

## EDAM Congestion Revenue Allocation Initiative

Stakeholder comment summary based on comments submitted on the Revised Draft Final Proposal<sup>1</sup>

June 16, 2025

Stakeholder Name	Stakeholder Comment Summary	ISO Response
Idaho Power Company	<p>In the prior round of comments, Idaho Power expressed concern around a market design that seems to incent self-scheduling. Idaho Power appreciates ISO's recognition of this and its commitment to looking for a resolution to this in the near-term solution phase.</p> <p>Idaho Power supports this approach given the complexity of the issue and the sensitivity to the EDAM go-live.</p>	<p>Thank you for your continued engagement and input.</p> <p>The ISO is committed to further consideration of enhancements as discussed in the Final Proposal, including near-term enhancements that further the economic bidding incentive and reduce self-scheduled incentives.</p>
San Diego Gas & Electric (SDGE)	<p>Supports many elements of the proposal and acknowledges ISO efforts to address and resolve stakeholder concerns in comments.</p> <p>SDGE raises question on how the ISO will assess impacts of the transitional proposal and its impacts on Congestion Revenue Rights (CRR). Suggests providing analysis on potential impacts prior to launch in 2026.</p> <p>Notwithstanding these questions, SDGE supports implementing the proposed design as described in the proposal as a short-term interim approach.</p>	<p>Thank you for your continued engagement and input.</p> <p>The ISO will perform analysis through EDAM market simulation and parallel operations as constraints are modeled and implemented in the day ahead market prior to launch of EDAM. This information can further inform potential expectations once EDAM launches, facilitating further discussions and consideration of any near-term enhancements. This information will be shared through stakeholder working groups.</p>

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<sup>1</sup> The stakeholder comments on the Revised Draft Final Proposal (submitted on June 2, 2025) along with the Final Proposal can be found on the EDAM initiative page - [Link](#)

<p>Utah Municipal Power Agency (UMPA) and Deseret Generation and Transmission Co-operative</p>	<p>UMPA/Deseret continue to stress the congestion revenue allocation should focus on returning congestion revenues to the correct transmission customer, not the correct balancing authority area.</p> <p>Request establishment of a direct settlement relationship of congestion revenues between the ISO as market operator and Deseret as market participant rather than settling these revenues through the EDAM entity who then sub-allocates them to its transmission customers.</p> <p>Expresses concern with the self-scheduling potential incentive that may affect market efficiency. Notes that the identified potential near-term enhancements (for year 1) may not remove the self-scheduling incentive or incent changed bidding as it is based on market clearing schedules to receive the congestion hedge.</p> <p>Encourages ISO as market operator to take the lead in addressing congestion revenue allocation across the EDAM footprint through development of a common approach that decouples congestion revenue allocation from scheduling energy in the EDAM. ISO and stakeholders better served by developing a durable solution that meets needs of all transmission customers as opposed to an allocation of revenues to balancing areas for sub-allocation.</p>	<p>Thank you for your continued engagement and input.</p> <p>The EDAM design follows the WEIM relationship structure for settlement of congestion revenue, settling these congestion revenues with the EDAM entity who in turn sub-allocates them under the terms of its Open Access Transmission Tariff (OATT). The exception to this structure is that the market operator directly settles congestion revenues with transmission customers exercising their legacy (pre-OATT) transmission rights. The ISO is open to considering a more direct manner of settlement of congestion revenues with the transmission customers through a stakeholder process. UMPA and Deseret are encouraged to submit comments in the annual policy initiatives catalog for consideration.</p> <p>The ISO will consider near-term enhancements through a formal stakeholder process convening prior to EDAM launch, including potential design enhancements that further incent economic bidding, improve market efficiency, and reduce self-scheduling incentives. The ISO will also consider, as part of further stakeholder processes and a long-term design, a spectrum of approaches including mechanisms for congestion revenue allocation that may not be based on scheduling or market clearing schedules including negotiated entitlements or a form of financial rights.</p>
<p>California Department of Water and Power (CDWR)</p>	<p>Believes that the proposal may lead to increased congestion revenues within the EDAM market area for sub-allocation among EDAM entities.</p> <p>Supports continued engagement pre-EDAM launch and evaluation of further near-term enhancements and a long-term design.</p> <p>Supports consideration of additional CRR modeling enhancements within the CAISO balancing area in EDAM.</p>	<p>Thank you for your continued engagement and input.</p> <p>The ISO held a stakeholder workshop on June 12<sup>th</sup> on CRR modeling and settlement in EDAM supporting launch in 2026. The stakeholder workshop forms the basis for further discussion of these topics through the currently ongoing <i>CRR Enhancements</i> initiative.</p>

