



California ISO

# Extended Day-Ahead Market (EDAM) Congestion Revenue Allocation Initiative Stakeholder Meeting

April 23, 2025

## Instructions for audience participation

- If you are connected to audio through your computer, open the participant and chat panels on the bottom right. 🖐
- If you dialed in to the meeting, press \*3 to raise your hand.
- You may also send your question via chat to all panelists.
- If you are in person today, please raise your hand (or name placard), and we will then call on you to speak.
  - Please unmute your mic in front of you when speaking.
- Please remember to state your name and affiliation before making your comment.

## Friendly Reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- These collaborative working groups are intended to stimulate open dialogue and engage different perspectives.
- Please keep comments professional and respectful.
- Please silence your cell phones during the meeting.
- We welcome and look forward to your engagement and participation in today's meeting.

# Today's Agenda

Time	Topic
10:00 AM – 10:15 AM	Kickoff & Welcome
10:15 AM – 11:00 AM	Initiative Background and Scope
11:00 AM – 12:00 PM	Congestion Revenue Design Discussion
12:00 PM – 1:00 PM	Lunch
1:00 PM – 2:00 PM	Congestion Revenue Design Discussion: Continued
2:00 PM – 2:15 PM	Break
2:15 PM – 3:15 PM	Comparative Examples
3:15 PM – 4:00 PM	Q&A Wrap Up/Next Steps

# Stakeholder Process

- Proposal Comments & Feedback
  - Received 28 sets of comments
  - Appreciate the level of interest & engagement of stakeholders
- Refinements to the proposal
  - Aims to address concerns raised by stakeholders in comments
  - Seeks to find a balanced solution
- Expedited policy initiative on track for May Board approval
  - Governing Body engagement with Susan Pope, Market Expert (April 8)
  - Market Surveillance Committee presentation (March 28)
- Continue to assess initiative workload and making adjustments where needed

## Stakeholder Process – Projected Schedule

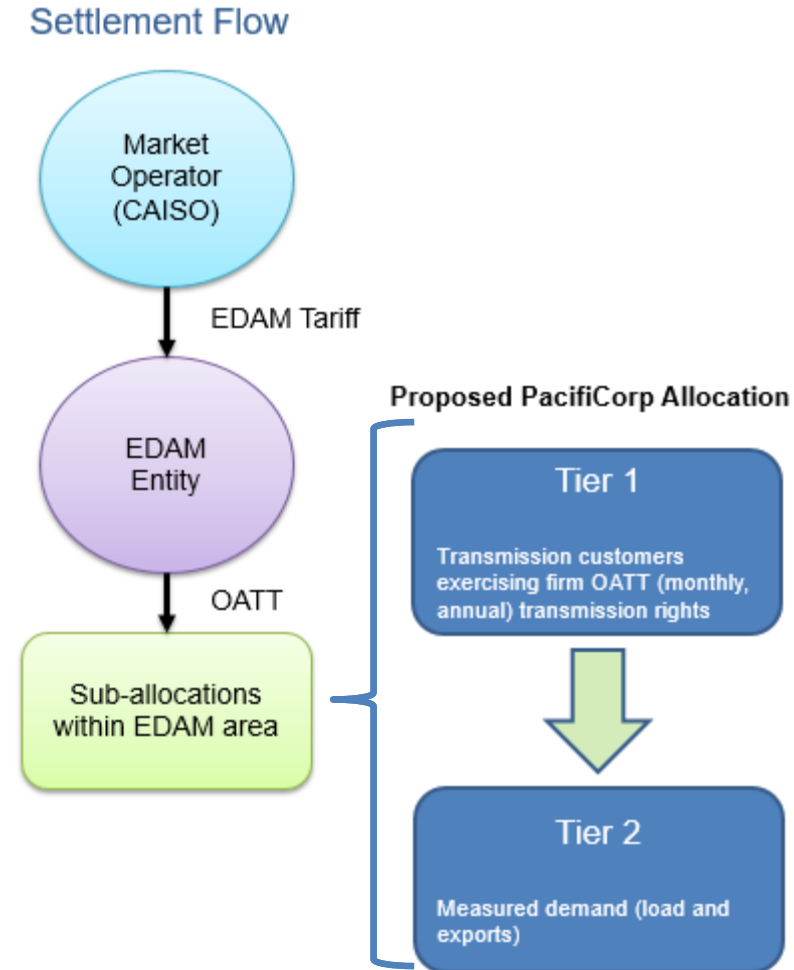
- ✓ March 17<sup>th</sup> – Publication of EDAM Congestion Revenue Allocation issue paper.
- ✓ March 24<sup>th</sup> – Stakeholder workshop on published issue paper
- ✓ April 7<sup>th</sup> – Comment deadline for issue paper and workshop
- ✓ April 16<sup>th</sup> – Publication of draft final proposal on EDAM Congestion Revenue Allocation
- April 23<sup>rd</sup> – Stakeholder workshop on the published draft final proposal
- May 5<sup>th</sup> – Stakeholder comments due on draft final proposal
- May 12<sup>th</sup> – Publication of final proposal on EDAM Congestion Revenue Allocation
- May 20-22<sup>nd</sup> – Presentation for decision to ISO Board of Governors and WEM Governing Body

## Background

- In December 2023, the FERC approved the EDAM policy design which included provisions related to congestion revenue allocation accruing across the system between EDAM balancing area.
- PacifiCorp, as the first EDAM participant, developed revisions to its Open Access Transmission Tariff (OATT) to support EDAM go-live May 2026.
  - PacifiCorp filed its OATT revision in January 2025.
- As part of the FERC proceeding on the PacifiCorp OATT revisions, concerns were raised about the EDAM mechanism for allocation of congestion revenues between participating balancing areas.
- In response to the concerns, the ISO committed to launching an expedited stakeholder initiative to evaluate potential transitional mechanisms for allocation of congestion revenues.

# Congestion Revenue Allocation Processes

- Current, FERC-approved, design allocates congestion revenues to the EDAM balancing area in which the internal transmission constraint is located.
  - Consistent with WEIM design of congestion revenue allocation
- The EDAM balancing area has the discretion to establish how these revenues are sub-allocated with its transmission customers under its OATT.
- PacifiCorp proposed OATT revisions seek to provide a level of congestion hedge for transmission customers exercising firm OATT rights.





