



California ISO

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

May 27, 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
1:00 PM – 1:15 PM	Kickoff & Welcome
1:15 PM – 1:45 PM	Initiative Background and Stakeholder Feedback
1:45 PM – 2:30 PM	Overview of Revised Draft Final Proposal
2:30 PM – 2:45 PM	Break
2:45 PM – 3:15 PM	Continued Design Evolution
3:15 PM – 3:45 PM	Near Term Year 1 Enhancements
3:45 PM – 4:00 PM	Q&A Wrap Up/Next Steps

Stakeholder Process

- Draft Final Proposal Comments & Feedback
 - Received 26 sets of comments
 - Appreciate the level of interest & engagement of stakeholders
- Refinements to the proposal
 - Refinements to plan for continued evolution of design
 - Introduction of near-term design enhancement for Year 1 of EDAM
- Initiative schedule adjusted to provide for June Board decision
 - Supports further refinements in response to stakeholder comments

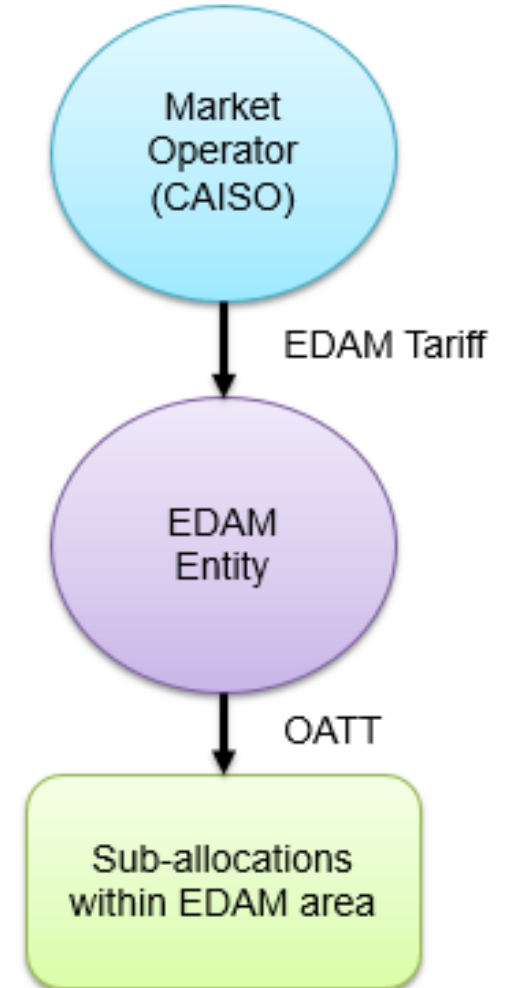
Stakeholder Process – Projected Schedule

- ✓ March 17th – Publication of EDAM Congestion Revenue Allocation issue paper.
- ✓ March 24th – Stakeholder workshop on published issue paper
- ✓ April 7th – Comment deadline for issue paper and workshop
- ✓ April 16th – Publication of draft final proposal on EDAM Congestion Revenue Allocation
- ✓ April 23rd – Stakeholder workshop on the published draft final proposal
- ✓ May 5th – Stakeholder comments due on draft final proposal
- ✓ May 19th – Publication of revised draft final proposal
- May 27th – Stakeholder workshop on revised draft final proposal
- June 2nd – Stakeholder comments on revised draft final proposal
- June 6th – Publication of final proposal
- June 19th – Presentation for decision to ISO Board of Governors and WEM Governing Body

Congestion Revenue Allocation - Background

- The initiative is narrowly focused on congestion revenue allocation, by the market operator, arising from parallel flow effects across EDAM balancing areas.
- The current design allocates congestion revenues to the EDAM balancing area in which the internal transmission constraint is located.
 - Consistent with WEIM design for congestion revenue allocation
- The EDAM balancing area establishes how these revenues are further sub-allocated under the terms of its OATT.

Settlement Flow



Summary of changes from draft final to revised draft final proposal

- Revised draft final proposal provides refinements and clarifications in aspects of the overall proposal based on stakeholder comments.
- The revised draft final proposal includes:
 - Additional discussion and clarification on the effects of the proposal on the CAISO balancing area and Congestion Revenue Rights (CRR).
 - Refinements to the process and timelines associated with continued evolution of the design considering near-term enhancements and a long-term durable design.
 - Commitment to a near-term enhancement that seeks to reduce self-scheduling incentives.

