

WESTERN ENERGY MARKETS

Briefing on extended day-ahead market congestion revenue allocation initiative

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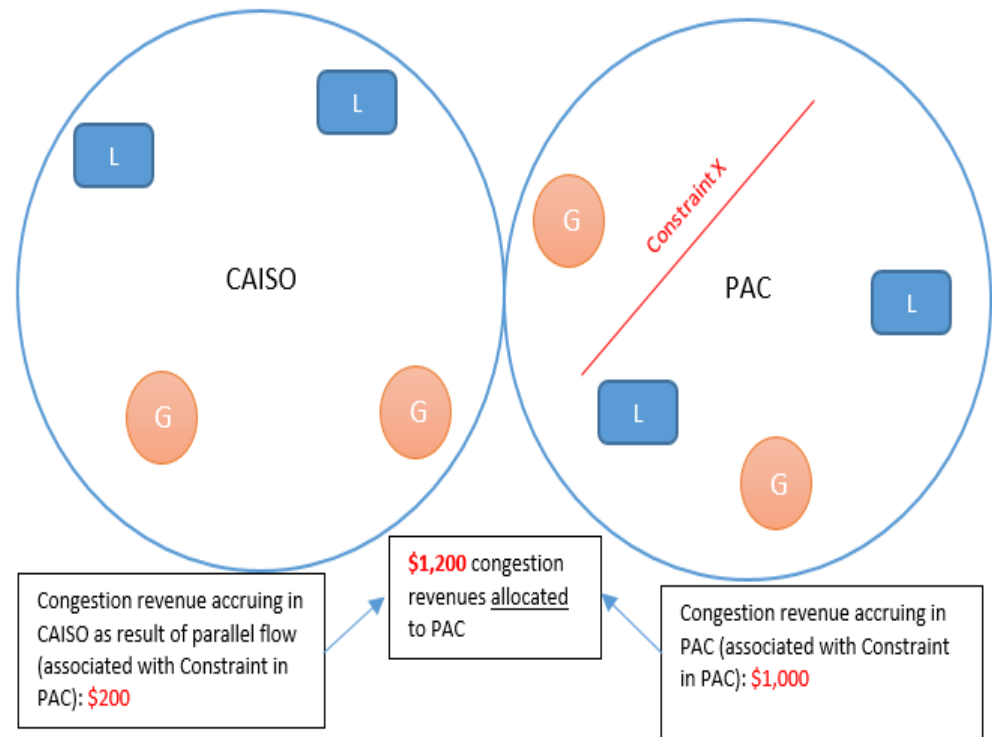


PacifiCorp OATT proceeding – congestion revenue allocation

- Commenters expressed concern with the congestion revenue allocation construct in the PacifiCorp Open Access Transmission Tariff (OATT) FERC for extended day-ahead market (EDAM) participation.
- Concerns are rooted in the FERC-approved EDAM design for congestion revenue allocation
- Certain parties are concerned that under the EDAM design, they may not be allocated sufficient congestion revenues to provide a “perfect hedge” from congestion costs for those exercising transmission rights.
- EDAM entities establish under their OATT sub-allocation of congestion revenues received.

Current EDAM congestion revenue allocation design

- As in the WEIM today, congestion revenue would be allocated to the balancing area in which the transmission constraint materialized.
- Parallel flow congestion revenue, resulting from a constraint in an adjacent EDAM area, is allocated to the area where the constraint is located.



New stakeholder initiative: EDAM congestion revenue allocation

- The ISO committed to launch an expedited policy initiative and stakeholder process in its answer in the PacifiCorp OATT proceeding.
- **Policy initiative scope**: Evaluate methods for allocation of congestion revenues resulting from parallel flows on adjacent EDAM system associated with a transmission constraint located in a neighboring balancing area.
- Policy initiative will foster further understanding of the current FERC-approved EDAM design for congestion revenue allocation and will introduce for consideration an alternative transitional approach.

Initiative Milestones

- Issue paper posted on Monday, March 17
- Full day stakeholder workshop on Monday, March 24
- Stakeholder comments on the issue paper and workshop due on April 7
 - Comments will support development of a formal proposal
- Targeting no later than May 20-22 joint general session meeting for decision on proposal