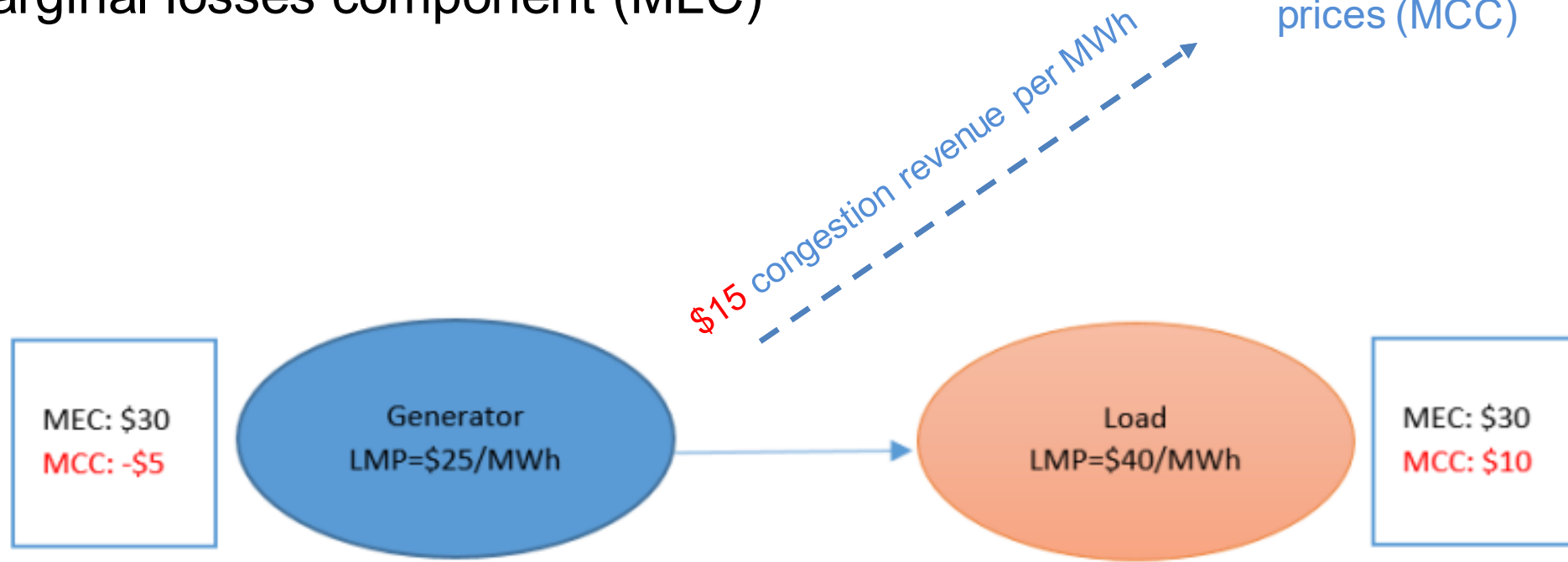
## Initiative Scope

- The initiative is narrowly focused on congestion revenue allocation, by the market operator, arising from parallel flow effects across EDAM balancing areas resulting from internal flow-based transmission constraints in a neighboring balancing area.
- Congestion revenues allocated by the market operator affect the amount of revenues that the EDAM entity can allocate under the terms of its OATT.
- The initiative will discuss the current FERC-approved design for EDAM congestion revenue allocation and consider potential transitional alternate approaches.
- The initiative does not seek to address or modify allocation of “transfer revenues” (associated with scheduling constraints at EDAM intertie/transfer points).

# What is congestion revenue?

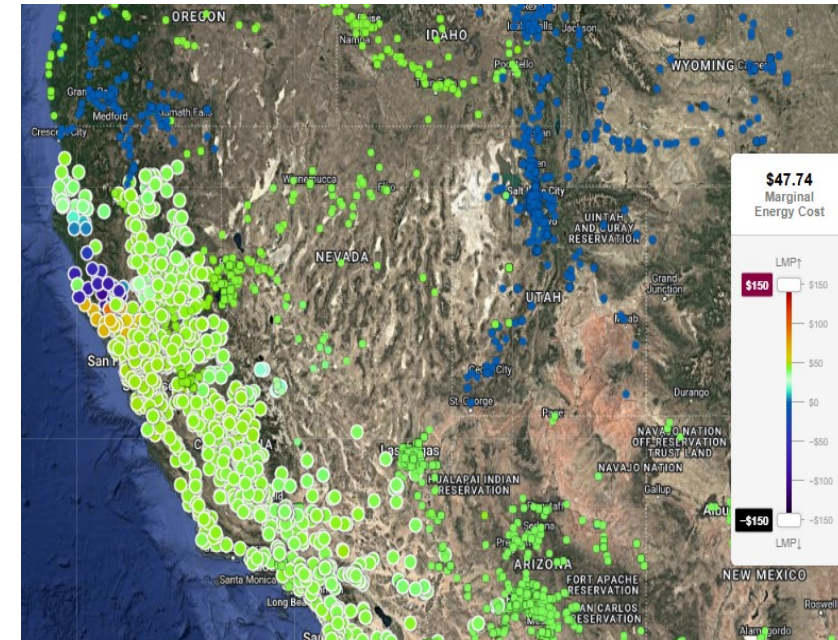
- Locational Marginal Price (LMP) components:
  - Marginal energy component (MEC)
  - Marginal congestion component (MCC)
  - Marginal losses component (MLC)

Congestion revenue is the money accrued when energy transactions are settled at congestion prices (MCC)



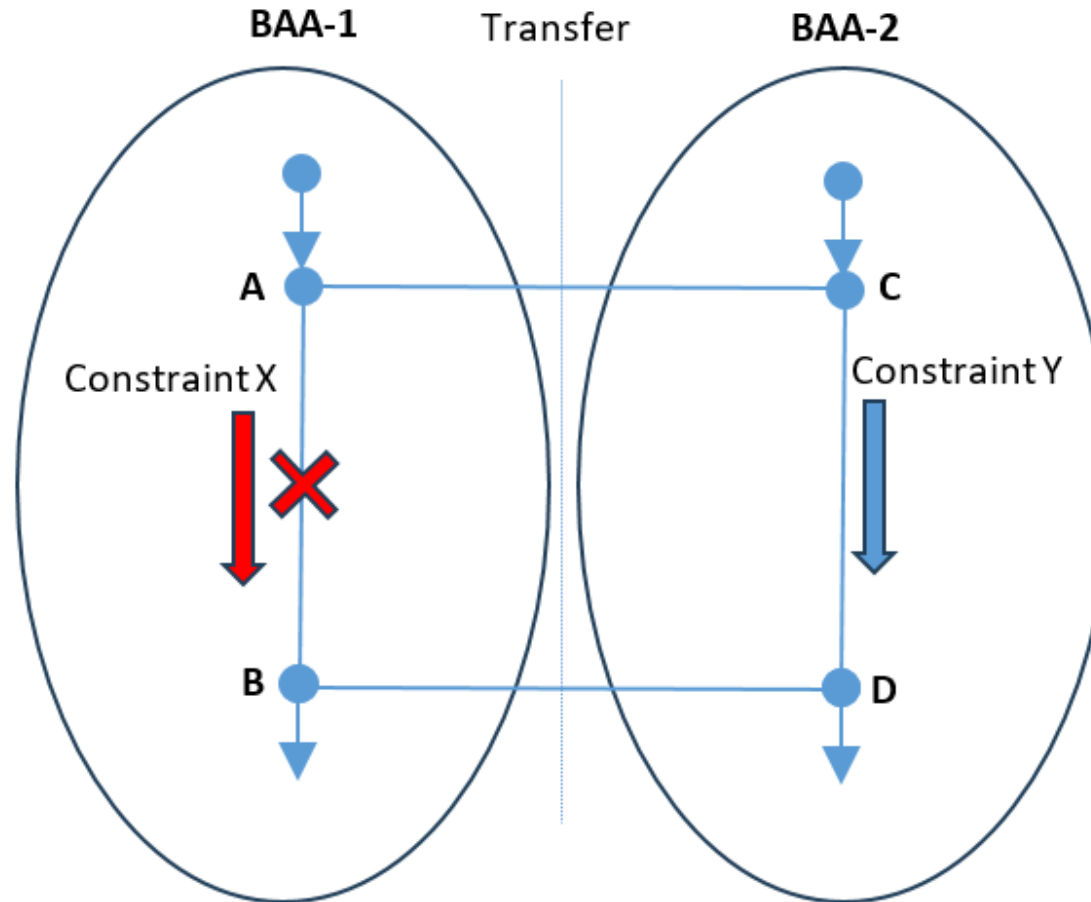
# Transmission System and Constraint Modeling

