revenue to the Scheduling Coordinator for the EDAM Legacy Contract, Existing Contract EDAM Transmission Ownership Right, or Transmission Ownership holder, respectively. An EDAM Entity will ensure EDAM Transfer revenue for Energy allocated to its EDAM Entity Scheduling Coordinator is thereafter allocated by all applicable EDAM Transmission Service Providers as may be detailed in the EDAM Transmission Service Provider tariff and business practices. EDAM Transfer revenue for Energy allocated to the CAISO Balancing Authority is further allocated according to the CAISO Tariff, unless allocated directly to a Scheduling Coordinator for a Transmission Ownership Rights holder or Existing Contract rights holder consistent with the terms of the agreement concerning use of the transmission facilities supporting the EDAM Transfer.

33.11.1.1.2 Imbalance Reserve Transfer Revenue

The CAISO collects EDAM Transfer revenue for Imbalance Reserves when the transfer scheduling limit binds while optimizing capacity to meet the Imbalance Reserves Requirement for an EDAM Entity Balancing Authority Area or the CAISO Balancing Authority Area and manifests as price separation between the Shadow Price of the Imbalance Reserves procurement between the two Balancing Authority Areas at an EDAM Transfer location that is attributed to an EDAM Transfer System Resource. The CAISO calculates the hourly EDAM Transfer revenue for Imbalance Reserves as the product of the transfer quantity and the difference between the Locational IRU Price or Locational IRD Price, as appropriate, on either side of the binding limit. The CAISO will allocate the EDAM Transfer revenue for Imbalance Reserves equally between the Balancing Authority Areas, except when the CAISO has been notified during the implementation of the Day-Ahead Market within a prospective EDAM Entity Balancing Authority Area of an agreement between both EDAM Entities on either side of a EDAM Transfer that a different allocation for some portion of the EDAM Transfer revenue is required to give effect to a pre-existing commercial arrangement. The CAISO will then

allocate the EDAM Transfer revenue for Imbalance Reserves directed to a Balancing Authority Area based upon whether the transmission across an EDAM Internal Intertie is made available by: (a) an EDAM Entity pursuant to Section 33.18.2, in which case the CAISO will allocate the EDAM Transfer revenue to the EDAM Entity Scheduling Coordinator, (b) an EDAM Transmission Service Provider customer pursuant to Section 33.18.2.2.2, in which case the CAISO will allocate the EDAM Transfer revenue to the Scheduling Coordinator for the EDAM Transmission Service Provider customer, or (c) an EDAM Legacy Contract, Existing Contract, EDAM Transmission Ownership Right, or Transmission Ownership holder pursuant to Section 33.18.2.2.2, in which case the CAISO will allocate the EDAM Transfer revenue to the Scheduling Coordinator for the EDAM Legacy Contract, Existing Contract EDAM Transmission Ownership Right, or Transmission Ownership holder, respectively. An EDAM Entity will ensure that EDAM Transfer revenue for Imbalance Reserves allocated to its EDAM Entity Scheduling Coordinator is thereafter allocated by all applicable EDAM Transmission Service Providers as may be detailed in the EDAM Transmission Service Provider tariff. EDAM Transfer revenue for Imbalance Reserves allocated to the CAISO Balancing Authority is further allocated in the CAISO Balancing Authority Area according to the CAISO Tariff, unless allocated directly to a Scheduling Coordinator for a Transmission Ownership Rights holder or Existing Contract rights holder consistent with the terms of the agreement concerning use of the transmission facilities supporting the EDAM Transfer.

33.11.1.1.3 Reliability Capacity Transfer Revenue

EDAM Transfer revenue for Reliability Capacity occurs when the transfer scheduling limit binds while optimizing capacity to meet the RUC Procurement Target for an EDAM Entity Balancing Authority Area or the CAISO Balancing Authority Area and manifests as price separation between the Shadow Price of the Reliability Capacity procurement between the two Balancing Authority Areas at an EDAM Internal Intertie that is attributed to an EDAM Transfer System Resource. The CAISO calculates the hourly EDAM Transfer revenue for Reliability Capacity as the product of the transfer quantity and the difference

