

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System
Operator

Docket No. ER25-2637

COMMENTS OF THE CLEAN ENERGY ASSOCIATIONS

Pursuant to Rule 213 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure,¹ the American Clean Power Association (“ACP”),² Interwest Energy Alliance (“Interwest”),³ and Renewable Northwest (“RNW”),⁴ (collectively, “Clean Energy Associations”) submit these comments in support of the California Independent System Operator’s (“CAISO”) June 26, 2025 filing,⁵ which if accepted would revise the allocation of congestion revenues in the Extended Day-Ahead Market (“EDAM”). The Clean Energy Associations urge the Commission to accept CAISO’s filing for the reasons detailed *infra*.

¹ 18 C.F.R. §§ 385.213 (2020).

² The American Clean Power Association (ACP) is the leading voice of today’s multi-tech clean energy industry, representing over 800 energy storage, wind, utility-scale solar, clean hydrogen and transmission companies. ACP is committed to meeting America’s national security and economic 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 The Interwest Energy Alliance (“Interwest”) is a non-profit 501(c)(6) regional trade association representing independent power producers and developers of renewable energy, storage, and transmission lines in the desert Southwest and interior West including Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming.

⁴ RNW is a regional nonprofit clean energy advocacy organization serving the four Northwest states - Washington, Oregon, Idaho and Montana. RNW’s mission is to decarbonize the region by accelerating the transition to renewable electricity, and member organizations include leading renewable energy businesses, environmental organizations, consumer groups and other renewable energy sector affiliates.

⁵ California Independent System Operator, Tariff Amendment to Make a Targeted Enhancement to the Congestion Revenue Allocation Methodology for the Extended Day-Ahead Market, Docket No. ER25-2637 (June 26, 2025) (“CAISO Filing”).

I. COMMENTS

As a general matter, the Clean Energy Associations are broadly supportive of CAISO's proposed revisions to EDAM congestion revenue allocation. The Clean Energy Associations support broader electricity markets in the West, and have been deeply engaged with CAISO and other stakeholders throughout the EDAM development process. Although the Commission's acceptance of EDAM in 2023⁶ was a meaningful step forward in developing a larger and more liquid regional market, in such a complex proceeding – and especially where there is a need to balance the EDAM market optimization and the continued Open Access Transmission Tariff (“OATT”) framework – there remains room for further improvement. As CAISO notes, questions and concerns regarding congestion revenue allocation (and the use of OATT transmission rights) have emerged in subsequent proceedings regarding EDAM Entities (the Balancing Authorities participating in EDAM). The instant filing, proposed by CAISO, provides a foundation for addressing many of these concerns related to financial protection of OATT transmission rights, and therefore represents exactly such an improvement. The Clean Energy Associations hope to see continuing refinements of this nature as EDAM moves into operation and grows.

Congestion revenue allocation has been a contentious issue for EDAM. A large number of concerns were raised, and Protests were filed, in the docket where the first EDAM Entity (PacifiCorp) proposed revisions to its OATT to effectuate EDAM (Docket No. ER25-951). Many of these concerns centered on the financial exposure created in EDAM for the use of firm transmission rights which were exercised before the day-ahead market run. Stakeholders were concerned that the ultimate outcome was contrary to the EDAM design and intent. This is

⁶ *California Independent System Operator Corporation*, 185 FERC ¶ 61,210 (2023).

because it became clear to stakeholders that the approach to returning congestion revenue allocation to customers, which was a factor of both the CAISO's EDAM tariff provisions and the proposed provisions of the EDAM Entities, would not appropriately protect use of firm transmission rights – an area that had been extensively discussed throughout the EDAM stakeholder process. Rather than push forward with implementation of a flawed design, CAISO engaged with stakeholders to seek a solution. CAISO should be commended for its rapid response to these concerns and for its efforts to incorporate stakeholder feedback on its proposals and, ultimately, develop a reasonable solution to a complex topic on a very short timeline. The proposed revisions to congestion revenue allocation included in the CAISO filing – while imperfect – represent a notable improvement over the current CAISO EDAM tariff provisions.⁷ If approved, they will help to better balance the implementation of EDAM with the retention of individual OATTs and associated transmission service and will improve EDAM's functionality. Thus, despite acknowledgement that the congestion revenue allocation approach in EDAM will require further monitoring and potential further changes, the Clean Energy Associations support CAISO's filing as a meaningful step forward from the status quo. The Clean Energy Associations also express their appreciation to CAISO for its work to arrive at the filing currently before the Commission, as it represents a grid operator working diligently and rapidly to understand and address stakeholder concerns.

