



California ISO

Briefing on EDAM Congestion Revenue Allocation Initiative

Body of State Regulators (BOSR) Meeting

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PacifiCorp OATT filing implementing EDAM

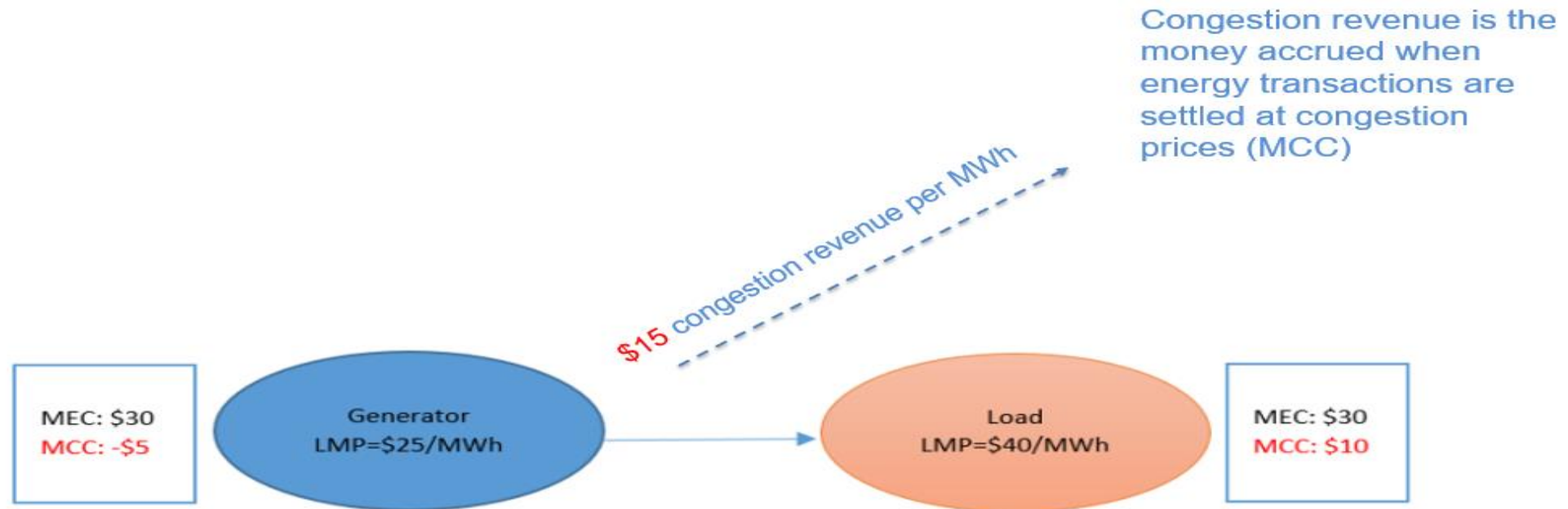
- FERC approved the EDAM design in December 2023.
- PacifiCorp, as the first participant, developed revisions to its Open Access Transmission Tariff (OATT) to implement EDAM.
- PacifiCorp initiated its stakeholder process on EDAM Open Access Transmission Tariff (OATT) changes in June 2024.
- PacifiCorp re-filed its EDAM OATT changes in January 2025.
- Seeking FERC decision by May 16, 2025.
- FERC issued a deficiency letter to the PacifiCorp; response due in May.

Key issue raised in proceeding: Congestion Revenue Allocation

- Commenters expressed concern that the EDAM congestion revenue allocation method creates significant uncertainty in managing congestion cost exposure.
- Transmission customers exercising their firm OATT transmission rights may not be able to fully hedge their congestion cost exposure.
 - Congestion price at a location may be reflective of transmission constraints within the EDAM area or adjacent EDAM balancing area
- PacifiCorp OATT revisions provide a congestion hedge to parties exercising firm OATT rights in EDAM based on congestion revenues received from the market operator.