- The ISO market utilizes the full network model (FNM) to model the entire transmission system in a balancing area and associated transmission system constraints (i.e., flow based limits and other constraints).
- The FNM supports the calculation of LMPs at each pricing location within the model across the market footprint.
- The MCC component of the LMP at a pricing location is sensitive to transmission constraints across the market footprint.
  - Based on the power transfer distribution factor effect in relation to the transmission constraints



# What are parallel flows across interconnected systems?

Flow of electricity  
along natural paths  
of least resistance



Constraint along A-B  
path (in BAA-1) can  
push flows across A-C  
and B-D paths to BAA-2

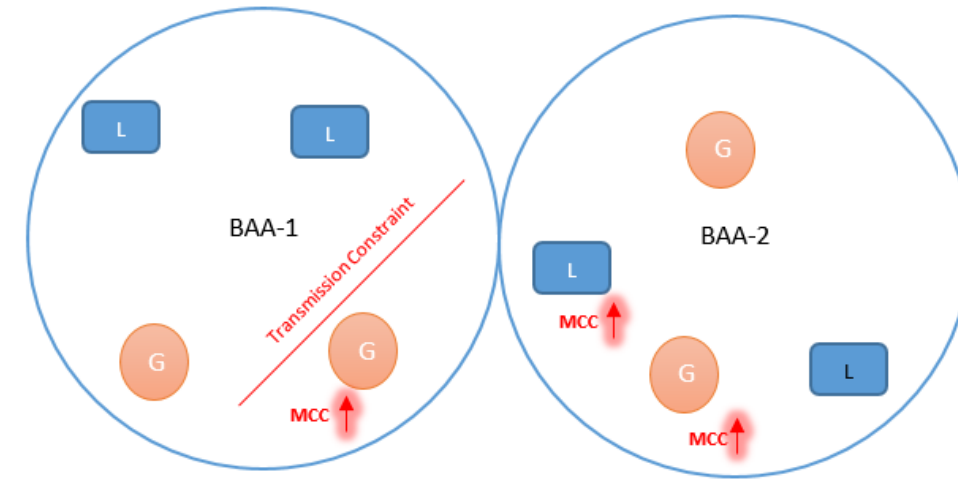
Parallel flows exist across  
interconnected systems  
and contribute to  
operational challenges

Constraint X (in BAA-1)  
can have a price impact  
to the MCC at locations  
C and D (in BAA-2)

# CONGESTION REVENUE DESIGN DISCUSSION

# Current design for EDAM congestion revenue allocation

- The EDAM design allocates congestion revenues to the EDAM balancing area in which the transmission constraint is located.
  - Consistent with WEIM design in place today
- Transmission constraint internal to the balancing area:
  - Retain all internal congestion revenue (price differences between locations within the balancing driven by that constraint)
  - Receive parallel flow congestion revenue materializing in other balancing areas as a result of that specific internal transmission constraint



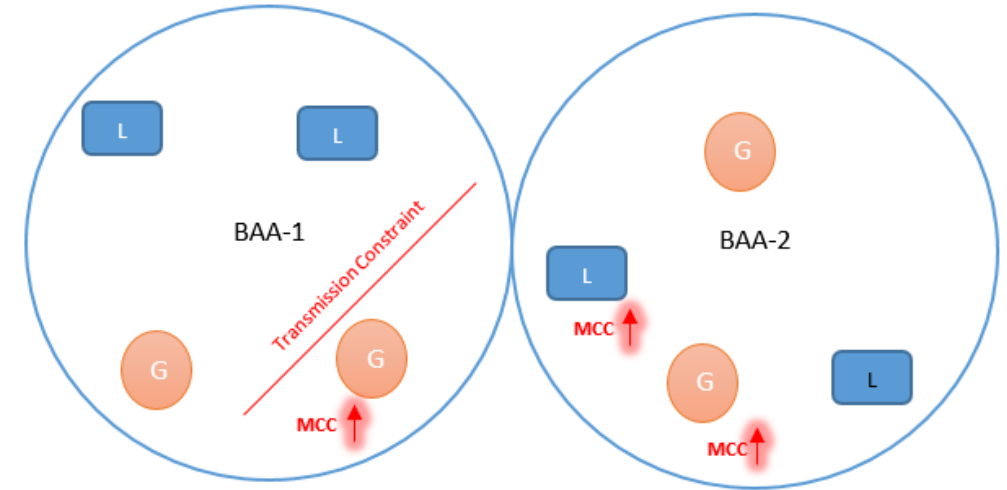
Transmission constraint located in BAA-1 affects MCC at locations in BAA-1 and BAA-2.

BAA-1 receives:

- Internal congestion revenues materializing in BAA-1
- Parallel flow congestion revenues materializing in BAA-2 (as result of constraint in BAA-1)

## Transitional alternative introduced in Issue Paper

- Congestion revenue associated with parallel flow effects would be allocated to the EDAM balancing area where it is collected.
  - Not allocated to the balancing area where the constraint is located
- Under this approach, congestion revenues are allocated to the balancing area in which they are collected irrespective of the location of the internal transmission constraint.



Transmission constraint located in BAA-1 affects MCC at locations in BAA-1 and BAA-2.

BAA-1 receives:

- Internal congestion revenues materializing in BAA-1

BAA-2 receives:

- Parallel flow congestion revenues materializing in BAA-2 (as result of constraint in BAA-1)



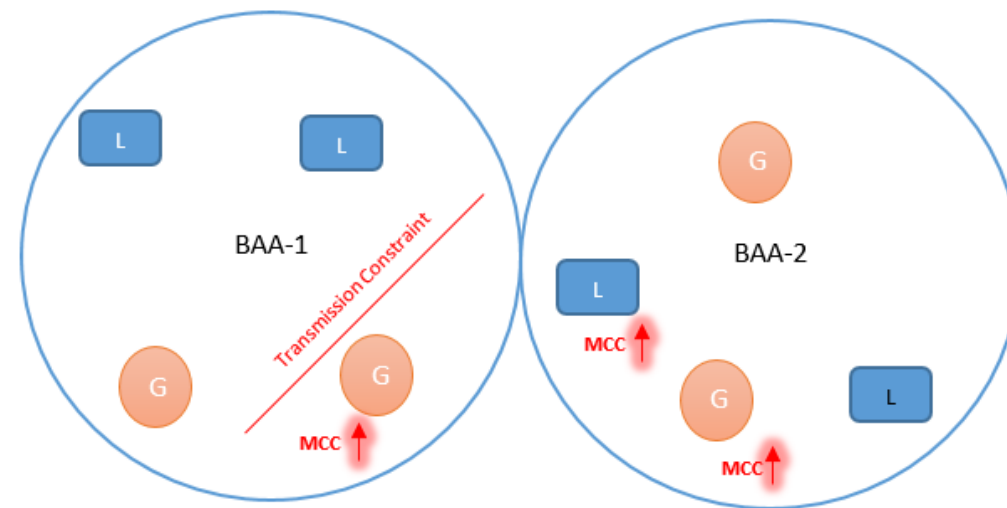
## Overview of stakeholder comments on March 17<sup>th</sup> Issue Paper