between the RUC Price for RCU and the RUC Price for RCD, as applicable, on either side of the binding limit. The CAISO will allocate the EDAM Transfer revenue for Reliability Capacity equally between the Balancing Authority Areas, except when the CAISO has been notified during the implementation of the Day-Ahead Market within a prospective EDAM Entity Balancing Authority Area of an agreement between both EDAM Entities on either side of a EDAM Transfer that a different allocation for some portion of the EDAM Transfer revenue is required to give effect to a pre-existing commercial arrangement. The CAISO will then allocate the EDAM Transfer revenue for Reliability Capacity directed to a Balancing Authority Area based upon whether the transmission across an EDAM Internal Intertie is made available by: (a) an EDAM Entity pursuant to Section 33.18.2, in which case the CAISO will allocate the EDAM Transfer revenue to the EDAM Entity Scheduling Coordinator, (b) an EDAM Transmission Service Provider customer pursuant to Section 33.18.2.2.2, in which case the CAISO will allocate the EDAM Transfer revenue to the Scheduling Coordinator for the EDAM Transmission Service Provider customer, or (c) an EDAM Legacy Contract, Existing Contract, EDAM Transmission Ownership Right, or Transmission Ownership holder pursuant to Section 33.18.2.2.2, in which case the CAISO will allocate the EDAM Transfer revenue to the Scheduling Coordinator for the EDAM Legacy Contract, Existing Contract EDAM Transmission Ownership Right, or Transmission Ownership holder, respectively. An EDAM Entity will ensure that EDAM Transfer revenue for Reliability Capacity allocated to its EDAM Entity Scheduling Coordinator is thereafter allocated by all applicable EDAM Transmission Service Providers as may be detailed in the EDAM Transmission Service Provider tariff and business practices. EDAM Transfer revenue for Reliability Capacity allocated to the CAISO Balancing Authority Area is further allocated in the CAISO Balancing Authority Area according to the CAISO Tariff, unless allocated directly to a Scheduling Coordinator for a Transmission Ownership Rights holder or Existing Contract rights holder consistent with the terms of the agreement concerning use of the transmission facilities supporting the EDAM Transfer.

33.11.1.2 Congestion Revenue

The CAISO will collect Congestion revenue based on price differences in the Marginal Cost of Congestion of the LMP across PNodes within the EDAM Area. For each Settlement Period of the DAM, the CAISO will calculate the contribution of each Balancing Authority Area in the EDAM Area to the Marginal Cost of Congestion at each resource location and intertie in the EDAM Area for each Balancing Authority Area based on the location of the Transmission Constraints in each Balancing Authority Area, EDAM Interties, and constraints enforced outside of the EDAM Area needed to manage that Balancing Authority Area's responsibilities. The CAISO will distribute the Congestion Charge revenue collected from the Transmission Constraints in each Balancing Authority Area in the EDAM Area, including any adjustment for congestion revenue associated with registered, qualified and balanced Day-Ahead Self-Schedules under Section 33.11.1.2.1, any adjustment for the CAISO Balancing Authority Area in accordance with Section 11 and any adjustment for EDAM Entity Balancing Authority Areas to account for schedules associated with EDAM Legacy Contracts, EDAM Transmission Ownership Rights and registered EDAM Transmission Service Provider transmission customer rights under Sections 33.16, 33.17, and 33.18, respectively, to the applicable Balancing Authority Area within which the Congestion occurred. An EDAM Entity will ensure that Congestion revenue allocated to its EDAM Entity Scheduling Coordinator is further allocated by all applicable EDAM Transmission Service Providers as may be detailed in the EDAM Transmission Service Provider tariff and business practices. Congestion revenue allocated to the CAISO Balancing Authority Area will be further allocated according to the CAISO Tariff, including Section 11.2.1 and Section 11.2.4.

33.11.1.2.1 EDAM Entity Balancing Authority Area Contribution Adjustment

For each Settlement Period of the DAM, the CAISO will determine the Congestion difference within the EDAM Area from the contribution of qualified and balanced Day-Ahead Self-Schedules registered by the EDAM Entity in each EDAM Entity Balancing Authority Area to the Marginal Cost of Congestion at each resource location and intertie in the EDAM Area and allocate this Congestion difference to the EDAM Entity Balancing Authority Area where the qualified and balanced Day-Ahead Self-Schedule is associated.

