

June 13, 2025

Dear California ISO Board of Governors and Western Energy Markets Governing Body Members,

PacifiCorp appreciates the opportunity to comment on the Final Proposal for the Extended Day-Ahead Market congestion revenue allocation design being considered by the ISO Board of Governors and Western Energy Markets Governing Body. While PacifiCorp supported the original congestion revenue allocation design, some stakeholders have highlighted the potential for EDAM entities to receive insufficient congestion revenues from the CAISO to provide their transmission customers a reasonable hedge against congestion price risks. In response, the CAISO agreed to open an initiative to address the concerns about EDAM entities not receiving sufficient congestion revenues due to parallel flows within the EDAM footprint. In the ensuing initiative, the CAISO considered many different viewpoints to alter the original design in order to resolve some of the key concerns. From the recommendations of stakeholders, the CAISO also developed near-and-term plans for further improving the congestion revenue allocation design. PacifiCorp believes the comments submitted for the Revised Draft Final Proposal speak to the success of the CAISO's stakeholder process. Comments show that there is broad support within the stakeholder community to begin EDAM with the proposed design in the Final Proposal while committing to future discussions to improve the design.

While some have raised concerns with the proposed design, such as the potential incentive for self-scheduling, PacifiCorp believes the concerns do not outweigh the improved design in the Final Proposal. With respect to the concern of the design creating an incentive for scheduling coordinators to self-schedule their resources to receive a congestion hedge, the perspective of PacifiCorp's merchant function is that the potential incentive is likely not as significant as some have stated. Numerous studies have shown that the majority of EDAM benefits come from the market optimally scheduling resources across the market footprint, which lowers wholesale electricity costs for consumers. Self-scheduling resources, which removes resource capacity that can be optimally scheduled, will significantly reduce the benefits the EDAM can provide to EDAM entities. PacifiCorp's merchant function believes the risk of a reduction in benefits due to self-scheduling is greater than the risk of lower benefits due to receiving insufficient congestion revenues to cover the costs of congestion. As such, PacifiCorp's merchant function intends to participate in the EDAM by bidding in its resources to allow the market to optimally meet PacifiCorp's load as dictated by operational concerns at the time.

PacifiCorp recommends for the Final Proposal to be approved by the ISO Board of Governors and WEM Governing Body because the design offers a viable allocation methodology for commencing EDAM operations while also committing to continuing discussions for developing near- and long-term enhancements. PacifiCorp believes the proposed congestion revenue allocation methodology for EDAM



go-live will allocate sufficient congestion revenues back to EDAM entities so they can provide their transmission customers with a reasonable hedge against congestion price risks. Furthermore, the Final Proposal is comprised of input from a broad range of stakeholders through an open and engaging initiative. The CAISO's responsiveness to feedback and perspectives has led to a congestion revenue allocation design that is supported by most stakeholders, addresses the original concerns, and offers a clear path forward for design enhancements. This initiative shows that the CAISO stakeholder process can be trusted to promptly address market design concerns with enhancements that have broad support. PacifiCorp looks forward to future initiatives with the CAISO and stakeholders to improve the market design of the EDAM and Western Energy Imbalance Market.

Regards,

PacifiCorp

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