⁷ These revisions are not a complete solution for several reasons. Notably, many stakeholders advocated for an alternative, more comprehensive, form of congestion protection for firm transmission rights holders under the OATT. This alternative solution, which would have provided a perfect, or near-perfect hedge, to holders of firm transmission rights under EDAM, in line with CAISO's Existing Transmission Contract (ETC)/Transmission Ownership Right (TOR) structure. Additionally, many stakeholders advocated for a method of expanding the congestion revenue allocation treatment proposed by CAISO in this filing to transmission rights that are associated with economic bids (rather than restricting them to only balanced self-schedules).

As noted in the CAISO's Filing, CAISO has already committed to continuing to monitor the implementation of EDAM and the use of self-schedules leading up to and on an ongoing basis in EDAM operations.⁸ The implementation of EDAM will be unique and novel, in that it will overlay a day-ahead unit commitment and security constrained economic dispatch over OATT transmission service, while retaining Balancing Authority Area boundaries and reliability responsibilities. This novel structure will inherently have some unintended outcomes and will require proactive engagement on behalf of the CAISO, EDAM Entities, market monitors, and other stakeholders. The revised congestion revenue allocation approach, and the use of balanced self-schedules, will need to be part of that monitoring effort, as CAISO has already committed to. Having a standardized congestion revenue allocation approach across the EDAM footprint will reduce the potential for intra-market seams issues and will also improve customer outcomes. Additionally, having the market operator (CAISO) take responsibility for allocation of congestion revenues to customers within EDAM will improve customer confidence in market settlements and reduce administrative inefficiencies that are inherent with the current approach of "sub-allocation" by individual EDAM Entities. The Clean Energy Associations appreciate CAISO's commitment to monitoring congestion revenue allocation and self-scheduling and the use of transmission rights within EDAM, and will continue to work with CAISO to evaluate data and consider potential revisions as implementation progresses.

The Clean Energy Associations also note CAISO's proactive commitment to evaluating potential near-term enhancements to EDAM, namely: expanding the alternative congestion revenue allocation approach to economically offered firm transmission rights and expanding it to

⁸ For instance, see CAISO Filing Letter at pg. 7, 9, 30, 38, and 43.

Congestion Revenue Rights in CAISO.⁹ These enhancements have the potential to help address some of the concerns with this near-term solution that stakeholders and market observers have raised. The Clean Energy Associations therefore encourage CAISO to continue work on these elements; in future enhancements, CAISO should seek, wherever feasible, to standardize and consolidate congestion revenue allocation within the market operator function. The Clean Energy Associations look forward to working on these improvements, as well as other enhancements to EDAM in the future.

⁹ For instance, see CAISO Filing Letter at pg. 8-9.

II. CONCLUSION

The revisions proposed in the CAISO Filing represent a notable improvement over the current CAISO EDAM tariff and, when coupled with appropriate congestion revenue allocation approaches by the EDAM Entities, will result in improved outcomes for customers in the West. CAISO's Filing is the first of what the Clean Energy Associations hope will be a number of further tariff revisions to improve the EDAM structure and its outcomes.

The Clean Energy Associations respectfully request that the Commission accept the CAISO Filing, for the reasons noted above.

Respectfully submitted,

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DATED: July 17, 2025

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of July 2025, a copy of the foregoing document has been simultaneously served upon all parties in this proceeding.

/s/ Gabe Tabak

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