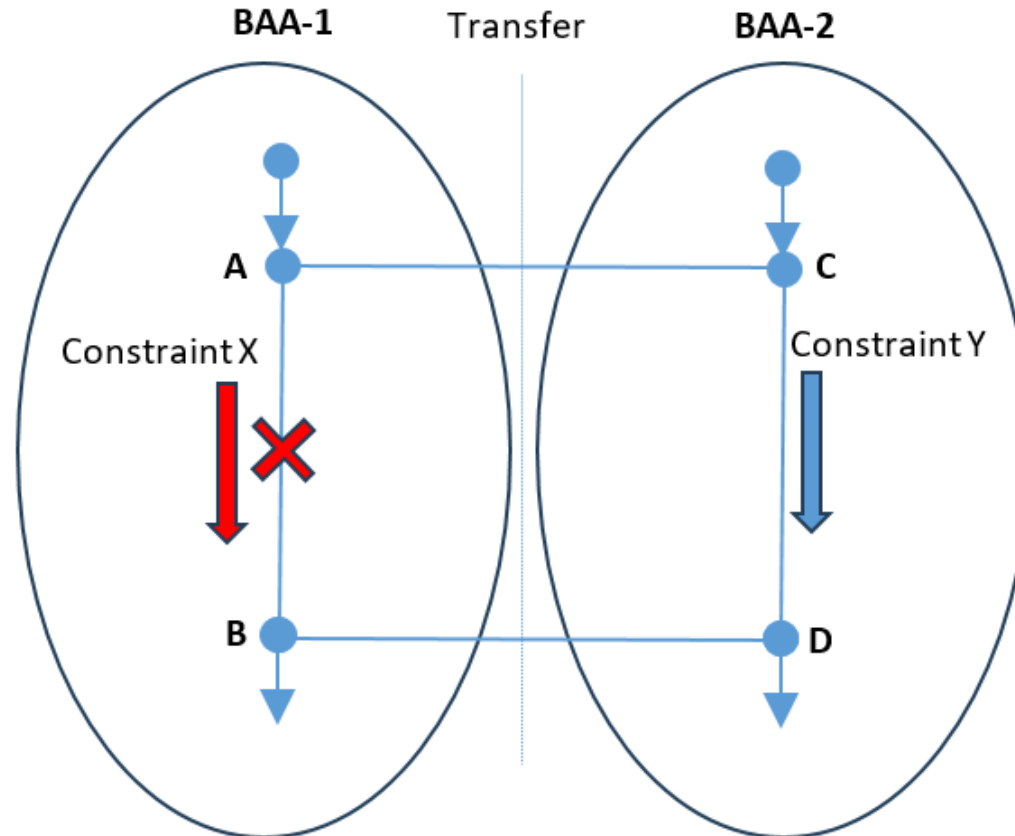
What is Congestion Revenue?

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



What are parallel flows?

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 Allocation in EDAM

- Under the current FERC-approved tariff, congestion revenues associated with an internal transmission constraint are fully allocated to the entity where the constraint materialized.
- Congestion price at a location in an EDAM area may be driven by modeled flow impacts of a constraint in an adjacent EDAM area due to “parallel flow.”
 - Proportional congestion revenue is allocated to the adjacent EDAM entity associated with the constraint in its area.
- The current design allocates congestion revenues to the area where the constraint is located and which most effectively experiences and manages the constraint.

Potential transitional alternative for consideration

- **Transitional alternative**: 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
- In effect, the market operator would allocate all congestion revenue to the EDAM balancing area in which the revenue is accrued irrespective of the location of the transmission constraint.
- This allocation method would support the ability of the EDAM entity to provide a greater congestion hedge to transmission customers exercising their OATT transmission rights.
- The ISO would monitor the parallel flow effects associated with transmission constraints including congestion revenue distribution effects.
 - Informed by market experience, would initiate a stakeholder process to evaluate long-term instruments for congestion hedging.