Revised Draft Final Proposal - Summary

- **Internal congestion revenue allocation:** EDAM balancing area continues to be allocated day-ahead internal congestion revenues resulting from binding transmission constraints within its balancing area.
 - Consistent with current FERC-approved design
- **Parallel flow congestion revenue:** allocated to EDAM balancing area where congestion revenues are collected (not where constraint is located) for day-ahead balanced self-schedules associated with eligible firm PTP and NITS OATT transmission rights.
 - Consistent with Draft Final Proposal design
- **Remaining parallel flow congestion revenue:** allocated to EDAM balancing area where the transmission constraint is located.
 - Consistent with current FERC-approved design

Draft Final Proposal Stakeholder Comments Overview (May 5th)

- Key themes across the stakeholder comments:
 - *Self-schedule incentives & economic bidding enhancement*: continued concern of potential self-scheduling incentives to obtain a congestion hedge, stakeholder comments supported mechanisms for incenting economic bidding to support efficient dispatch.
 - *Continued design evolution & transition*: stakeholders sought additional refinements and commitment to continued evolution of the design toward a long-term solution, continued engagement on a defined timeline.
 - *Effect of proposal on CAISO balancing area and CRRs*: some stakeholders sought further understanding on the impact of the proposal on CRRs and revenue sufficiency.

Proposal Key Considerations

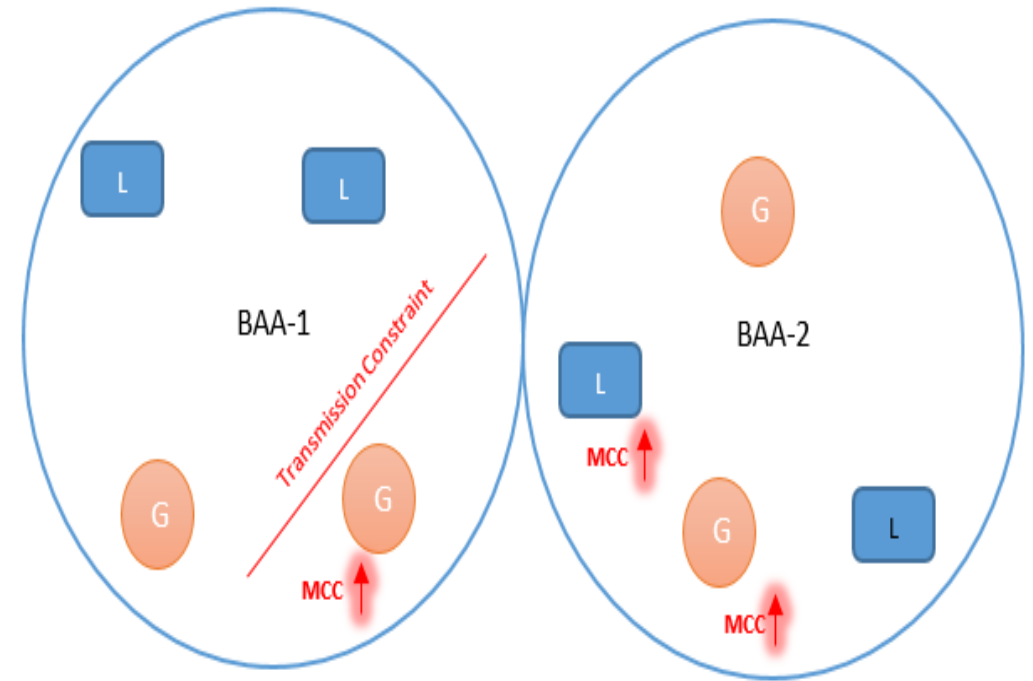
- Provides a targeted and refined allocation of day-ahead parallel flow congestion revenues to the EDAM entity based on the exercise of firm OATT transmission rights.
- Supports further sub-allocation under terms of the EDAM entity OATT to manage congestion cost exposure.
- Establishes plan for monitoring performance of proposal and forums for transparently sharing the information.
- Establishes stakeholder process that will reconvene prior to launch of EDAM to evaluate a long-term congestion revenue mechanism design.
- Commits to further near-term enhancement to mitigate or reduce potential self-scheduling incentives, enhances symmetry in application.