<p>Northwest &amp; Intermountain Power Producers Coalition (NIPPC)</p>	<p>Supports the proposal as a significant improvement to the existing method of congestion revenue allocation.</p> <p>Supports consideration of future enhancements that incent economic bidding. Also supports evaluation of a long-term design.</p>	<p>Thank you for your continued engagement and input.</p>
<p>DC Energy</p>	<p>The ISO proposal would improve the allocation of congestion revenues among various classes of transmission customers across EDAM footprint and should be included with initial implementation of EDAM.</p> <p>Appreciates ISO recognition of the need for further reform and evolution in congestion revenue allocation among EDAM balancing areas to make it less discriminatory to CRR holders. The near-term enhancements would improve allocation of congestion revenue among transmission customers across EDAM and should be included in the initial implementation.</p> <p>Efforts to enhance CRR modeling should be considered with the <i>CRR Enhancements</i> initiative and not within a separate effort.</p>	<p>Thank you for your continued engagement and input.</p> <p>The ISO will consider near-term enhancements through a formal stakeholder process as described in the Final Proposal, including consideration of design enhancements that further incent economic bidding and reduce self scheduling incentives. The ISO will also evaluate further near-term enhancements that create further symmetry associated with parallel flow congestion revenue allocations to support CRRs within the CAISO balancing area.</p> <p>The ISO held a stakeholder workshop on June 12<sup>th</sup> to discuss implementation of CRRs in EDAM, and further discussions will take place in the context of the wider ongoing <i>CRR Enhancements</i> initiative as suggested by DC Energy.</p>
<p>NV Energy</p>	<p>In its prior comments, NV Energy supported the approach as certainly an improvement to OATT customers who self-schedule and recognized this proposal would facilitate entry of the initial EDAM participants.</p> <p>Accordingly, NV Energy supports the identified proposal.</p>	<p>Thank you for your continued engagement and input.</p> <p>The ISO is committed to further consideration of enhancements as described in the Final Proposal, including near-term enhancements that further the economic bidding incentive and reduce self-scheduled incentives.</p>

<p>Pacific Gas &amp; Electric (PG&amp;E)</p>	<p>Most of the concerns of the prior proposals have been addressed. The remaining concern is that there are no guardrails to limit what EDAM balancing areas can receive under the proposal. Proposal should include reasonable guardrails.</p> <p>Supports development of near-term enhancements to eliminate self-scheduling incentives.</p> <p>Supports the long-term design development plan and timeline.</p>	<p>Thank you for your continued engagement and input.</p> <p>The ISO will monitor the price impacts of constraints and associated allocation of congestion revenues, including parallel flow congestion revenues, accruing and allocated among EDAM balancing areas, as further described in the Final Proposal. Prior to EDAM launch, the ISO will also monitor through market simulation and parallel operations the resulting patterns of congestion based on day-ahead modeled constraints and will further analyze real-time WEIM data compared to these results. To the extent that there are unexpected effects or disproportionate resulting allocations of congestion revenues, the ISO will undertake prompt review through the stakeholder working group process.</p>
<p>Transalta</p>	<p>The proposed design is a significant improvement over the current design.</p> <p>However, concerned that EDAM entities can create their own and different methodology for allocation of congestion revenues under their tariff.</p> <p>Supports consideration of near-term enhancements to expand the methodology to include economic bidding, which would reduce potential incentives for self-scheduling.</p> <p>Urge the ISO to embed in the EDAM tariff the ability to opt-out transmission from the day-ahead market optimization and enable direct settlement with the market operator.</p>	<p>Thank you for your continued engagement and input.</p> <p>The ISO is closely monitoring the development by EDAM entities of OATT terms and conditions to ensure consistency with the approved EDAM tariff. With the gradual growth of EDAM, it is expected that prospective participants will build upon prior approved OATT revisions, thus naturally creating common OATT terms and conditions to participating in EDAM. This was the case in the WEIM experience as participants built upon the OATT revisions of their predecessors.</p> <p>This initiative is narrowly scoped to focus on parallel flow congestion revenue allocation, thus consideration of opt-out terms and conditions of transmission rights or carve-out of transmission rights is beyond the scope of the effort. More practically, the proposed design addresses the narrow stakeholder issue of congestion revenue allocation to support the exercise of OATT transmission rights.</p>