Qualification for this adjustment will be afforded to transmission service identified in the EDAM Transmission Service Provider tariff as a firm service of sufficient duration, such as firm long-term and monthly point-to-point and network transmission service rights under FERC's *pro forma* open access transmission tariff, including conditional firm transmission service. Registration of qualified transmission service rights will occur through the procedures described in Section 33.18.3 and result in a CRN to facilitate this adjustment. A Day-Ahead Self Schedule will be considered balanced for purposes of this adjustment in accordance with the provisions of Section 33.16 applicable to the determination of whether an EDAM Legacy Contract is balanced in the DAM.

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33.11.3 Day-Ahead Market Settlement

The CAISO settles Day-Ahead Schedules and RUC Schedules issued to EDAM Market Participants as specified in this Section 33.11.3.

33.11.3.1 Settling Day-Ahead Schedules for Energy

The CAISO settles Day-Ahead Schedules for Energy issued to EDAM Market Participants as specified in Section 11.2.1.1 for Supply and as specified in Section 11.2.1.2 for Demand. The CAISO settles Energy Exports at an EDAM External Intertie as specified in Section 11.2.1.4. The CAISO settles EDAM Transfers of Energy by assessing both the importing and exporting Balancing Authority Areas. In the case of EDAM Entities, the CAISO assesses the Scheduling Coordinator representing the importing Balancing Authority Area a settlement equal to the product of the quantity of the import and the LMP at the relevant Scheduling Point pricing location and assesses the Scheduling Coordinator representing the exporting Balancing Authority Area a settlement equal to the product of the quantity of the export and the LMP at the relevant Scheduling Point pricing location. If the CAISO is one of the importing or exporting Balancing Authority Areas, then the CAISO allocates the product of the export or import, as appropriate, and the LMP at the relevant Scheduling Point pricing location to CAISO Scheduling Coordinators as specified in Section 11 for allocating EDAM Transfers of Energy.

33.11.3.2 Settling Imbalance Reserves

The CAISO settles Imbalance Reserves Awards issued to EDAM Resources as specified in Sections 11.2.1.1.2, 11.2.1.8, and 11.25.2.1.1 as though the EDAM Resource were a Participating Generator.

The CAISO allocates the costs of procuring Imbalance Reserves in the EDAM as specified in Section 11.2.1.9 individually for each EDAM Entity with the exception that any reference to the CAISO Balancing Authority Area is a reference to the Balancing Authority Area of the relevant EDAM Entity.

In allocating the costs of Imbalance Reserves, the CAISO assesses both the importing and exporting Balancing Authority Areas for EDAM Transfers of Imbalance Reserves. In the case of EDAM Entities, the CAISO assesses the Scheduling Coordinator representing the importing Balancing Authority Area a settlement equal to the product of the quantity of the import and the Locational IRU Price or Locational IRD Price, as applicable, at the relevant Scheduling Point pricing location. In the case of EDAM Entities, the CAISO assesses the Scheduling Coordinator representing the exporting Balancing Authority Area a settlement equal to the product of the quantity of the export and the Locational IRU Price or Locational IRD Price, as applicable, at the relevant Scheduling Point pricing location. If the CAISO is one of the importing or exporting Balancing Authority Areas, then the CAISO allocates the product of the export or import, as appropriate, and the Locational IRU Price or Locational IRD Price, as applicable, at the relevant Scheduling Point pricing location to CAISO Scheduling Coordinators as specified in Section 11 for allocating EDAM Transfers of Imbalance Reserves.

33.11.3.3 Settling Reliability Capacity

The CAISO settles RUC Awards issued to EDAM Resources as specified in Section 11.2.2 as though the EDAM Resource were a Participating Generator or other seller of Energy or Ancillary Services.

The CAISO allocates the costs of procuring Reliability Capacity in the EDAM as specified in Section 11.8.6.5.3.3 individually for each EDAM Entity with the exception that any reference to the CAISO Balancing Authority Area is a reference to the Balancing Authority Area of the relevant EDAM Entity. In allocating the costs of Reliability Capacity, the CAISO assesses both the

importing and exporting Balancing Authority Areas for EDAM Transfers of Reliability Capacity. The CAISO assesses the importing Balancing Authority Area a charge equal to the product of the quantity of the import and the RUC Price for RCU or RUC Price for RCD, as applicable, at the relevant Scheduling Point pricing location. The CAISO assesses the exporting Balancing Authority Area a credit equal to the product of the quantity of the export and the RUC Price for RCU or RUC Price for RCD, as applicable, at the relevant Scheduling Point pricing location. If the CAISO is one of the importing or exporting Balancing Authority Areas, then the CAISO allocates the product of the export or import, as appropriate, and the RUC Price for RCU or RUC Price for RCD, as applicable, at the relevant Scheduling Point pricing location to CAISO Scheduling Coordinators as specified in Section 11 for allocating EDAM Transfers of Reliability Capacity.

