

Attachment A – Clean Tariff Language

EDAM Access Charge

California Independent System Operator Corporation

April 12, 2024

33.2.5 Implementation Activities.

The CAISO and the prospective EDAM Entity will complete the following implementation activities:

- (A) **Execution of Necessary Agreements.** The prospective EDAM Entity has complied with Section 33.2.1, executed any necessary agreements for operating as an EDAM Entity, and helped the CAISO secure necessary agreements with third party prospective EDAM Market Participants.
- (B) **Operations Training.** Prior to the start of parallel operations as set forth in Section 33.2.3, all operations staff (including contractors or vendors) identified by the prospective EDAM Entity who will have responsibility for EDAM operations, market transactions and settlements, will have completed identified CAISO training modules.
- (C) **Forecasting Capability.** The CAISO and, to the extent the prospective EDAM Entity will use its own forecasts or is otherwise required to provide forecasting information to the CAISO, the prospective EDAM Entity has demonstrated its respective forecasting capability through –
 - (i) the definition of day-ahead demand forecast boundaries based on the conforming and non-conforming load characteristics, as applicable;
 - (ii) the documentation of EDAM Entity's choice of day-ahead demand forecast provider and how the demand forecast will be completed;
 - (iii) the accuracy of the CAISO forecast of demand based on historical actual load data for the defined demand forecast boundaries;
 - (iv) the identification of weather stations locations used in forecasting, as applicable;
 - (v) the identification of the source of day-ahead Variable Energy Resource forecasts;
 - (vi) the accuracy of the day-ahead forecast of Variable Energy Resources;
 - (vii) the identification of all Hybrid Resources; and

- (viii) the provision of CAISO historical data on day-ahead demand and renewable forecast information to fill the needed historical data period to produce the Imbalance Reserve requirements at the net load level.
- (D) **Resource Sufficiency Evaluation.** The prospective EDAM Entity Scheduling Coordinator demonstrates its ability to pass the Resource Sufficiency Evaluation for the prospective EDAM Entity's Balancing Authority Area.
- (E) **Transmission Availability.** The prospective EDAM Entity confirms initial registration of the transmission rights of the EDAM Transmission Service Providers in its Balancing Authority Area available for EDAM Transfers or that otherwise may be scheduled in the Day-Ahead Market.
- (F) **Operating Procedures.** Prior to the start of parallel operations pursuant to Section 33.2.3, the CAISO and the prospective EDAM Entity have defined, completed, and tested operating procedures for the prospective EDAM Entity and its Scheduling Coordinator's participation in the Energy Imbalance Market.
- (G) **System Readiness and Integration.**
 - (i) **System and Functional Testing.** The prospective EDAM Entity and the CAISO have tested the functional and system elements in accordance with functional and system testing documentation posted on the CAISO Website.
 - (ii) **Prospective EDAM Entity Identification.** The CAISO has established and the prospective EDAM Entity has tested all necessary SCIDs and Resource IDs established for the prospective EDAM Entity's Balancing Authority Area.
 - (iii) **Certificates and Access.** The prospective EDAM Entity has issued all necessary certificates to its employees, contractors and vendors that require system access to perform EDAM-related job functions.
- (H) **Market Simulation and Structured Scenarios simulation.** The prospective EDAM Entity operations staff identified by the prospective EDAM Entity who will

have responsibility for EDAM operations, transactions and settlements, have executed and passed all structured scenarios provided by CAISO with all significant issues resolved.

- (I) **Settlements.** The CAISO and the prospective EDAM Entity have demonstrated that –
 - (i) CAISO settlement statements and invoices match the operational data published to stakeholders or fed into settlement system and the resulting calculations correspond to the formulas defined in CAISO's tariff and Business Practice Manuals.
 - (ii) CAISO settlement statements and invoices allocates charges and credits to its customers accurately reflecting system and market data during parallel operations.
- (J) **Parallel Operations Plan.** The period of parallel operations specified in Section 33.2.3 runs consistently and in accordance with the prospective EDAM Entity specific parallel operations plan.
- (K) **Historical Revenue Recovery.** As specified in the Business Practice Manual for the Extended Day-Ahead Market, but no later than three (3) months before the EDAM Access Charge would begin to be assessed, the EDAM Entity, and the CAISO for the CAISO Balancing Authority Area for the initial EDAM implementation, will exchange the information and documentation necessary to account for the EDAM Recoverable Revenue pursuant to Section 33.26 associated with the EDAM Transmission Service Providers in its Balancing Authority Area,

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33.11.7 Historical Revenue Recovery.

The CAISO will allocate to each EDAM Entity an EDAM Access Charge for recovery of EDAM Recoverable Revenue according to Section 33.26. The CAISO will charge Market Participants for transmission service on the CAISO Controlled Grid according to Section 26.