<p>Six Cities</p>	<p>Do not oppose implementation of the proposal on the condition that it is (1) transitional and (2) is limited in application to eligible OATT transmission rights as of the go-live date for EDAM. Continue to oppose the proposal since as described it does not address element #2.</p> <p>Support inclusion of sunset date for the transitional method under the proposal. Generally supportive of the overall timeline for development of a long-term solution and indicated metrics for monitoring.</p> <p>Support development of near-term enhancements as suggested by the ISO.</p> <p>Urge the ISO to adopt more expedited process for modifying CRR functionality to enable allocation of parallel flow congestion revenues to the ISO BAA based on external constraints.</p> <p>Recommend the use of monitoring efforts relating to impacts of parallel flows prior to the implementation of the EDAM to establish a baseline against which to evaluate the effect of the proposed method for allocating congestion revenues when EDAM operations commences.</p>	<p>Thank you for your continued engagement and input.</p> <p>Imposing limitations on OATT sales post-EDAM launch as suggested by the comment creates a distinction in treatment of OATT rights when settling congestion revenue and can have inadvertent effects on other EDAM design elements as described in the Final Proposal. Moreover, the reality in the West is that the ability to acquire new long-term firm transmission is severely limited, reducing the risk that Six Cities is concerned with. Nevertheless, negotiated flow entitlements will be one area of consideration within upcoming enhancements discussions, which could achieve similar goals based on historical flows as Six Cities intends without resorting to distinguishing treatment of OATT rights based on date of arrangement. The ISO encourages Six Cities to remain engaged in the discussions and bring forward these perspectives once the stakeholder working groups are re-convened prior to EDAM launch to discuss potential enhancements as well as a long-term design.</p> <p>The ISO will commence monitoring of congestion effects and parallel flow effects during EDAM market simulation and parallel operations, and report on these in different forums as described in the Final Proposal. The ISO will also monitor congestion patterns, price effects and allocation of congestion revenues once EDAM launches as described in the Final Proposal.</p>
<p>The Energy Authority (TEA) and Regional Partners</p>	<p>Continue to see the proposal as insufficient to deliver equitable and efficient outcomes and benefits to market participants in EDAM. Therefore, continue to oppose the proposal.</p> <p>The ISO should expand the scope of the initiative to work with EDAM balancing areas to develop coordinated enhancements to their tariffs and business practices around known congestion revenue accrual and allocation issues, including for the CAISO balancing area.</p>	<p>Thank you for your continued engagement and input.</p> <p>The proposed design is considered transitional, and the ISO and stakeholders will evaluate further enhancements informed by operational experience as described in the Final Proposal. This includes consideration of long-term durable designs, informed by stakeholder input and development of associated principles.</p> <p>The ISO is closely monitoring the development by EDAM entities of OATT terms and conditions to ensure consistency with the approved EDAM tariff. With the gradual growth of EDAM, it is expected that prospective participants will build upon prior approved OATT revisions, thus naturally creating common OATT terms and conditions to participating in EDAM. This was the case in the WEIM experience as participants built upon the OATT revisions of their predecessors.</p>