- Key themes across the stakeholder comments on transitional alternative:
  - *Defining a transition to a long-term design*: interest in further definition on the steps toward a long-term design and continued engagement.
  - *Allocation of congestion revenue beyond the exercise of OATT rights*: concerns that allocation of all parallel flow congestion revenues goes beyond what is needed to manage congestion cost exposure for exercise of firm OATT rights.
  - *Counter flow congestion allocation scenario*: concern that a balancing area may bear the costs associated with a generator in its area providing counter flow effect benefit in relation to direction of transmission constraint.
  - *Self-schedule incentives*: concern of potential incentive to self-schedule load/resources to obtain greater protection from congestion cost exposure.



# Draft final proposal design to parallel flow congestion revenue allocation

- Parallel flow congestion revenue is allocated to the balancing area where it is collected associated with the exercise of firm OATT transmission rights.
  - Long-term and monthly firm point-to-point (PTP) and network integration transmission service (NITS)
  - Exercise of transmission rights through a balanced source/sink self-schedule
- Remaining parallel flow congestion revenues are allocated to the balancing area where the transmission constraint is located.



Transmission constraint located in BAA-1 affects MCC at locations in BAA-1 and BAA-2.

BAA-2 receives:

- Parallel flow congestion revenues materializing in BAA-2 (as result of constraint in BAA-1) for exercise of firm OATT rights

BAA-1 receives:

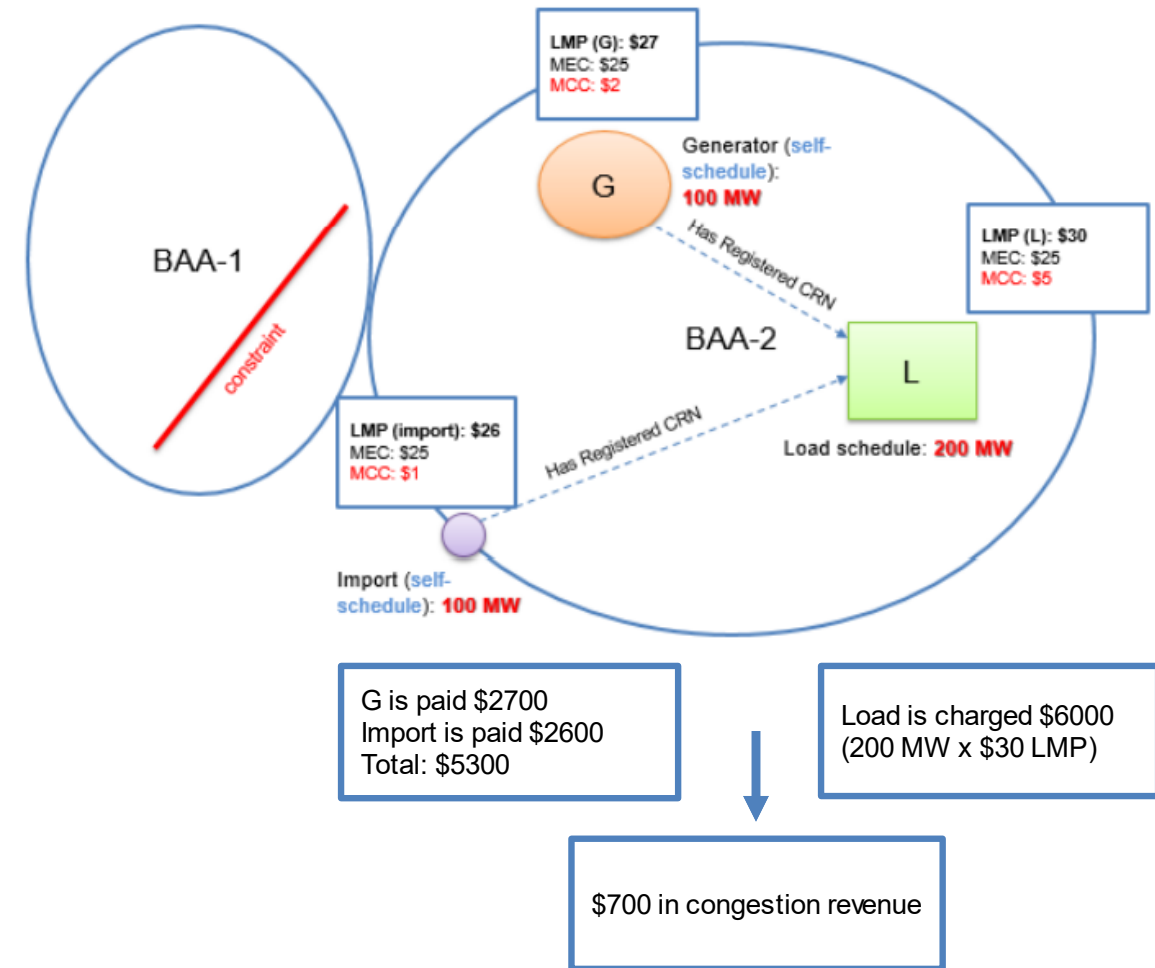
- Internal congestion revenues materializing in BAA-1
- Remaining parallel flow congestion revenue materializing in BAA-2 (as a result of constraint in BAA-1)

## Draft final proposal design – key considerations

- Design introduces a more targeted and refined allocation of parallel flow congestion revenues (resulting from a constraint in another EDAM balancing area).
- It allocates parallel flow congestion revenues to the EDAM balancing area where these are collected to support the ability of EDAM entity to provide congestion cost protection for transmission customers exercising firm OATT rights.
- Remaining parallel flow congestion revenues – beyond what is needed to support congestion cost protections for exercise of firm OATT rights – are allocated to the EDAM balancing area where constraint is located.
- Addresses the concern associated with a balancing area being exposed to congestion costs when providing counter flow effect in relation to constraint.
  - Consistent with current EDAM design as congestion revenues (positive or negative) are allocated to EDAM area where constraint is located.

# Illustrative example of draft final proposal

- Transmission constraint in BAA-1 has an effect on the congestion prices (MCC) within BAA-2.
- Transmission customer exercises its firm OATT transmission rights to serve load from an import and a generator.
  - Transmission rights are registered with market operator and receive a contract reference number (CRN)
- The parallel flow congestion revenue (\$700) is allocated to BAA-2 to sub-allocate under their OATT and support a greater congestion hedge.
- Any remaining parallel flow congestion revenues are allocated to BAA-1 where the constraint is located.