Concept Illustration – Allocation of Congestion Revenue Comparison

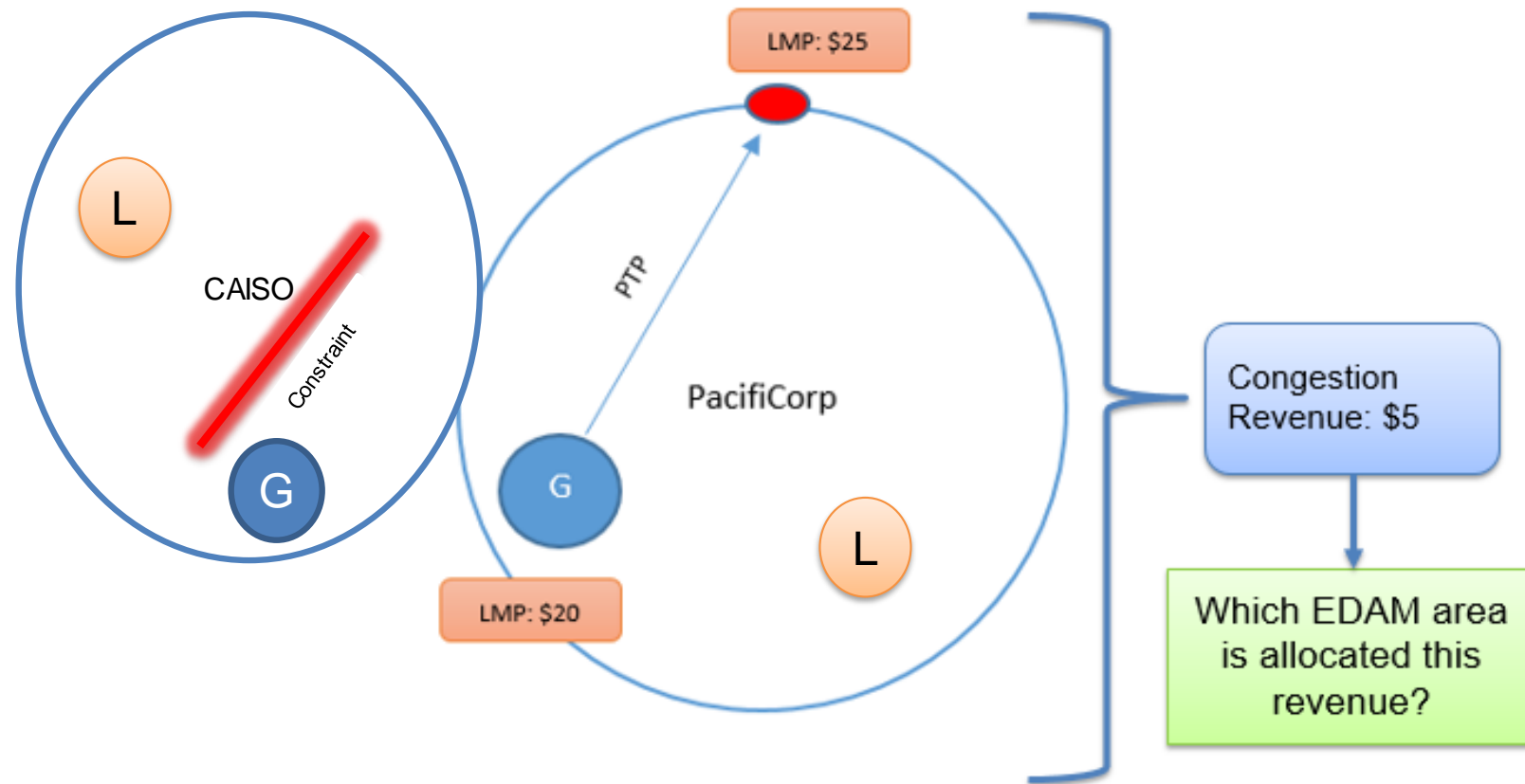
Current design:

\$5 congestion revenue flows to area where constraint is located (CAISO).

Transitional alternative:

\$5 congestion revenue flows to area where revenue is collected (PacifiCorp).

Allows PacifiCorp to sub-allocate the \$5 to PTP customer to offset their congestion cost exposure.



Milestones and Next Steps

- Issue paper published on March 17th.
- Stakeholder meeting held on March 24th.
- Stakeholder comments requested by April 7th.
- Publication of proposal targeted for April 14th.
- Stakeholder workshops targeted for week of April 21st.
- Final proposal targeted for week of May 5th.
- Presentation to the Board of Governors and WEM Governing Body at May 20-22 joint session.