<p>Western Power Trading Forum (WPTF)</p>	<p>The proposal strikes an appropriate balance as an interim step and WPTF is encouraged to see the ISO already having a plan to continue discussions toward a long-term and durable solution with additional near-term enhancements to address self-scheduling concerns.</p> <p>Support consideration of near-term enhancements, but should consider whether it may encourage bidding at the bid-floor.</p> <p>Encourage the ISO to consider allowing long-term PTP transmission customers to avail themselves of the opt-out of certain transmission rights.</p> <p>Request the ISO ensure any CRR related discussions are brought forward into the on-going CRR enhancements policy conversations to ensure alignment.</p>	<p>Thank you for your continued engagement and input.</p> <p>As part of the next phase of the initiative considering further enhancements, the ISO and stakeholders can further vet the impacts and/or unintended effects of potential design approaches which are aimed at incenting further economic bidding and reducing self-scheduling.</p> <p>This initiative is narrowly scoped to focus on parallel flow congestion revenue allocation, thus consideration of opt-out terms and conditions of transmission rights or carve-out of transmission rights is beyond the scope of the effort. More practically, the proposed design addresses the narrow stakeholder issue of congestion revenue allocation to support the exercise of OATT transmission rights.</p> <p>The ISO hosted a stakeholder workshop on June 12<sup>th</sup> on CRR modeling and settlement in EDAM. This discussion forms the basis for further discussion of these topics through the currently ongoing <i>CRR Enhancements</i> initiative.</p>
<p>Balancing Authority of Northern California (BANC)</p>	<p>BANC generally supports the proposal as a workable interim solution while the ISO and stakeholders take the necessary time to develop a more durable design.</p> <p>Congestion revenue allocation issues are among the most complex issues debated in organized markets. EDAM adds the additional layer of complexity of being a security constrained dispatch layered on top of the OATT framework. BANC supports careful consideration of design options for EDAM that provide meaningful incentives for market participants to economically bid resources so that the efficiency gains of the new market can be realized.</p>	<p>Thank you for your continued engagement and input.</p> <p>The proposed design is considered transitional. The ISO and stakeholders will consider further enhancement of the design starting with stakeholder working groups which will convene prior to EDAM launch in 2026.</p>
<p>PacifiCorp</p>	<p>Supports the design as described. Stakeholders will have the opportunity to improve the design through expedited stakeholder processes to consider additional enhancements.</p> <p>The proposal represents a reasonable compromise between the need for near-term stability in the market design with stakeholder requests to develop a permanent solution that may require substantive changes to the EDAM design.</p>	<p>Thank you for your continued engagement and input.</p>

<p>Department of Market Monitoring (DMM)</p>	<p>The proposed design is an acceptable alternative transitional measure.</p> <p>The proposed design could create economic incentives for inefficient self-scheduling of resources. While this could reduce benefits from managing congestion over an expanded EDAM footprint relative to the current approved allocation, there should still be significant benefits from an expanded market compared to pre-EDAM.</p> <p>With regards to a potential near-term enhancement for allocation based on cleared market schedules (including economic bids), this may warrant further discussion as it may spread incentives that result in inefficient scheduling of resources submitting price-based bids.</p> <p>Additional data and experience from EDAM operations will help inform stakeholders for future potential design changes. DMM recommends the ISO continue to work toward a long-term approach that decouples congestion hedging and resource scheduling.</p> <p>Under the transitional proposal, DMM will monitor and report on the congestion rent allocation and scheduling within EDAM.</p>	<p>Thank you for your continued engagement and input.</p> <p>The ISO is committed to further consideration of enhancements as described in the Final Proposal, including near-term enhancements that further the economic bidding incentive and reduce self-scheduled incentives. As part of that stakeholder process, the ISO and stakeholders will more carefully consider the potential effects of potential enhancements and the effect on providing further incentives to economically bid and reducing incentives to self-schedule.</p> <p>The ISO and stakeholders will also consider long-term durable designs for congestion revenue allocation. There will be a spectrum of designs considered, including designs that decouple congestion cost protection and resource scheduling practices.</p>
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<p>Powerex</p>	<p>The proposal is a significant improvement over the current EDAM tariff as it appears to provide a sufficient congestion revenue allocation to EDAM entities to enable them to provide a proper source to sink congestion hedge.</p> <p>The proposal is a short-term fix. There is tremendous uncertainty about how congestion revenues will be allocated in the future as a long-term design. Therefore, urge the ISO to support providing a limited opt-out that enables the use of eligible firm OATT rights without participation in the EDAM.</p> <p>Urges the ISO to expressly recognize in the final proposal that firm OATT rights – pre-existing and arranged in the future – provide the rightsholder protection against congestion costs.</p> <p>Supports the near-term enhancements underlying intention, but concerned that this poses challenging issues that will need to be resolved including impacts on bidding behavior and symmetry between allocation based on “rights” as CRRs and treatment of OATT rights based on scheduling.</p>	<p>Thank you for your continued engagement and input.</p> <p>The proposed design is considered transitional, and the ISO and stakeholders will evaluate further enhancements informed by operational experience as described in the Final Proposal. This includes consideration of long-term durable designs, informed by stakeholder input and development of associated principles.</p> <p>This initiative is narrowly scoped to focus on parallel flow congestion revenue allocation, thus consideration of opt-out terms and conditions of transmission rights or carve-out of transmission rights is beyond the scope of the effort. More practically, the proposed design addresses the narrow stakeholder issue of congestion revenue allocation to support the exercise of OATT transmission rights.</p>
<p>Southern California Edison (SCE)</p>	<p>Supports the proposal as an interim design, but emphasizes the need to follow through with both the near-term enhancements and finding a permanent solution within the 12-24 month period following implementation.</p> <p>The proposal represents an appropriate interim design to facilitate the start of EDAM, the goal which is paramount to market efficiency in the West.</p> <p>SCE expects the parallel flow issues will generally not manifest during initial implementation of EDAM.</p> <p>Expresses the need to support testing the mechanism in the proposal during market simulation and parallel operations, which is seen as critical.</p>	<p>Thank you for your continued engagement and input.</p> <p>The ISO will monitor the price impacts of constraints and associated allocation of congestion revenues, including parallel flow congestion revenues, accruing and allocated among EDAM balancing area. The ISO will also monitor, prior to EDAM launch through market simulation and parallel operations, the resulting patterns of congestion and effects of modeled congestion in the day ahead market between EDAM areas.</p>