Proposed design for congestion revenue allocation associated with parallel flows

- *Proposal:* Parallel flow congestion revenue is allocated to the balancing area where it is collected associated with the exercise of eligible firm PTP and NITS OATT transmission rights through balanced self-schedules.
 - Consistent with Draft Final Proposal
- Eligible transmission rights consist of long-term and monthly firm point-to-point (PTP) and network integration transmission service (NITS), including conditional firm, consistent with EDAM entity OATT terms.
- Remaining parallel flow congestion revenues are allocated to the balancing area where the transmission constraint is located.

Illustrative example of the proposal for congestion revenue allocation associated with parallel flows

- Transmission constraint is located in BAA-1.
- BAA-2 is allocated:
 - Parallel flow congestion revenues materializing in BAA-2 associated with exercise of firm PTP and NITS transmission rights
- BAA-1 is allocated:
 - Internal congestion revenues materializing within BAA-1
 - Remaining parallel flow congestion revenues materializing in BAA-2



Effects of the proposal on Congestion Revenue Rights (CRR) in the CAISO balancing area

- The CAISO balancing area does not offer PTP or NITS transmission service.
 - CAISO makes transmission capability available in its market timeframes and administers allocation and auction of CRRs at source/sink locations in annual and monthly timeframes.
- For the CAISO balancing area, at the onset of EDAM there is not a mirrored application of retention of parallel flow congestion revenues (for external constraints) associated with self-scheduled uses of a subset of transmission rights.
 - These congestion revenues would not be allocated to CAISO balancing account for funding CRRs.
- The forthcoming near-term enhancement will resolve this asymmetry.

Effects of the proposal on CRRs in the CAISO balancing area

- The effects on the CAISO balancing area are mitigated:
 1. CAISO balancing area will receive the remaining (residual) parallel flow congestion revenues materializing in an EDAM balancing area associated with CAISO system constraints (after accounting for the exercise of firm PTP and NITS transmission rights).
 - These are incremental revenues not received today (pre-EDAM) which will be collected into the CRR balancing account and help fund CRRs.
 2. Consideration of CRR modeling enhancement that account for schedules and transmission uses in neighboring EDAM balancing areas to improve accuracy of CRR awards, reducing CRR under-funding risks.
- The ISO will schedule in June a CRR workshop to discuss CAISO balancing area CRR modeling enhancements and settlement of CRRs in EDAM.

Application in the Day-Ahead Market

- The congestion revenue allocation proposal would be applicable 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.

BREAK

CONTINUED DESIGN EVOLUTION

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)

Engagement on near-term and long-term enhancements

- The ISO is committed to continued engagement to evolve the overall congestion revenue allocation design through near-term enhancements and establishment of a long-term durable design structure.
- Stakeholder comments sought further clarity and stronger commitment to continued engagement and evolution in the design.
- The ISO will re-initiate stakeholder working groups prior to EDAM launch in 2026 to reconvene stakeholders and continue substantive discussions on design evolution.
 - Working groups will launch after EDAM market simulation
 - Iterative meetings focused on near-term enhancements and long-term design

Engagement on near-term and long-term enhancements

- Stakeholder process:
 - Conducted over a 12-24 month period allowing room for evaluation of different long-term designs.
 - Quarterly updates to the ISO Board and WEM Governing Body on status of initiative, including associated monitored congestion data, design options considered and implementation implications of different designs.
 - Presentation of a formal proposal for decision to the governing entity.
- Implementation:
 - Targeted within the third year of EDAM operations. ISO will provide implementation updates during quarterly reports to governing entity.
 - Consideration of design complexity in informing timeline.

NEAR-TERM YEAR 1 ENHANCEMENT

Near-term enhancement: economic bidding and balanced cleared schedules

- Stakeholder comments supported enhancements to the design to enable allocation of congestion revenues associated with parallel flows based on balanced cleared schedules, associated with the eligible firm PTP and NITS transmission rights, if economically bid (or self-scheduled).
- This enhancement incents and enables loads and resources associated with transmission rights to economically bid and support parallel flow congestion revenue allocation.
- Reduces and mitigates incentives to self-schedule, which has been a concern from stakeholders.

Near-term enhancement: economic bidding and balanced cleared schedules

- The design considers economic bids or self-schedules associated with contract reference numbers (CRN) for eligible firm PTP and NITS transmission rights.
- For balanced cleared day-ahead schedules, associated with these CRNs, the market operator will allocate parallel flow congestion revenue to the balancing area where the revenues are collected.
- For the CAISO balancing area – which does not offer PTP and NITS products – parallel flow congestion revenue allocation is based on affected CRRs by the external constraint located in an EDAM balancing area.
- Remaining parallel flow congestion revenues are allocated to the EDAM balancing area where the transmission constraint is located.
- This enhancement would also apply to TOR/ETC (legacy transmission rights), such that they could economically bid and receive the more direct congestion revenue allocation.