## Application in the Day Ahead Market

- The draft final proposal design would be applied in the day-ahead market only, and not the real-time market.
  - Real-time market retains the congestion revenue allocation in effect today in the WEIM
- This seeks to minimize the impact on the WEIM participants, recognizing the unique structure of the WEIM with base scheduled resources.
- Application in day-ahead market is consistent with the traditional application of congestion hedge mechanisms in the day-ahead market only.

## Design evolution: monitoring and transparency

- The ISO will monitor key aspects related to transmission constraints and congestion revenue allocation to inform near-term and long-term design evolution.
- Monitored information would include:
  - Binding transmission constraints and frequency across the EDAM footprint
  - Effects of constraints on congestion prices across EDAM balancing areas
  - Allocation of congestion revenues across EDAM balancing areas
  - Magnitude and frequency of self-scheduling to exercise firm OATT rights
- Transparency on monitored information:
  - EDAM operational reports during first year of EDAM operations
  - Sharing of data during quarterly Market Planning and Performance Forums (MPPF)

## Design evolution: 3-year evolutionary period

- The draft final proposal describes a three-year period across which near-term and long-term design changes can be considered.
- During the first 1-2 years of EDAM operations, the ISO will collect data and monitor the congestion effects across the market footprint as new entities enter the market gradually.
- By the end of year 3 of EDAM operations, working through the stakeholder process, the ISO will present a long-term solution to the governing entity for consideration.
  - Implementation activities vary based on structure of the design
- ISO will continue stakeholder working groups prior to EDAM launch to focus consideration of near-term and long-term design evolution.

## Potential near-term enhancements for further consideration

- Additional incremental near-term enhancement can be considered as well through stakeholder working groups.
- Potential concepts that could be considered across spectrum include:
  - Allocation of parallel flow congestion revenues to EDAM entity based on economically bid balanced source/sink schedules associated with firm OATT transmission rights.
  - Flow entitlements between EDAM balancing areas for parallel flows associated with identified transmission constraints.
- Near-term enhancements can be considered at any point after EDAM launch.



## Effects on Congestion Revenue Rights within the CAISO balancing area

- Congestion Revenue Rights (CRR) are a financial hedge instrument within the CAISO balancing area.
- EDAM will improve visibility of congestion effects on the CAISO system associated with constraints across the EDAM footprint.
- This Draft Final Proposal does not introduce changes to CRR related processes currently in place within the CAISO balancing area.
  - CRR holders on CAISO system are able to hedge their congestion cost exposure between two financial locations on the system based on internal constraints and external constraints of neighboring EDAM balancing areas.
  - CRR balancing account will be funded by congestion revenue at CAISO binding constraints adjusted for exercised transmission rights.
- The proposal also does not impact the mechanism for determining how CRR holders will be paid.

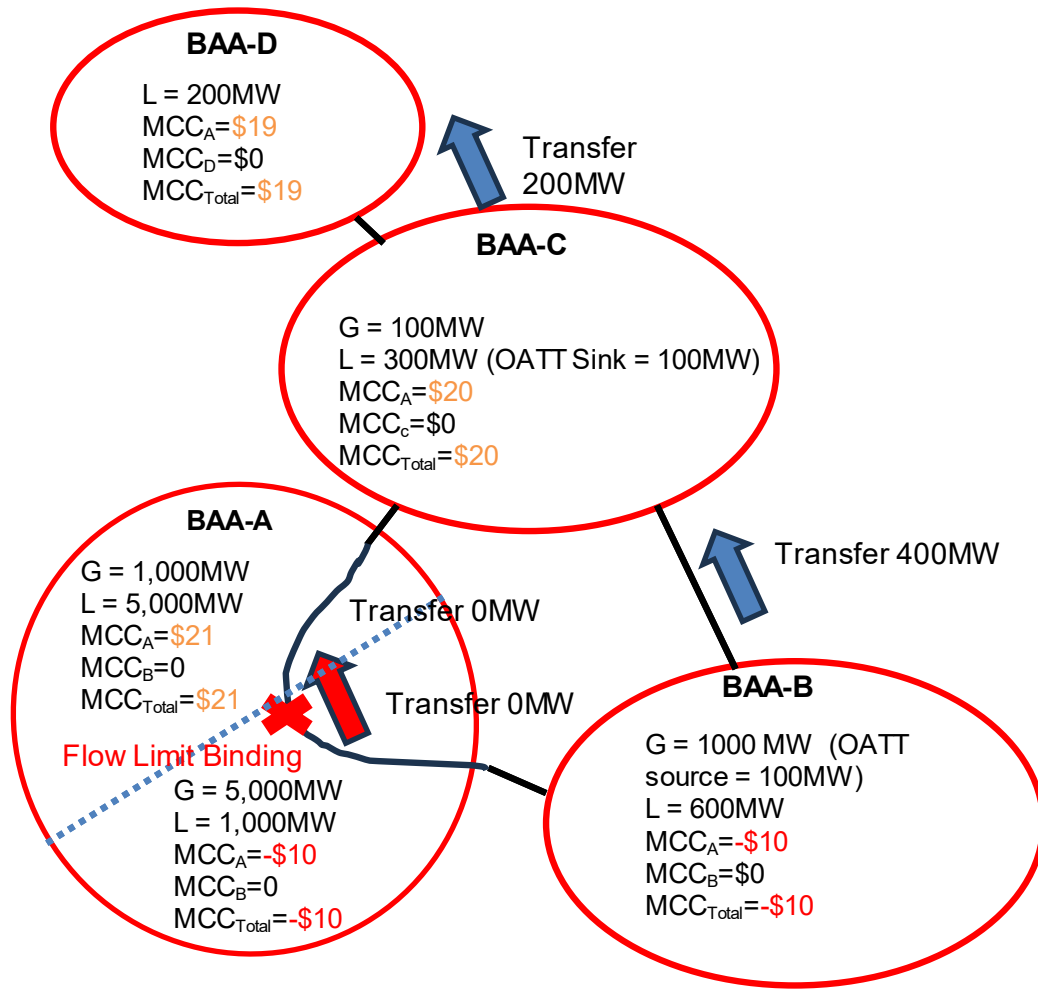


# FURTHER COMPARATIVE EXAMPLES

## Illustrative examples with four Balancing Authority Areas

- Market footprint consists of four Balancing Authority Areas (BAA)
- Each BAA passed the resource sufficiency tests
  - Adequate supply bid into market
- Each BAA transfer constraint is not constrained
  - Marginal Energy Cost (MEC) is consistent across the footprint at \$20/MWh
- Single constraint in BAAA is binding in South to North direction
  - The shadow price of constraint impacts the LMP across the market
- In the “prevailing flow” example, the energy is dispatched in the dominant direction of the constraint
- In counterflow example, the energy dispatched in the counter flow direction of the constraint

