

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PORTLAND GENERAL ELECTRIC

Docket No. ER25-1868-000

**LIMITED PROTEST OF RENEWABLE NORTHWEST AND THE
AMERICAN CLEAN POWER ASSOCIATION**

I. INTRODUCTION

Renewable Northwest,¹ and the American Clean Power Association (“ACP”),² (collectively, the “Clean Energy Associations”) submit this limited protest in response to Portland General Electric’s (“PGE”) proposed tariff revisions³ before the Federal Energy Regulatory Commission (“Commission”) to implement the California ISO’s (“CAISO’s”) Extended Day Ahead Market (“EDAM”). Despite the importance of expanding energy markets in the West – a goal that all of the Clean Energy Associations share – the congestion provisions proposed in the PGE EDAM Tariff Filing are not just and reasonable. Because these specific provisions are contrary to the goals and proposed operation of the CAISO’s EDAM, and would undermine the value of transmission rights in the West, the Clean Energy Associations regretfully urge the Commission to reject PGE’s proposal.

¹ Renewable Northwest is a non-profit 501(c)(3) regional advocacy group that works to facilitate the expansion of responsibly developed renewable energy resources in the Northwest. Renewable Northwest’s members include renewable energy project developers and manufacturers, public and consumer interest groups, and others. The common goal of Renewable Northwest’s members is to promote the development of a cost-effective, reliable, and clean energy system for the betterment of the Northwest economy and environment.

² The American Clean Power Association (ACP) is the leading voice of today’s multi-tech clean energy industry, representing energy storage, wind, utility-scale solar, clean hydrogen, and transmission companies. ACP is committed to meeting America’s energy and national security goals and building our economy with fast-growing, low-cost, and reliable domestic power. The views and opinions expressed in this filing do not necessarily reflect the official position of each of ACP’s individual members.

³ Portland General Electric, Revisions to the Portland General Electric OATT to Implement the Extended Day-Ahead Market, Docket No. ER 25-1868 (Apr. 3, 2025)(“PGE EDAM Tariff Filing”).

II. BACKGROUND

The Clean Energy Associations strongly support the development of competitive power markets in the West and advocate for fair, transparent, and efficient usage of the transmission system to achieve a reliable and clean power supply for citizens and businesses of the West at the lowest reasonable cost. This includes past support for CAISO’s development of the EDAM, which if properly implemented will enable transactions for energy (including many renewable energy and energy storage sources) across a wide geographic region in the West. The EDAM can also help to reduce curtailment, make more efficient use of the existing transmission grid, and increase reliability to all customers across the region. Importantly, the EDAM was intended to balance the preservation of individual balancing areas and Open Access Transmission Tariffs (“OATTs”) while enabling transfers under existing contracts and increasing available energy and capacity supplies.⁴ In late 2023, the Commission largely accepted CAISO’s EDAM tariff; under the accepted market design, individual utilities located outside of CAISO must now submit their own tariff revisions to implement their participation in EDAM.

The instant proceeding concerns PGE’s proposed tariff to implement EDAM when it joins the day ahead market in 2026. The proposed tariff revisions now before the Commission will expose transmission customers to congestion price risk when utilizing their firm transmission rights (even in the day-ahead timeframe) without providing adequate hedging opportunities. These include hedging opportunities discussed when EDAM was developed and approved by the CAISO

⁴ See *Order Accepting in Part, Subject to Condition, and Rejecting in Part Tariff Revisions*, 185 FERC ¶ 61,210 at P307 (2023)(“EDAM Approval Order”)(“We find that CAISO’s proposal strikes an appropriate balance between preserving a transmission customer’s rights under an EDAM transmission service provider’s OATT and ensuring that there is confidence that EDAM transfers will be delivered.”).

Board and the Western Energy Markets Governing Body, and upon which stakeholder support for EDAM was predicated.