33.11.3.4 Settling Ancillary Services

The EDAM does not procure Ancillary Services for EDAM Entity Balancing Authority Areas and the CAISO therefore does not settle charges or payments for Ancillary Services for the EDAM Entities in the Extended Day-Ahead Market. Ancillary Services provided by an EDAM Entity cannot be used to offset Ancillary Services obligations of a Scheduling Coordinator representing an entity with Ancillary Services obligations in the CAISO Balancing Authority Area.

33.11.3.5 IFM Bid Cost Recovery

EDAM Resources may receive Bid Cost Recovery for the IFM in accordance with Section 11.8. The CAISO allocates the IFM Bid Cost Uplift to Balancing Authority Areas in the EDAM Area, with the following rules in addition to any provisions in Section 11.8.

For a Balancing Authority Area with net Energy export transfer, the CAISO transfers a portion of the Balancing Authority Area's IFM Bid Cost Uplift amount to Balancing Authority Areas receiving net Energy import transfers. For purposes of the foregoing, a Balancing Authority Area has net import transfers if the sum of the Balancing Authority Area's net Energy transfer and its net Imbalance Reserve transfer is in the import direction. If such sum is in the export direction, the Balancing Authority Area is deemed to have a net Energy export transfer.

The Balancing Authority Area IFM Bid Cost Uplift transfer adjustment amount will equal the

product of the Balancing Authority Area hourly IFM Bid Cost Uplift amount and the ratio of the Balancing Authority Area's Day-Ahead net Energy export transfers and net Imbalance Reserve Up export transfers divided by Balancing Authority Area's Day-Ahead Schedules, Day-Ahead net Energy export transfers, net Imbalance Reserve Up export transfers and virtual demand, if applicable. The CAISO allocates the IFM Balancing Authority Area IFM Bid Cost Uplift transfer adjustment amount to Balancing Authority Areas with net transfers in the import direction. For each EDAM Entity Balancing Authority Area, the CAISO allocates the adjusted Balancing Authority Area IFM BCR amounts to the EDAM Entity for allocation under the applicable tariff and, for the CAISO Balancing Authority Area, pursuant to Section 11.8.6.

33.11.3.6 RUC Bid Cost Recovery

EDAM Resources may receive Bid Cost Recovery for RUC in accordance with Sections 11.8.3. For each Trading Hour, the CAISO calculates the RUC Bid Cost Uplift for each EDAM Entity and the CAISO Balancing Authority Area. The CAISO allocates the RUC Bid Cost Uplift to each EDAM Entity Balancing Authority Area according the methodology specified in Section 11.8.6.5 with the following adjustments.

For a Balancing Authority Area with net Reliability Capacity export transfer, the CAISO transfers a portion of the Balancing Authority Area's RUC Bid Cost Uplift amount to Balancing Authority Areas receiving net Reliability Capacity transfers. For purposes of the foregoing, a Balancing Authority Area receives net Reliability Capacity transfers if the sum of the Balancing Authority Area's net Reliability Capacity transfers is in the import direction. If such sum is in the export direction, the Balancing Authority Area is deemed to have a net Reliability Capacity export transfer.

The Balancing Authority Area RUC Bid Cost Uplift transfer adjustment amount will equal the product of the Balancing Authority Area hourly RUC Bid Cost Uplift amount and the ratio of the Balancing Authority Area's net Reliability Capacity export transfers divided by Balancing Authority Area's Reliability Capacity Schedules. The CAISO allocates the IFM Balancing Authority Area IFM Bid Cost Uplift transfer adjustment amount to Balancing Authority Areas with net transfers in the import direction. For each EDAM Entity Balancing Authority Area, the CAISO allocates the

adjusted Balancing Authority Area IFM BCR amounts to the EDAM Entity for allocation under its tariff and, for the CAISO Balancing Authority Area, pursuant to Section 11.8.6.