# Prevailing Flow Market Awards and Settlement



		LMP	MEC	MCC <sub>A</sub>	MCC <sub>B</sub>	MCC <sub>C</sub>	MCC <sub>D</sub>
<b>BAA A</b>	G <sub>N</sub>	\$41,000	\$20,000	\$21,000	\$ -	\$ -	\$ -
	L <sub>N</sub>	\$(205,000)	\$(100,000)	\$(105,000)	\$ -	\$ -	\$ -
	G <sub>S</sub>	\$50,000	\$100,000	\$(50,000)	\$ -	\$ -	\$ -
	L <sub>N</sub>	\$(10,000)	\$(20,000)	\$10,000	\$ -	\$ -	\$ -
	T <sub>AB</sub>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	T <sub>AC</sub>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>BAA A STLMT</b>		<b>\$(124,000)</b>	<b>\$ -</b>	<b>\$(124,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BAA B</b>	G <sub>OATT</sub>	\$1,000	\$2,000	\$(1,000)	\$ -	\$ -	\$ -
	G	\$9,000	\$18,000	\$(9,000)	\$ -	\$ -	\$ -
	L	\$(6,000)	\$(12,000)	\$6,000	\$ -	\$ -	\$ -
	T <sub>AB</sub>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	T <sub>BC(OATT)</sub>	\$(2,000)	\$(2,000)	\$ -	\$ -	\$ -	\$ -
	T <sub>BC</sub>	\$(6,000)	\$(6,000)	\$ -	\$ -	\$ -	\$ -
<b>BAA B STLMT</b>		<b>\$(4,000)</b>	<b>\$ -</b>	<b>\$(4,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BAA C</b>	G	\$4,000	\$2,000	\$2,000	\$ -	\$ -	\$ -
	L <sub>OATT</sub>	\$(4,000)	\$(2,000)	\$(2,000)	\$ -	\$ -	\$ -
	L	\$(8,000)	\$(4,000)	\$(4,000)	\$ -	\$ -	\$ -
	T <sub>AC</sub>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	T <sub>BC(OATT)</sub>	\$2,000	\$2,000	\$ -	\$ -	\$ -	\$ -
	T <sub>BC</sub>	\$6,000	\$6,000	\$ -	\$ -	\$ -	\$ -
<b>BAA C STLMT</b>		<b>\$(4,000)</b>	<b>\$ -</b>	<b>\$(4,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BAA D</b>	G	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	L	\$(7,800)	\$(4,000)	\$(3,800)	\$ -	\$ -	\$ -
	T <sub>CD</sub>	\$4,000	\$4,000	\$ -	\$ -	\$ -	\$ -
<b>BAA D STLMT</b>		<b>\$(3,800)</b>	<b>\$ -</b>	<b>\$(3,800)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Congestion Revenue Summary – Prevailing Flow

## Congestion Revenue Collection

- A single constraint binding in BAAA causes physical congestion across footprint
- The 4000 MWs of BAAA Generation in South scheduled to serve 4,000 MWs of BAAA Load North
  - Generates \$(124,000) in net Congestion revenue
- The 200 MWs of BAA B Generation was schedule to serve 200 MWs BAA C Load
  - Generates \$(6,000) in net Congestion Revenue
    - Includes **\$(3,000)** for 100 MWs of balanced OATT self-schedule energy
- The 200 MWs of BAA B Generation schedule to serve 200 MWS BAAD Load
  - Generates \$(5,800) in net Congestion Revenue

# Congestion Revenue Distribution Summary – Prevailing Flow

- Distribution of \$(135,800) of collected Congestion Revenue
  - Current MCC Distribution Approach:
    - BAA where constraint is modeled
  - Original Transitional Approach:
    - BAA where schedules congestion materialized
  - Revised Transitional Approach:
    - OATT Congestion is distributed to EDAM Entity of BAA where balanced schedules congestion materialized
      - BAA B receives \$1,000 congestion revenue
      - BAA C receives \$2,000 congestion revenue
    - Remaining Congestion, \$132,800 congestion revenue is distributed to EDAM Entity of BAA where constraint is modeled

# Prevailing Flow Marginal Cost Of Congestion Distribution Comparison

## Current EDAM Design Marginal Cost of Congestion Distribution

MCC OFFSET	MCC <sub>T</sub>	MCC <sub>A</sub> OFFSET	MCC <sub>B</sub> OFFSET	MCC <sub>C</sub> OFFSET	MCC <sub>D</sub> OFFSET
BAA <sub>A</sub> MCC Total	\$(124,000)	\$(124,000)	\$ -	\$ -	\$ -
BAA <sub>B</sub> MCC Total	\$(4,000)	\$(4,000)	\$ -	\$ -	\$ -
BAA <sub>C</sub> MCC Total	\$(4,000)	\$(4,000)	\$ -	\$ -	\$ -
BAA <sub>D</sub> MCC Total	\$(3,800)	\$(3,800)	\$ -	\$ -	\$ -
Overall STLMT	(\$135,800)	(\$135,800)	\$ -	\$ -	\$ -
Congestion Allocation	\$135,800	\$135,800	\$ -	\$ -	\$ -

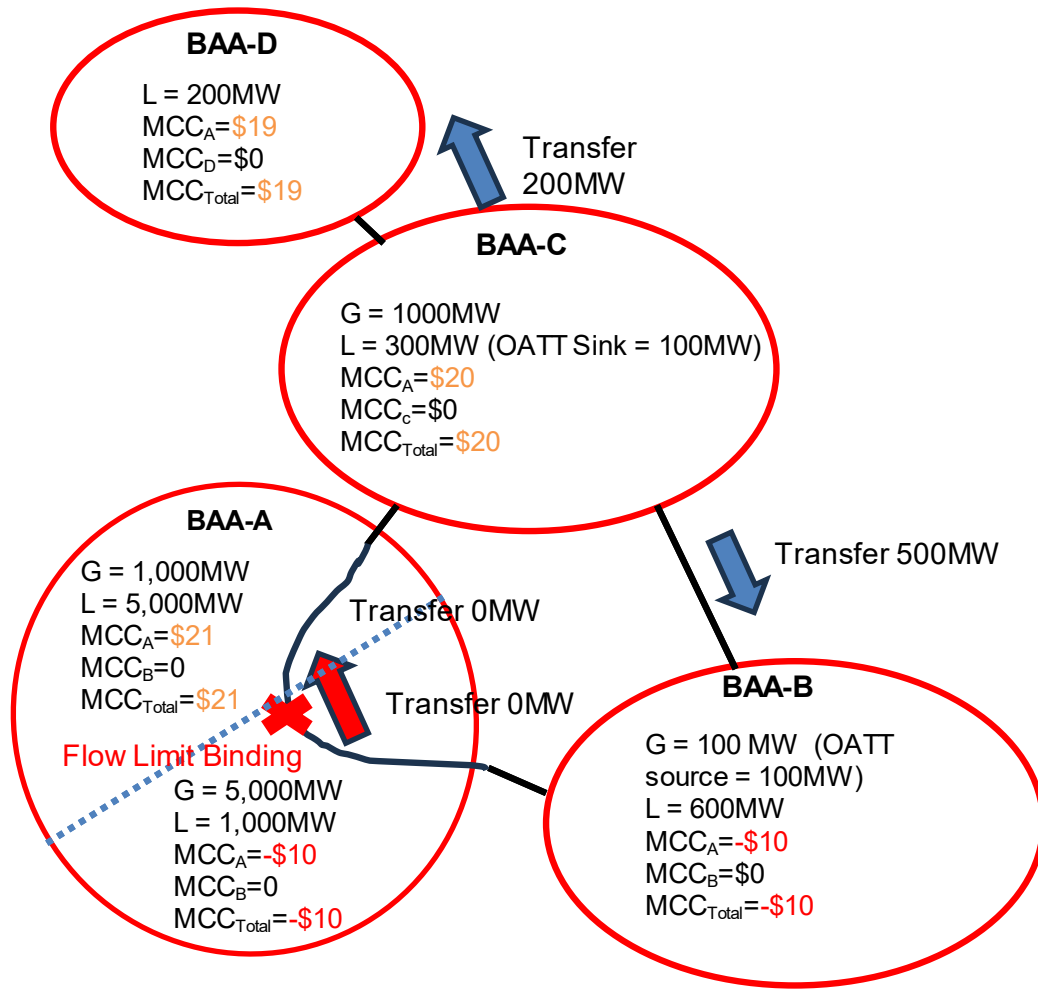
## Transitional Alternative of Marginal Cost of Congestion Distribution (Issue Paper)