However, PGE’s proposed methods for allocating congestion revenues, combined with its limits on the ability for a transmission customer to “opt-out” its transmission rights and/or receive the treatment that CAISO refers to as Existing Transmission Contract/Transmission Ownership Right treatment (“ETC/TOR treatment”), together undermine the EDAM’s intended market design and render PGE’s proposed tariff unjust and unreasonable. PGE’s proposed tariff revisions to implement the EDAM will undercut the valid goals and significant benefits of Western market expansion, significantly increasing the risks and congestion costs to market participants and those selling power over and across the PGE balancing area using firm transmission rights. Unfortunately, despite clear interest in providing firm transmission rights holders with an option to continue to use their rights as they do today, the PGE proposal now before the Commission leaves no available pathway for firm transmission rights to be used with *price certainty* (as they are used today). Therefore, it is with regret that the Clean Energy Associations recommend that the Commission reject the proposed tariff revisions, without prejudice to a future filing that remedies these shortcomings.

III. PROTEST

A. The PGE EDAM Tariff Filing Will Force Customers to Self-Schedule Their Transmission Rights and Become Market Price Takers, While Exposing them to New, Unhedged Market Prices

As proposed, EDAM transactions within the PGE balancing area would either use economic bidding or self-schedule, whether for import, export, or wheel-through. In practice, most

transactions that import, export or wheel-through PGE will be *required* to self-schedule under EDAM.⁵ Self-schedules are, by definition, price takers. When the CAISO developed the EDAM tariff that the Commission later approved, the general understanding was that transmission that was “self-scheduled” would not be exposed to market pricing (or the associated congestion risk) for those self-scheduled rights submitted before the run of the day-ahead market.⁶ The EDAM market design developed by CAISO and supported by stakeholders was intended to incorporate principles of, and essentially build upon, the Western Energy Imbalance Market’s (“EIM”) principles and to protect the ability to continue to utilize transmission rights. Self-scheduled transmission service rights within EDAM were generally understood to act like “base schedules” do in the EIM today. Thus, stakeholders reasonably expected that in EDAM, balanced self-schedules on OATT rights would not be subject to exposure to market pricing, and instead would serve as a mechanism to allow existing contracts to continue, when necessary, to rely on those OATT rights and the price certainty provided in their utilization. The Clean Energy Associations see it as contrary to the intention of the approved CAISO EDAM Final Proposal and the market design that stakeholders supported to not fully protect self-scheduled transmission rights submitted before the day-ahead market timeline from market pricing/congestion exposure.

⁵ PGE will only allow intertie bidding for a limited subset of imports which are external resources that are Designated Network Resources used to serve load inside the PGE BAA. See PGE EDAM Tariff Filing at 28.

⁶ For example, the CAISO EDAM Final Proposal, which was the final documentation of the EDAM design and was approved by the CAISO Board and EIM Governing Body in February 2023, explains “Self-schedules supported by transmission rights may be afforded a hedge against marginal congestion differences between the network locations of their sources (supply) and their sinks (demand), which would mitigate potential exposure to congestion price differences, either positive or negative, between the source and the sink. Through this framework, the EDAM will optimize resource commitment in the day-ahead market while respecting the exercise of transmission rights.” See CAISO EDAM Final Proposal at 34 (Dec. 7, 2022), available at <https://stakeholdercenter.caiso.com/InitiativeDocuments/FinalProposal-ExtendedDay-AheadMarket.pdf>. (Also filed as Attachment E, FERC Docket No. ER23-2686, as support for the EDAM Tariff Approval Order.) The CAISO EDAM Final Proposal also notes that “firm OATT transmission rights held by customers within an EDAM BAA that do not support transfers between EDAM BAAs will be afforded scheduling and settlement similar to firm transmission rights between EDAM BAAs and that the accrued internal congestion revenues will be settled with the EDAM entity. To receive this treatment, which the ISO has referred to as “ETC/TOR treatment,” internal firm OATT transmission service customers must follow the same scheduling timelines associated with pathway 1...” *Id.* at 39.

PGE's proposed tariff would effectively devalue these transmission rights, which will undermine another intention of EDAM - to preserve the value of long-term transmission rights to help prevent significant transmission cost shifts. PGE's entry into EDAM means that the CAISO will optimize transmission that is reserved for customers located both inside and outside of PGE's balancing area, including some customers taking point-to-point or wheel-through transmission service under the PGE OATT. Under the PGE proposal, transmission customers desiring to use their long-term transmission rights (rather than turning them over to the market), will be *required* to submit balanced self-schedules for those transactions. However, those transactions, which are seeking to exercise the existing rights customers have today to schedule and deliver power on a day-ahead timeframe, would still be subjecting their transactions to the risks of congestion pricing. This would effectively make all of these rights-holders "price takers".