<p>Appian Way Energy Partners</p>	<p>The proposal makes significant progress over the initial proposal and appreciates the effort to improve the proposal.</p> <p>Remain concerned that aspects of proposal are discriminatory. Suggest that the ISO should implement the described near-term enhancement that affords comparable treatment to CRRs as firm OATT rights as part of Day 1 of EDAM operations seeing it as an easy fix to implement.</p> <p>Expresses concerns on impact to CAISO CRRs more generally, particularly in transmission outage situations where the physical capability is reduced unable to accommodate all transactions. Concern that CRR holders in that instance may bear a disproportionate impact of the derate impact on CRRs as compared to OATT rights. Suggests that the near-term enhancements initiative should address this issue as well.</p> <p>With regard to self-scheduling incentives, there can be many possible options considered. Near term enhancements will need to avoid providing EDAM load serving entities with an hourly or daily option to configure their resource mix and NITS rights to optimally capture each day's congestion.</p>	<p>Thank you for your continued engagement and input.</p> <p>The near-term enhancement described in the Final Proposal for further consideration will be further vetted with stakeholders when the working groups re-convene prior to EDAM launch in 2026. There remain a number of design elements that need to be considered with that design and potentially other options to ensure that the incentive to economically bid is strong, create further compatibility with CRRs in the CAISO balancing area, and enable time for implementation.</p> <p>An important area of focus during the near-term enhancement discussions will be evaluating mechanisms that will further the comparability in allocation for CRRs in CAISO balancing area as described in the Final Proposal. The ISO encourages Appian Way Energy Partners, and other stakeholders to participate in that next phase of the initiative.</p>
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<p>Bonneville Power Administration (BPA)</p>	<p>Bonneville supports the proposed interim EDAM congestion revenue allocation method described in the revised draft final proposal.</p> <p>Expresses concern that the proposal potentially incents increased self-scheduling.</p> <p>Supports the commitment to continued monitoring and the intent to evolve congestion revenue allocation design to address this concern.</p> <p>Supports planning for continued evolution of the design, launching it ahead of EDAM go-live and across 12-24 month stakeholder process. Coupling this process with monitoring and reporting should allow stakeholders to see success or concerns with the interim EDAM congestion revenue design in a timely manner.</p> <p>Supports near-term enhancements consideration, specifically modification to facilitate the allocation of congestion revenues with parallel flow based on cleared day ahead schedules (whether self-scheduled or economically bid).</p>	<p>Thank you for your continued engagement and input.</p> <p>The ISO recognizes stakeholder concerns with the potential increased incentive to self-schedule generation in order to derive an allocation of parallel flow congestion revenues.</p> <p>The proposed design is considered transitional and the ISO will work with stakeholders to evaluate further design enhancements to incent economic bidding, improve market efficiency, and further reduce potential self-scheduling incentives. These discussions will commence prior to EDAM launch in 2026.</p>
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