MCC OFFSET	MCC <sub>T</sub>	MCC <sub>A</sub> OFFSET	MCC <sub>B</sub> OFFSET	MCC <sub>C</sub> OFFSET	MCC <sub>D</sub> OFFSET
BAA <sub>A</sub> MCC Total	\$(124,000)	\$(124,000)	\$ -	\$ -	\$ -
BAA <sub>B</sub> MCC Total	\$(4,000)	\$ -	\$(4,000)	\$ -	\$ -
BAA <sub>C</sub> MCC Total	\$(4,000)	\$ -	\$ -	\$(4,000)	\$ -
BAA <sub>D</sub> MCC Total	\$(3,800)	\$ -	\$ -	\$ -	\$(3,800)
Overall STLMT		\$(124,000)	\$(4,000)	\$(4,000)	\$(3,800)
Congestion Allocation		\$124,000	\$4,000	\$4,000	\$3,800

## Refined Alternative Marginal Cost of Congestion Distribution (Draft Final Proposal)

MCC OFFSET	MCC <sub>T</sub>	MCC <sub>A</sub> OFFSET	MCC <sub>B</sub> OFFSET	MCC <sub>C</sub> OFFSET	MCC <sub>D</sub> OFFSET
BAA <sub>A</sub> MCC Total	\$(124,000)	\$(124,000)	\$ -	\$ -	\$ -
BAA <sub>B</sub> MCC Total	\$(4,000)	\$(3,000)	\$(1,000)	\$ -	\$ -
BAA <sub>C</sub> MCC Total	\$(4,000)	\$(2,000)	\$ -	\$(2,000)	\$ -
BAA <sub>D</sub> MCC Total	\$(3,800)	\$(3,800)	\$ -	\$ -	\$ -
Overall STLMT	(\$135,800)	(\$132,800)	\$ (1,000)	\$(2,000)	\$ -
Congestion Allocation	\$135,800	\$132,800	\$1,000	\$2,000	\$ -

# Counterflow Market Awards and Settlement



		LMP	MEC	MCC <sub>A</sub>	MCC <sub>B</sub>	MCC <sub>C</sub>	MCC <sub>D</sub>
<b>BAA A</b>	G <sub>N</sub>	\$41,000	\$20,000	\$21,000	\$ -	\$ -	\$ -
	L <sub>N</sub>	\$(205,000)	\$(100,000)	\$(105,000)	\$ -	\$ -	\$ -
	G <sub>S</sub>	\$50,000	\$100,000	\$(50,000)	\$ -	\$ -	\$ -
	L <sub>N</sub>	\$(10,000)	\$(20,000)	\$10,000	\$ -	\$ -	\$ -
	T <sub>AB</sub>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	T <sub>AC</sub>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>BAA A STLMT</b>		<b>\$(124,000)</b>	<b>\$ -</b>	<b>\$(124,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BAA B</b>	G <sub>OATT</sub>	\$1,000	\$2,000	\$(1,000)	\$ -	\$ -	\$ -
	G	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	L	\$(6,000)	\$(12,000)	\$6,000	\$ -	\$ -	\$ -
	T <sub>AB</sub>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	T <sub>BC(OATT)</sub>	\$(2,000)	\$(2,000)	\$ -	\$ -	\$ -	\$ -
	T <sub>BC</sub>	\$12,000	\$12,000	\$ -	\$ -	\$ -	\$ -
<b>BAA B STLMT</b>		<b>\$5,000</b>	<b>\$ -</b>	<b>\$5,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BAA C</b>	G	\$40,000	\$20,000	\$20,000	\$ -	\$ -	\$ -
	L <sub>OATT</sub>	\$(4,000)	\$(2,000)	\$(2,000)	\$ -	\$ -	\$ -
	L	\$(8,000)	\$(4,000)	\$(4,000)	\$ -	\$ -	\$ -
	T <sub>AC</sub>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	T <sub>BC(OATT)</sub>	\$2,000	\$2,000	\$ -	\$ -	\$ -	\$ -
	T <sub>BC</sub>	\$(12,000)	\$(12,000)	\$ -	\$ -	\$ -	\$ -
<b>BAA C STLMT</b>	T <sub>CD</sub>	\$(4,000)	\$(4,000)	\$ -	\$ -	\$ -	\$ -
		<b>\$14,000</b>	<b>\$ -</b>	<b>\$14,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BAA D</b>	G	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	L	\$(7,800)	\$(4,000)	\$(3,800)	\$ -	\$ -	\$ -
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<b>BAA D STLMT</b>		<b>\$(3,800)</b>	<b>\$ -</b>	<b>\$(3,800)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Congestion Revenue Summary – Counter flow

## Congestion Revenue Collection

- A single constraint binding in BAAA causes physical congestion across footprint
- 4000 MWs of BAAA Generation in South schedule to serve 4,000 MWs of BAAA Load North
  - Generates \$(124,000) in net Congestion revenue
- 100 MWs of BAA B OATT Generation schedule to serve 100 MWs BAA C Load
  - Generates **\$(3,000)** in net Congestion Revenue
- 600 MWs of BAA C Generation schedule to serve 600 MWs BAA B Load
  - Generates \$18,000 in net Congestion Rent/Charge
- 200 MWs of BAA C Generation schedule to serve 200 MWs BAA D Load
  - Generates \$200 in net Congestion Rent/Charge



## Congestion Revenue Distribution Summary – Counter flow

- Distribution of the net \$(108,800) collected Congestion Revenue
  - Current MCC Distribution Approach:
    - BAA where constraint is modeled
  - Original Transitional Approach:
    - BAA where schedules congestion materialized
  - Revised Transitional Approach:
    - OATT Congestion is distributed to EDAM Entity of BAA where balanced schedules congestion materialized:
      - BAA B receives \$1,000 congestion revenue
      - BAA C receives \$2,000 congestion revenue
    - Remaining Congestion, \$105,800 congestion revenue is distributed to EDAM Entity of BAA where constraint is modeled