B. PGE's proposed EDAM tariff would not allow protection against congestion for current holders of long-term transmission rights.

Under PGE's proposed tariff revisions, there are several types of energy supply contracts which would automatically become subject to largely unpredictable and unmitigated risks and costs. These include renewables delivering power to serve California customers from outside California, as well as contracts to serve loads within PGE - especially third-party load contracts which require wheeling across PGE's system to deliver energy and capacity. Although these concerns would be solved if the West were to move to a full RTO structure, where explicit delivery of energy and capacity to certain loads is not required, that is *not* how the day-ahead markets, including EDAM, have been designed. Upon EDAM's operation, energy and capacity must continue to be delivered, from point to point and/or from one Balancing Authority Area ("BAA")

to another. This is necessary under existing bilateral contracts to meet capacity obligations, energy obligations, Western Resource Adequacy Program (“WRAP”) requirements, Renewable Portfolio Standards (“RPS”), and other needs. The delivery requirements for these programs and contracts will *not* be fundamentally altered by the implementation of EDAM, but they will be subject to new, uncapped, and uncertain congestion costs because the exercise of firm transmission rights to support these contracts will not be fully protected under PGE’s proposal. As a result, these existing contracts will almost certainly become increasingly expensive to implement as a result of EDAM operations under PGE’s proposal, which could actually serve to increase the costs of transacting across BAAs in the West. This result is at odds with the goals and intent of EDAM and renders PGE’s proposed tariff unjust and unreasonable.

Absent meaningful change, PGE’s current proposal denies those customers an ability to adequately mitigate congestion cost risks. The method of congestion revenue allocation proposed by PGE offers highly uncertain and very possibly minimal congestion recovery which will at best only partially reduce the risks of congestion to suppliers and customers, and without any recovery for congestion outside of PGE’s balancing area. This method would effectively eliminate many of the benefits of EDAM to these suppliers and customers, contradicting the intent and language of CAISO’s EDAM design and not achieving an appropriate balance in a day-ahead market future.

Under PGE’s proposal, a transmission customer holding firm transmission rights under the PGE OATT will receive congestion revenue associated with congestion arising *within* PGE’s BAA, but the customer will still have exposure to EDAM congestion arising from constraints on other systems, with no mechanisms for protection against that exposure. PGE’s proposal offers much more limited recovery of congestion revenues than those envisioned in the market design as described in the CAISO EDAM Final Proposal.

PGE proposes to allocate the congestion revenue it receives from CAISO through a two-step process. In the first step, the PGE EDAM Entity *seeks to reverse* day-ahead congestion price differentials (positive or negative) arising from the PGE BAA for balanced self-schedules (point-to-point and Network customers) associated with firm monthly and longer-term OATT rights. In the second step, the amount remaining in Charge Code 8704 after Step One will be allocated based on Measured Demand that was *not* already provided a congestion allocation under Step 1. The degree to which PGE's proposed methods may actually reverse the day-ahead price differentials arising from PGE BAA's operation within the EDAM is entirely uncertain. Furthermore, the available data provides evidence that an alarmingly low proportion of the potential losses will be recovered by existing customers, as described below. As the proponent of the filing, PGE bears the burden of proof to show that its proposed methods will achieve their intended purpose and satisfy the familiar just and reasonable standard of the Federal Power Act.⁷ In this case, that means PGE should provide reliable analysis that the impact of its tariff provisions will in fact allow transmission rights holders to "zero out" congestion exposure for these transactions and, therefore, will continue to allow its Qualifying OATT customers to use their transmission rights with reasonable price certainty. Unfortunately, there is no such certainty provided in PGE's filing.

In fact, the available public information from EIM operations reveals that existing transmission customers could be subject to severe price risks. The CAISO Department of Market Monitoring ("DMM") provides in its quarterly reports an assessment of the internal congestion on the 15-minute prices in EIM areas. These reports consistently demonstrate that the constraints on the CAISO system are generally the largest driver of congestion in other EIM BAAs, such as PGE's. The DMM's quarterly reports provide a clear picture that constraints in CAISO frequently

⁷ 16 USC § 824d.

cause the largest pricing impacts in PGE. This can be seen in the quarterly report tables that illustrate the impact of internal transmission constraint congestion on market prices in the EIM.⁸ When constraints on another EDAM system (like CAISO) bind, PGE will not be able to return enough congestion revenues to its Qualifying OATT customers to keep them whole (i.e., to “zero out” the congestion charges). This will leave these customers exposed to a new, potentially large, pricing risk that has never existed under PGE’s OATT before and for which these customers have no reasonable mitigation method (though they will continue to have delivery requirements under the day-ahead market construct). This impact will be particularly acute during times of extreme weather and pricing events, such as those that occurred in January 2024, though the impacts are not limited to these extreme events.

