



California ISO

# Briefing on EDAM Congestion Revenue Allocation Initiative

Body of State Regulators (BOSR) Meeting

June 13, 2025

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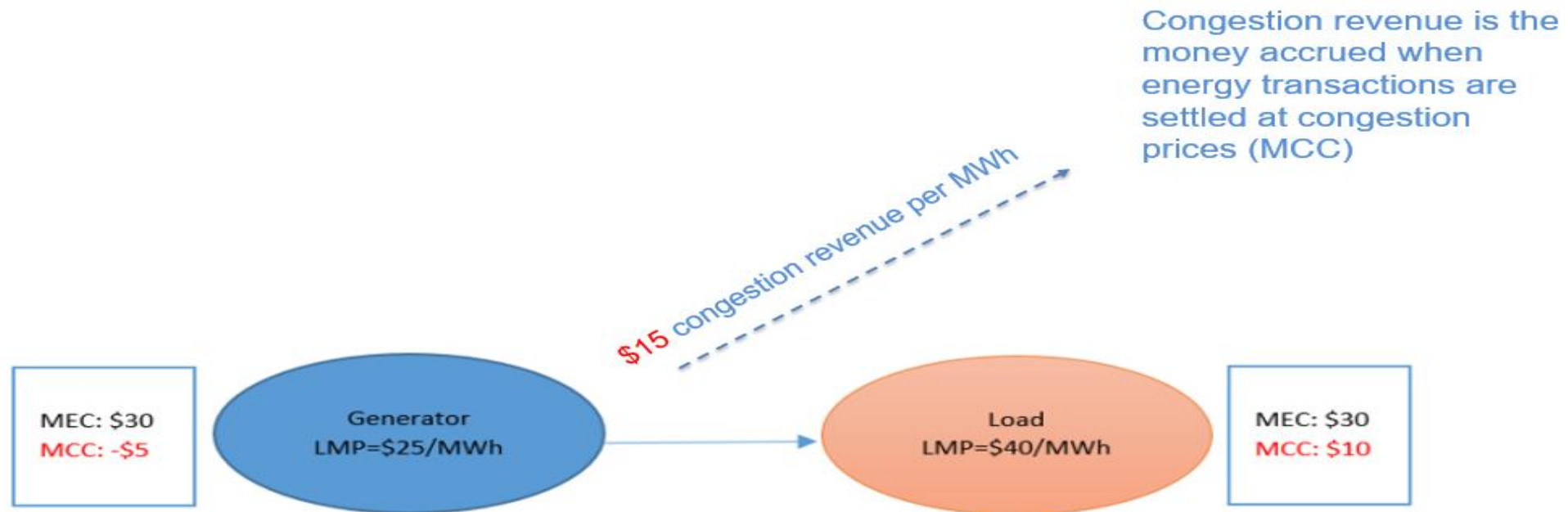
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# Congestion Revenue Allocation: Background

- 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 areas.
- 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.
  - Seeking to mitigate congestion cost exposure for transmission customers exercising their firm OATT transmission rights.
- In response to the concerns, the ISO committed to launching an expedited stakeholder initiative to evaluate potential transitional mechanisms for allocation of congestion revenues.

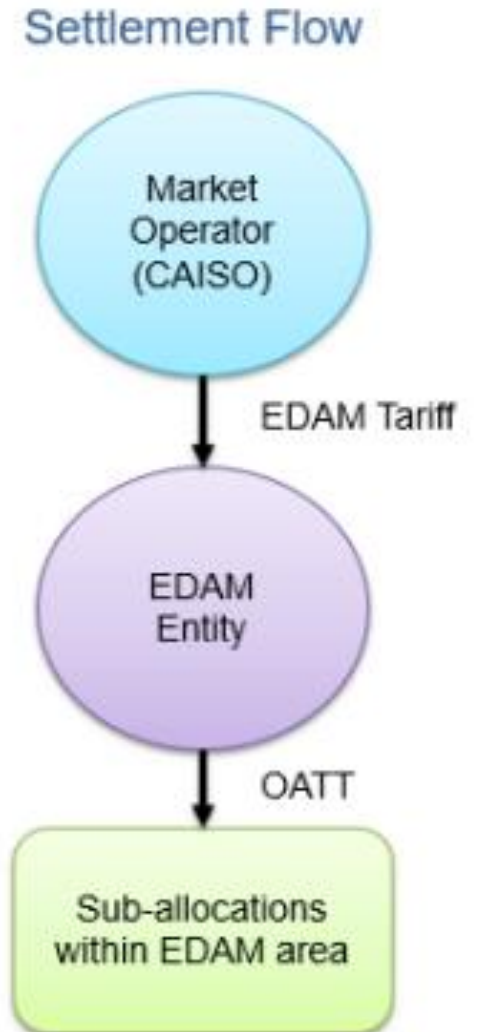
# What is Congestion Revenue?

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



## Congestion Revenue Allocation in EDAM

- Congestion revenues in EDAM are allocated to the EDAM entity to further sub-allocate under the terms of their OATT.
  - Same deference as provided in WEIM today
- Under the current EDAM design, all congestion revenues are allocated to the balancing area where the transmission constraint is located.
- Expedited initiative considers enhancements that allocate revenues to the EDAM entity to enable additional congestion cost protections for exercise of firm transmission rights.