# Congestion Distribution Comparison - Counter flow

## Current EDAM Design Marginal Cost of Congestion Distribution

MCC OFFSET	MCC <sub>T</sub>	MCC <sub>A</sub> OFFSET	MCC <sub>B</sub> OFFSET	MCC <sub>C</sub> OFFSET	MCC <sub>D</sub> OFFSET
BAA <sub>A</sub> MCC Total	\$(124,000)	\$(124,000)	\$ -	\$ -	\$ -
BAA <sub>B</sub> MCC Total	\$5,000	\$5,000	\$ -	\$ -	\$ -
BAA <sub>C</sub> MCC Total	\$14,000	\$14,000	\$ -	\$ -	\$ -
BAA <sub>D</sub> MCC Total	\$(3,800)	\$(3,800)	\$ -	\$ -	\$ -
Overall STLMT	(\$108,800)	(\$108,800)	\$ -	\$ -	\$ -
Congestion Allocation	\$108,800	\$108,800	\$ -	\$ -	\$ -

## Transitional Alternative of Marginal Cost of Congestion Distribution (Issue Paper)

MCC OFFSET	MCC <sub>T</sub>	MCC <sub>A</sub> OFFSET	MCC <sub>B</sub> OFFSET	MCC <sub>C</sub> OFFSET	MCC <sub>D</sub> OFFSET
BAA <sub>A</sub> MCC Total	\$(124,000)	\$(124,000)	\$ -	\$ -	\$ -
BAA <sub>B</sub> MCC Total	\$5,000	\$ -	\$5,000	\$ -	\$ -
BAA <sub>C</sub> MCC Total	\$14,000	\$ -	\$ -	\$14,000	\$ -
BAA <sub>D</sub> MCC Total	\$(3,800)	\$ -	\$ -	\$ -	\$(3,800)
Overall STLMT	(108,800)	\$(124,000)	\$5,000	\$14,000	\$(3,800)
Congestion Allocation	108,800	\$124,000	\$(5,000)	\$(14,000)	\$3,800

## Refined Alternative Marginal Cost of Congestion Distribution (Draft Final Proposal)

MCC OFFSET	MCC <sub>T</sub>	MCC <sub>A</sub> OFFSET	MCC <sub>B</sub> OFFSET	MCC <sub>C</sub> OFFSET	MCC <sub>D</sub> OFFSET
BAA <sub>A</sub> MCC Total	\$(124,000)	\$(124,000)	\$ -	\$ -	\$ -
BAA <sub>B</sub> MCC Total	\$5,000	\$6,000	\$(1,000)	\$ -	\$ -
BAA <sub>C</sub> MCC Total	\$14,000	\$16,000	\$ -	\$(2,000)	\$ -
BAA <sub>D</sub> MCC Total	\$(3,800)	\$(3,800)	\$ -	\$ -	\$ -
Overall STLMT	(\$108,800)	(\$108,800)	\$(1,000)	\$(2,000)	\$ -
Congestion Allocation	\$108,800	\$105,800	\$1,000	\$2,000	\$ -

# **FINAL Q&A WRAP-UP / NEXT STEPS**

## Next Steps

- Presentation to Market Surveillance Committee (MSC) on May 2<sup>nd</sup>.
- Stakeholder comments on draft final proposal are requested by May 5<sup>th</sup>.
  - Comment template has been posted
- Final proposal publication targeted for May 12<sup>th</sup>.
- Presentation to Board of Governors and Western Energy Markets Governing Body at May 20-22 session.

# Annual policy initiatives roadmap process - 2025

Started: Jan 01, 2025

**Leads**

Amelia Blanke

Alyssa Krag-Arnold

The annual catalog and roadmap process captures the policy initiatives the ISO will undertake in the following three years. Stakeholders may propose potential discretionary policy initiatives in January and February. Following a stakeholder-led prioritization process in the spring, the ISO will publish the catalog, which is a focused list of potential discretionary policy initiatives. The catalog will help inform the development of the roadmap, published at the end of the year.

 Relevant notices

 Contact us

## Status

Development	Decision	Implementation	Completed/Closed
Apr 29, 2025 Initiatives prioritization survey due			

## Activities

<b>Web meeting</b> 4/3/2025 09:00 am – 12:00 pm PT <a href="#">Details</a>	<div> Video - Annual Policy Prioritization Workshop - Apr 03, 2025 04/08/2025</div> <div> Presentation - Annual Policy Prioritization Workshop - Apr 03, 2025 04/01/2025</div> <div> 2025 Policy Catalog Submissions Summary 03/20/2025</div> <div> Link - Policy Initiatives Stakeholder Prioritization Survey - Apr 3, 2025 04/09/2025</div> <div> Survey Questions - Policy Initiatives Stakeholder Prioritization Survey - Apr 3, 2025.pdf 04/18/2025</div>	
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The header graphic for the Energy Matters blog features the text "ENERGY matters" in a bold, sans-serif font. "ENERGY" is in orange and "matters" is in white. Below the text, a smaller line of text reads: "The California ISO's blog highlights its most recent news releases, and includes information about ISO issues, reports, and initiatives." To the right of the text is an image of three light bulbs hanging from cords.

**ENERGY**  
**matters**

The California ISO's blog highlights its most recent news releases, and includes information about ISO issues, reports, and initiatives.

*Energy Matters* blog provides timely insights into ISO grid and market operations as well as other industry-related news.

<https://www.caiso.com/about/news/energy-matters-blog>

The thumbnail image shows the exterior of a modern, multi-story building with large glass windows and a curved facade, likely the California ISO headquarters.

Story | Leadership

**CEO Elliot Mainzer's recent Congressional testimony on grid reliability**

By Elliot Mainzer

04/18/2025

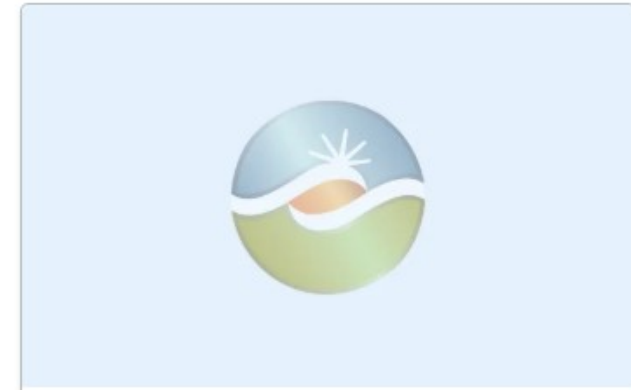
The thumbnail image features a dark background with several white icons: a folder, a document with a checkmark, and a balance scale, symbolizing regulatory and governance themes.

Story | Inside the California ISO

**FERC approves another key step toward independent governance of Western markets**

By ISO Staff

04/03/2025

The thumbnail image shows a circular logo with a stylized sun rising over a green hill and a blue sky, representing the California ISO's branding.

Story | Inside the California ISO

**Grid Operations, Infrastructure and Operations Planning reorganized**

By John Phipps

03/20/2025

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