The Commission should require a more fulsome description and analysis of the potential for recovery compared to the costs so that the Commission can make an informed decision on whether this proposal is just and reasonable. This issue is critical for the Commission to review carefully because PGE is only the second utility seeking to join EDAM (after PacifiCorp, whose EDAM Tariff Filing PGE’s closely mirrors). Other utilities are likely to follow PacifiCorp’s and PGE’s leads; as the Commission noted when the EDAM tariff was approved, these individual transmission provider OATTs are critical to achieving the market’s goals.⁹ The Commission will set precedent when it first approves OATT revisions to enable a transmission provider’s

⁸See, e.g., CAISO 2024 First Quarter Report at 45, <https://www.caiso.com/documents/2024-first-quarter-report-on-market-issues-and-performance-oct-11-2024.pdf>. See also CAISO 2024 Second Quarter Report at 54, <https://www.caiso.com/documents/2024-second-quarter-report-on-market-issues-and-performance-nov-22-2024.pdf>.

⁹See EDAM Approval Order, P 311 (“As such, under CAISO’s proposal, the EDAM Entities and EDAM transmission service providers are responsible for proposing changes to their respective OATTs to accommodate EDAM participation and for demonstrating that those changes are consistent with or superior to the *pro forma* OATT.”); *id.* at P 320 (“We are not persuaded that EDAM implementation will be inconsistent across EDAM Entities’ and EDAM transmission service providers’ OATTs. The Commission will evaluate any proposed revisions to these entities’ OATTs implementing EDAM participation and will determine if any variations among such implementation proposals are just and reasonable and not unduly discriminatory or preferential at that time.”). See generally *id.* at PP 19, 308-321.

participation in EDAM, so the Commission should ensure that these revisions are just and reasonable before granting approval.

C. PGE’s Proposed EDAM Tariff is inconsistent with CAISO’s approved EDAM market design, as well as CAISO’s stated desire to balance the policy goals of day-ahead market benefits while retaining individual OATTs and balancing areas

The CAISO’s EDAM market policy, whose development took place over the course of several years, was developed to hold balanced self-schedules harmless from congestion exposure and to prevent the most obvious impediments to future transactions that would still need to rely on the underlying transmission service across EDAM BAAs. After thorough consideration in the stakeholder process and negotiation including PGE and other utilities intending to join EDAM, the CAISO EDAM Final Proposal expressed a market policy which included a mechanism for receiving protection against unpredictable and uncontrollable congestion losses.¹⁰ Through the CAISO EDAM Final Proposal and throughout the stakeholder process, the CAISO proposed a functionality that was much more similar to the status quo prior to EDAM implementation and optimization, which would protect the exercise of valuable transmission rights and allow the EDAM optimization to “overlay” on the existing OATT framework. Under the CAISO EDAM Final Proposal, and discussed throughout the stakeholder process, the settlement of congestion revenues was expected to emulate CAISO’s ETC/TOR treatment.¹¹

By contrast, PGE’s proposal will have an unjust and unreasonable impact, including increasing costs, because it is unable to provide full protection via the congestion revenue reversal

¹⁰ See generally, CAISO EDAM Final Proposal at 34-39, available at <https://stakeholdercenter.caiso.com/InitiativeDocuments/FinalProposal-ExtendedDay-AheadMarket.pdf>.

¹¹ *Id.* at 34.

process it has proposed. PGE has not proposed another method for eligible firm transmission rights to be fully protected from market pricing exposure, as was envisioned in EDAM's design. The effect of PGE's proposal is a cost shift which will likely place additional costs on transmission customers in PGE's BAA, including its own retail load. PGE's proposal will result in the most harm to those that have rights to deliver over the most congested parts of the system, many of which are point-to-point transactions. The suppliers using these point-to-point transmission rights will become exposed to congestion and will be financially harmed by the implementation of the proposed tariff.