Near-term enhancement: economic bidding and balanced cleared schedules

- The ISO will reconvene the working group prior to EDAM launch (after market simulation) to discuss this near-term enhancement design in order to develop a formal proposal.
- The enhancement would be implemented within Year 1 of EDAM operations, or soon thereafter (2027).
- The additional time allows opportunity to refine the design with stakeholders for this enhancement and enables additional runway for system enhancements and market simulation to support implementation.

FINAL Q&A WRAP-UP / NEXT STEPS

Next Steps

- Stakeholder comments on the revised draft final proposal are requested by June 2nd.
 - Comment template has been posted
- Final proposal publication targeted for June 6th.
- Presentation to Board of Governors and Western Energy Markets (WEM) Governing Body during the June 19th special session meeting.

This Week at the ISO – 05/26/25

Stakeholder Meetings

All public stakeholder meetings are also listed on the [ISO calendar](#):

- Tuesday, May 27th – [Resource Adequacy Modeling and Program Design Track 3 Workshop](#)
 - 9:00am - 11:00am PT ([link](#))
- Tuesday, May 27th – [Release User Group Forum](#)
 - 10:00am - 11:00am PT ([link](#))
- Tuesday, May 27th – [BPM Change Management Proposed Revision Request Review](#)
 - 11:00am - 12:00pm PT ([link](#))
- Tuesday, May 27th – [Extended Day-Ahead Market Congestion Revenue Allocation](#)
 - 1:00pm - 4:00pm PT ([link](#))
- Wednesday, May 28th – [Storage Design and Modeling](#)
 - 9:00am - 2:00pm PT ([link](#))
- Wednesday, May 28th – [Subscriber Participating Transmission Owner Market Scheduling Options](#)
 - 2:00pm - 4:00pm PT ([link](#))
- Thursday, May 29th – [Market Update](#)
 - 10:15am - 11:00am PT ([link](#))

Comment Submission Deadlines

- Tuesday, May 27th - [Ancillary Services Focus Group 2](#)
- Tuesday, May 27th - [Congestion Revenue Rights Enhancements](#),
- Tuesday, May 27th – [Demand and Distributed Energy Market Integration](#)

Trainings

The ISO encourages market participants to review the new training page on the [Market Participant Portal](#). In addition to the [Learning Center](#), this new training page provides Scheduling Coordinators with a centralized location for accessing computer-based training videos (to learn more, please view the [High-Level Overview](#) video).

- Wednesday, May 28th – [Summer Readiness 2025 Training](#)
 - 9:00am - 10:00am PT ([link](#))

This Week at the ISO continued

Market Simulations

Please refer to our [Release Schedule](#) for the most recent updates of initiatives scheduled for MAP- and Production- stage market sims.

- Thursday, May 29th – [DAME, EDAM, and EDAM CAISO Balancing Authority PR Market Simulation Meeting](#)
 - 1:00pm - 2:00pm PT (Email marketsim@caiso.com for registration)

Business Practice Manual (BPM) Updates

The status of all PRRs and updated BPMs in the [BPM Library](#) are published on the [BPM Change Management Website](#).

Important Publications & Announcements (week of 5/12 – 5/16)

[WEM Governing Body, Joint, ISO Board of Governors, DMM Oversight Committee and Audit Committee: Updated 2025-2026 meeting schedule posted](#)

[Notice of new market participant as of 5/21/25](#)

[Annual Policy Initiatives Roadmap Process: Revised 2025 Policy Roadmap Published](#)

[Notification of revised RC West operating procedure RC0430](#)

[Notification of revised ISO operating procedure 2330](#)

[Storage Design and Modeling: working group meeting on 5/28/25](#)

[Resource Adequacy Modeling and Program Design Track 3 working group virtual meeting on 5/27/25](#)

[Business Practice Manual Change Management call on 5/27/25](#)

[Ancillary Services Scarcity Events on 5/4/25, 5/6/25 and 5/8/25](#)

[Notice of new market participant as of 5/20/25](#)

[Extended Day-Ahead Market \(EDAM\) Congestion Revenue Allocation: Meeting on 5/27/25; Revised Draft Final Proposal to be posted 5/19/25](#)

- [Maintenance Scheduled for California ISO Websites and Reporting Services](#)

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