## *EDAM Congestion Revenue Enhancements Initiative*

- Proposed targeted change to the design which would re-allocate additional congestion revenues to the EDAM entity for the exercise of eligible firm OATT transmission rights.
- The EDAM entity will be allocated parallel flow congestion revenues that affect the exercise of eligible firm PTP and NITS transmission rights.
- This design will enable the EDAM entity to provide greater, more complete, congestion cost protection (congestion hedge) to transmission customers exercising their firm transmission rights through the market.
- The ISO will re-initiate a stakeholder process prior to EDAM launch (2026) to consider further design enhancements informed by market operational experience.

## Initiative Next Steps

- Final proposal published on **June 6<sup>th</sup>, 2025**.
  - Informed by multiple iterations of proposals and stakeholder comments
- Joint-authority decision presented to ISO Board of Governors and Western Energy Markets (WEM) Governing Body on **June 19<sup>th</sup>, 2025**.
- If approved, FERC filing targeted by the end of June.
- Supports EDAM implementation in May 2026.



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# Update on 2025 Policy Initiatives Catalog and Roadmap

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Body of State Regulators Meeting

June 13, 2025

# Annual Policy Catalog & Roadmap Process

## **Policy Initiatives Catalog**

- ISO accepts policy initiative proposals from stakeholders and documents stakeholder support for proposed initiatives
- Catalog serves as input to the Policy Roadmap prioritization process

## **Policy Initiatives Roadmap**

- Work plan that describes the policy initiatives the ISO will undertake over the next 3 years
- Roadmap includes initiatives identified by both stakeholders and the ISO



# Annual Catalog & Roadmap Process

January	• 2025 kickoff stakeholder meeting
February	• Stakeholders submit policy initiatives to Catalog
April	• Stakeholder prioritization workshops + RIF roundtable
April	• Stakeholders submit prioritization rankings
May	• Publish revised 2025 Policy Roadmap
 June	• Publish 2025 Policy Catalog
July	• Begin 2026-2028 Policy Roadmap development
November	• Draft Policy Roadmap released
December	• Final Policy Roadmap released

## Expedited initiative on EDAM congestion revenue allocation

- Prompted the ISO to recalibrate the 2025 policy roadmap
  - Shifted the schedules of existing initiatives to accommodate new initiative workload
- ISO updated 2025 policy roadmap based on stakeholder-identified priorities
  - Stakeholder prioritization survey
  - Regional Issues Forum (RIF) report

## Summary of major roadmap changes

- Added EDAM congestion revenue allocation initiative
- Split WEIM assistance energy transfer extension from resources sufficiency evaluation phase 3
- Postponed resource sufficiency evaluation phase 3
- Postponed fast start pricing
- Postponed track 2 of demand and distributed energy market integration

# Revised 2025 policy roadmap

2025					
		Q1	Q2	Q3	Q4
Congestion Revenue Rights		Scoping working groups		Policy development	
Demand and Distributed Energy Market Integration		Scoping working groups			Policy Development
EDAM Congestion Revenue Allocation			Policy Development & Decision		
Gas Resource Management		Proposal working groups	Straw proposal	Policy development	Decision
Greenhouse Gas Coordination					
	Topic 1: WEIM/EDAM GHG design	Scoping working groups		Postponed	
	Topic 2: Non-priced approaches for GHG reduction	Policy development	Straw proposal	Policy development	Decision
	Topic 3: Additional GHG-related metrics	Addressed & closed out			

# Revised 2025 policy roadmap (cont.)

2025					
		Q1	Q2	Q3	Q4
Price Formation Enhancements					
	Scarcity pricing & market power mitigation	Proposal working groups	Straw proposal	Policy development	
	Fast start pricing	Postponed			
Resource Adequacy Modeling and Program Design					
	Track 1: Modeling, Defaults, and Accreditation	Policy development			Decision (Default Counting Rules/PRM)
	Track 2: Outage & substitution and availability and incentive mechanisms	Policy development			
	Track 3a: RA status visibility	Policy development			
	Track 3b: Backstop reform and long-term EDAM RSE solutions		Postponed		Policy development

## Revised 2025 policy roadmap (cont.)

		2025			
		Q1	Q2	Q3	Q4
Storage Design and Modeling		Scoping working groups Issue papers & straw proposals		Policy development	
WEIM Resource Sufficiency Evaluation Enhancements		Postponed			
WEIM Assistance Energy Transfer			Policy development	Decision	

## Next steps

- **June 2025** – publish 2025 Policy Catalog
- **Q3 2025** – 2026-2028 Roadmap development
  - Internal planning process that considers stakeholder priorities, ISO Critical and Strategic objectives, ISO & stakeholder resources, urgency, feasibility.
- **Q4 2025** – publish draft & final 2026-2028 Roadmap

# Resources

- [Revised 2025 Policy Roadmap](#)
- [2025 Catalog & Roadmap webpage](#)
- Questions? Please contact:
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