D. Should the Commission Reject PGE's Filing, it Can Provide Direction for a Future EDAM Tariff Filing

As noted above, the Clean Energy Associations are highly supportive of Western market expansion, including the EDAM. Should the Commission reject PGE's filing, it should do so with clear instructions to remedy these shortcomings so that EDAM participation can still be accomplished as soon as practicable. One resolution to these congestion and scheduling issues would be for the ability for transmission customers to opt out their transmission rights to be defined in PGE's implementing tariff.¹² But it could also be resolved consistent with the CAISO's EDAM Final Proposal by providing ETC/TOR-like treatment for balanced self-schedules to provide full congestion protections to these transactions. Ultimately, determining the best way to achieve the full financial protections for balanced, self-scheduled transmission that was promised during

¹² The PGE tariff proposal would allow some limited transmission to be considered unavailable for the day-ahead market optimization (i.e., "opted-out"). Section 6.1.3 of the proposed Attachment P provides for this option at the EDAM Entity's discretion for reliability or to effectuate *contract* rights not otherwise adequately addressed by the PGE tariff. There is no ability for other transmission rights to be considered unavailable for the market's optimization or for full protection from congestion pricing in the market.

EDAM's design may require coordination between PGE and the CAISO. But meanwhile, there are existing provisions within the CAISO's EDAM tariff, and potential modifications to the tariff PGE has proposed, that could be used to overcome the current deficiencies in the near-term. For example, PGE could expand the definition of transmission which is *not* available for EDAM optimization, currently contained in Section 6.1.3 of Attachment P, to include balanced self-schedules of transmission rights while *also* ensuring this transmission/transactions are not subject to any congestion pricing exposure. Alternatively, PGE could work with CAISO to expand the ETC/TOR treatment to include these types of schedules, also ensuring they are fully protected from congestion exposure for those schedules submitted before the day-ahead market deadline. If the Commission provides clear direction that PGE should allow transmission rights holders to hedge against cost increases through any or all of these mechanisms, it would enable prompt development of just and reasonable tariff provisions to replace the instant filing.

E. The Commission Should Require Transparency in EDAM Implementation via Reporting Requirements

Additionally, the Clean Energy Associations urge the Commission to ensure transparency, which is important to resolve as EDAM entities prepare for implementation. Transparency into market outcomes, potentially through additional required reporting, will allow for the examination of potentially unjust, unreasonable, or discriminatory impacts upon groups of transmission customers working within each BAA, including any disparate impacts between independent customers and retail customers. The Clean Energy Associations request that the Commission require further reporting related to available transfer capacity on the existing grid and overall path-specific settlement trends. Should the Commission approve PGE's tariff as currently proposed (without ensuring full protections for firm transmission customers seeking to use their transmission rights in the day-ahead timeframe), it should also require that PGE provide updates on the

anticipated impacts of congestion revenue allocation as it proceeds with EDAM market simulations and parallel operations, and the relative degree of “reversal” of day-ahead congestion price differentials its methods achieve over specific paths, and overall, throughout the BAA. PGE should also report on how congestion revenues allocated from CAISO to PGE address congestion exposure in the PGE BAA. This will help customers and stakeholders understand the projected impact of EDAM before it goes live, relative to the use of OATT transmission rights and the equity of congestion revenue allocations between and among EDAM Entities and transmission rights holders.

IV. CONCLUSION

While the Clean Energy Associations support the creation of a day-ahead market serving a broad footprint across the West, the creation of this market on top of existing OATTs requires a careful balancing of interests. The approved EDAM market design was intended to maximize the amount of transmission capacity on the system available for market optimization while continuing to provide transmission service to existing transmission customers under the OATTs of EDAM participants. A key component of protecting existing transmission rights is to protect those customers from congestion exposure, so that they may continue to transact under their existing contracts through a mechanism which will deliver reversal of congestion incurred across BAAs. Unfortunately, PGE's EDAM Tariff Filing does not offer a path that provides reasonable price certainty to customers taking transmission service under its OATT, and therefore it is unjust and unreasonable. The Commission should thus reject it.

Respectfully submitted this 1st day of May, 2025.

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of this pleading has been served this day upon each person designated on the official service list compiled by the Secretary in this proceeding.

May 1, 2025

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