33.11.3.7 Greenhouse Gas in the IFM

Resources that receive a Day-Ahead attribution to serve Demand in a GHG Regulation Area will receive a GHG payment. The GHG payment is the product of the IFM obligation to serve Demand in a specific GHG Regulation Area and the IFM Marginal GHG Cost for that respective GHG Regulation Area. For a resource within a GHG Regulation Area that does not receive an attribution to served Demand in another GHG Regulation Area, the cost of GHG compliance is embedded in the resource's LMP.

33.11.3.8 EDAM Legacy Contracts, EDAM Ownership Rights, and Day-Ahead Schedules

Scheduling Coordinators who Self-Schedule Energy in the IFM using their qualified and registered EDAM Transmission Service Provider rights will settle at the LMP in a manner similar to all other Day-Ahead awards. Scheduling Coordinators who Self-Schedule Energy in the IFM using their qualified and registered EDAM Legacy Contract Rights or EDAM Transmission Ownership Rights will settle at the LMP in a manner similar to all other Day-Ahead awards, except the balanced portion of a Schedule associated with an EDAM Legacy Contract or an EDAM Transmission Ownership Right will be eligible for mitigation against Congestion costs in accordance with Section 33.16 and Section 33.17, and be settled as described in this Section 33.11.3.8. The CAISO will facilitate this mitigation by reversing the Marginal Cost of Congestion component of the LMP difference between the balanced source Day-Ahead Schedule and sink Day-Ahead Schedule. The CAISO will include these Congestion costs in the calculation of Day-Ahead Congestion revenue. In addition, long-term contracts with special marginal losses provisions will have a similar Settlement mechanism apply to the Marginal Cost of Losses component of the LMP.

33.11.3.9 Neutrality

The CAISO will consider each component of the LMP to ensure neutrality within a Balancing Authority Area in the EDAM Area and across GHG Regulation Areas: Marginal Energy Cost,

Marginal Cost of Congestion, Marginal Cost of Losses, and the applicable Marginal GHG Cost.

33.11.3.9.1 Marginal Loss Offset

The CAISO will calculate an hourly Day-Ahead marginal loss offset amount for each Balancing Authority Area. The hourly Day-Ahead marginal loss offset amount will equal the sum of the product of Day-Ahead Energy Schedules, including Schedules for Virtual Awards and transfer Energy schedules, and the Marginal Cost of Losses at their relevant pricing location. The CAISO will allocate the hourly Day-Ahead marginal loss offset amount to the EDAM Entity and, for the CAISO Balancing Authority Area, to Measured Demand. The hourly Day-Ahead marginal losses offset amount will also include any marginal losses reversal from balanced Schedule portions of EDAM Legacy Contracts, EDAM Transmission Ownership Rights, and Self-Schedules submitted in accordance with Section 33.18.2.2.1.

33.11.3.9.2 Marginal Greenhouse Gas Cost Offset

The CAISO will calculate an hourly Day-Ahead Marginal GHG Cost Offset amount in relation to each GHG Regulation Area. The hourly Day-Ahead Marginal GHG Cost Offset amount will equal the product of Day-Ahead Energy Schedules within the GHG Regulation Area, including Schedules for Virtual Awards; GHG attributions associated with the GHG Regulation Area and the applicable Marginal GHG Cost. The CAISO will allocate the Day-Ahead Marginal GHG Cost Offset amount to a GHG Regulation Area's metered Demand.

33.11.3.9.3 Marginal Congestion Offset

The CAISO will calculate an hourly Day-Ahead marginal Congestion offset revenue for each EDAM Entity Balancing Authority Area. The hourly Day-Ahead marginal Congestion offset revenue will equal the sum of the product of Day-Ahead Energy Schedules, including Schedules for Virtual Awards and Energy transfer Schedules, and the Marginal Cost of Congestion contribution for each EDAM Entity Balancing Authority Area at its relevant pricing location and considering relevant intertie Transmission

Constraints. The hourly Day-Ahead Congestion revenue amount will also account for any EDAM Legacy Contracts and EDAM Transmission Ownership Rights marginal Congestion adjustment amounts and any adjustment amounts for Congestion revenue under Section 33.11.1.2.1. The CAISO will allocate the hourly Day-Ahead marginal Congestion revenue amount to each EDAM Entity and the hourly Day-Ahead marginal Congestion revenue amount allocated to the CAISO Balancing Authority Area will be distributed first to CRRs and then to any surplus allocated to Measured Demand per the CAISO Tariff.