

**Comments on Behalf of the Western Energy Markets Regional Issues Forum on the
Final Proposal in the Extended Day Ahead Market Initiative on
EDAM Congestion Revenue Allocation
June 13, 2025**

The Western Energy Market (“WEM”) Regional Issues Forum (“RIF”) liaisons, on behalf of the RIF,¹ hereby provide comments on the Final Proposal in the Extended Day Ahead Market (“EDAM”) Initiative on the EDAM Congestion Revenue Allocation (“Proposal”).² As provided for under Section 7 of the EIM Charter, the RIF is authorized to undertake discussion of topics that are pending in ongoing stakeholder proceedings, and the function of the RIF is to facilitate discussion and provide educational or informational content regarding such topics and to produce documents and opinions of the RIF. The Proposal has been designated as a decisional item that is within the joint authority of the WEM Governing Body and the Board of Governors of the California Independent System Operator Corp. (“CAISO”).

The RIF liaisons appreciate the opportunity to comment and provide the WEM Governing Body with certain observations regarding the above-referenced stakeholder process that has culminated in the Proposal. In light of the varying stakeholder perspectives on the Proposal, both within and among sectors of the RIF as set forth in stakeholder comments throughout this initiative, these comments do not provide a recommendation for or against approval of the Proposal. Consistent with the discussion below, the RIF liaisons view this solution as transitional and recommend development and implementation of a durable, long-term solution to the identified issues regarding the EDAM congestion revenue allocation through a subsequent phase of this initiative.

The Proposal is intended to address aspects of the design for allocating congestion revenues to EDAM Entities resulting from transmission constraints across the EDAM footprint. Following input from stakeholders during the pending PacifiCorp Federal Energy Regulatory Commission (FERC) proceeding on revisions to its Open Access Transmission Tariff (OATT) for EDAM implementation, this initiative came together quickly in March of this year to address the allocation of congestion revenue within the EDAM, which certain market participants were concerned could have significant negative impacts at EDAM go-live. The importance of this issue was further emphasized by some sectors at the Regional Issues Forum’s Policy Roundtable on April 9, 2025. This topic was also discussed at the March 28, 2025 and May 2, 2025 Market Surveillance Committee meetings and in WEM Governing Body Market Expert Susan Pope’s briefing on April 8, 2025.

¹ The RIF is a stakeholder body organized under Section 7 of the Charter for WEIM and EDAM Governance (“Charter”) for the purpose of facilitating discussion of issues related to the western energy markets. Under the Charter, meetings of the RIF are organized and facilitated by liaisons selected by stakeholder sectors, which include EDAM entities, WEIM entities, CAISO Participating Transmission Owners, consumer-owned utilities located within a WEIM balancing authority area that are not included in another sector, public interest and consumer advocate groups that are actively involved in energy issues within the WEM footprint, independent power producers and marketers that engage in transactions within the WEM footprint, and the federal power marketing administrations.

² See Final Proposal – EDAM Congestion Revenue Allocation – June 6, 2025, available at <https://stakeholdercenter.caiso.com/InitiativeDocuments/FinalProposal-EDAMCongestionRevenueAllocation-June62025.pdf>

In general, stakeholders supported or did not oppose the Proposal's plan for commencing EDAM with the proposed design as an interim solution, with two notable exceptions representing stakeholders from the consumer-owned utility sector that are concerned about unintended consequences and cost shifts (these stakeholders are both within and outside of the CAISO balancing authority area). Among the supporting and non-opposing stakeholders, certain nuances emerged from the RIF's comment review. These nuances were largely focused on the near-term and long-term plans for congestion revenue allocation design enhancements. While some of the issues raised with respect to the design enhancements were similar, there was not a consensus on how these issues should be resolved by the CAISO.

Stakeholders expressed a range of views regarding the Proposal's timeline for near-term enhancements, particularly around the treatment of congestion revenue rights ("CRRs") and firm OATT transmission rights. While most were supportive of further discussing the design change to address potential self-scheduling incentives, there were a few commentors that support modifications to the CRR functionality on an accelerated timeline. Modifying the CRR functionality would enable allocation of congestion revenues to the CAISO balancing authority area associated with parallel flow impacts on constraints in other EDAM balancing authority areas and would be intended to address the asymmetry inherent in the current proposal due to the CAISO not offering OATT service. The asymmetry between the treatment of self-schedules on firm OATT transmission and the rights held by CAISO CRR holders in the proposed congestion revenue allocation could potentially create CRR underfunding. Some stakeholders also argue that self-schedules may benefit from a more favorable hedge against congestion costs, despite utilizing similar or equivalent firm transmission, thereby undermining the value of CRRs. These are the key concerns of the CAISO Participating Transmission Owner sector entities and some members of the Independent Power Producers and Marketers sector regarding the interaction of this policy and CAISO CRRs. A number of stakeholders requested that the CAISO bring any CRR-related discussions into the ongoing CRR Enhancements initiative to ensure alignment between the two efforts in future stages of the congestion revenue allocation.

For the Proposal's timeline for a long-term solution, while most commentors were in support, there were a few commentors that noted the lack of a mechanism to ensure adherence to the long-term plan. For some, this lack of "enforcement" was beneficial because it would allow flexibility for solving issues that arise in early EDAM operations. For others, the lack of certainty was a concern because there may not be an incentive for some stakeholders to develop a long-term solution.

Stakeholders' comments also show that there is broad support for the CAISO's plan to monitor and report on the effectiveness of the congestion revenue allocation design. In fact, there were no comments that specifically opposed the CAISO tracking the congestion revenue allocation design. A few commentors that were supportive of the CAISO's plan also stated their desire for the CAISO's tracking and reporting plan to start in the market simulation phase. Most commentors that supported the monitoring and tracking plan did not specify when the plan should commence.

Additional views provided by individual stakeholders recommended an expanded stakeholder scope for future discussions, request for consideration of guardrails, having the CAISO encourage EDAM entities to consider an opt-out option for day ahead transmission, and a specific cut-off date that would exclude the proposed congestion revenue allocation methodology from applying to newly-established and renewed rights. Other parties opposed the introduction of legacy rights ownership and any consideration of restrictions on future sales of transmission rights.

In light of the divergent perspectives on several aspects of the Proposal, the RIF liaisons do not make specific recommendations regarding adoption of the Proposal, but rather recommend that the CAISO and stakeholders continue their policy work to monitor and potentially refine the proposed approach through a subsequent phase of this initiative and observe that most stakeholder comments support additional evolution of the Proposal toward a more durable solution.

The liaisons listed below have reviewed and support the comments provided above. Consistent with the Operating Guidelines of the RIF, members of the RIF are not restricted in taking any position before the Federal Energy Regulatory Commission or in any other forum concerning matters related to the WEM or the CAISO, and these comments should not be construed as superseding or supplanting any comments by individual stakeholders on the Proposal. Rather, these comments represent a consensus of the RIF stakeholder sector liaisons as to the issues addressed herein. In the event that the WEM Governing Body has questions or would like to further discuss the comments provided on behalf of the RIF, the RIF liaisons welcome and encourage outreach by members of the Governing Body.

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