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33.26 Historical Revenue Recovery And Charges

Access Charges for Day-Ahead Market transactions serving Load within the CAISO Balancing Authority Area that use the CAISO Controlled Grid are governed by Section 26. Transmission service charges for Day-Ahead Market transactions serving Load within an EDAM Entity Balancing Authority Area are governed by the applicable EDAM Transmission Service Provider tariff. Transmission service charges for Day-Ahead Market transactions supported by EDAM Transfers are addressed in this Section 33.26. The CAISO will adopt provisions in Section 26 to implement the EDAM Access Charge that are consistent with the provisions in this Section 33.26. Transmission service charges for Real-Time Market transactions are governed by Section 11, Section 26, or Section 29.26, as applicable.

33.26.1 EDAM Access Charges

The CAISO will determine an EDAM Access Charge for each Balancing Authority Area in the EDAM Area based on the aggregate inputs of each EDAM Transmission Service Provider in that Balancing Authority Area. The CAISO will assess the EDAM Access Charges, allocate revenues collected, and true-up actual revenue recovery through calculation of the next year's EDAM Access Charges. EDAM Entities will provide forecasts for their EDAM Transmission Service Providers of the aggregate EDAM Recoverable Revenue from the three components described below, to be true-up based on EDAM Recoverable Revenue each year.

33.26.1.1 EDAM Recoverable Revenue Allocated to Gross Load

To assess the EDAM Access Charge consistent with Section 33.26.3, the CAISO will derive a rate in \$/MWh specific to each EDAM Entity Balancing Authority Area. The CAISO will calculate the rate by:

- (1) allocating each EDAM Transmission Service Provider's EDAM Recoverable Revenue to the EDAM Balancing Authority Areas associated with the other EDAM Transmission Service Providers, on behalf of such other EDAM Transmission Service Providers, in proportion to
 - (a) the EDAM Transmission Service Provider's Gross Load divided by
 - (b) the total EDAM Area Gross Load minus Gross Load of the EDAM Transmission Service Provider;
- (2) calculating the total EDAM Recoverable Revenue allocation; and
- (3) dividing the total EDAM Recoverable Revenue by the EDAM Transmission Service Provider's Gross Load.

33.26.1.2 Truing Up to Actual EDAM Recoverable Revenue

At the conclusion of each calendar year, each EDAM Transmission Service Provider with EDAM Recoverable Revenue will provide the CAISO calculations of actual forgone and collected revenue for each EDAM Access Charge component, and the supporting documentation required by Section 33.26.4. The EDAM Transmission Service Provider's EDAM Recoverable Revenue true-up amount for the following year will be the difference between (a) the actual sales of qualifying products in components 1 and 2, and (b) the EDAM Transmission Service Provider's projected sales for that year, as documented by the EDAM Transmission Service Provider consistent with Section 33.26.4. The CAISO will include the true-up amount, positive or negative, as an adjustment to the following year's EDAM Access Charge. The CAISO also will include a true-up amount, positive or negative, to balance the difference between the CAISO's projected EDAM Access Charge collections and actual collections for each EDAM Transmission Service Provider.

33.26.2 Calculation of EDAM Recoverable Revenue

EDAM Recoverable Revenue will consist of the sum of the following three components.

33.26.2.1 Component 1: Short-Term Firm and Non-Firm Point-to-Point Transmission and Wheeling Access Charge Revenues

Eligible component 1 costs are revenue shortfalls associated with the costs of forgoing certain historical transmission sales to third parties, excluding costs related to sales to the

EDAM Entity marketing function associated with EDAM Transmission Service Providers. Only forgone revenues associated with the following transmission products are eligible for historical revenue recovery: hourly non-firm point-to-point, daily non-firm point-to-point, weekly non-firm point-to-point, monthly non-firm point-to-point, hourly firm point-to-point, daily firm point-to-point, weekly firm point-to-point, and monthly firm point-to-point transmission service.

33.26.2.1.1 Calculating Component 1

Each EDAM Transmission Service Provider will calculate the annual average of its revenues from the qualifying products described in Section 33.26.2.1 for the three years leading up to its EDAM participation. That three-year average will be fixed for purposes of calculating the EDAM Access Charge for the EDAM Entity's EDAM participation. For component 1 of EDAM Recoverable Revenue, the EDAM Transmission Service Provider will include only that portion of revenues from the three-year average the EDAM Transmission Service Provider reasonably expects to forgo as a result of participating in the EDAM. In the annual true-up, the EDAM Transmission Service Provider will use its actual shortfall in lieu of the forecasted shortfall. The actual shortfall will be the difference between the EDAM Transmission Service Provider's actual sales of qualifying products for the applicable calendar year compared to the fixed three-year pre-EDAM average.

33.26.2.1.2 EDAM Recoverable Revenue Limits

Component 1 EDAM Recoverable Revenue for each EDAM Entity will not exceed the product of (a) its projected Component 1 EDAM Recoverable Revenue and (b) the percentage resulting from dividing exports from its EDAM Balancing Authority Area to the EDAM Area by total exports from the EDAM Balancing Authority Area.

33.26.2.2 Component 2: New Transmission Capacity

Eligible component 2 costs include (a) costs resulting from reduced revenues from sales

of non-firm and short-term firm transmission associated with the release of transmission capacity resulting from the expiration of EDAM Legacy Contracts, and (b) the cost associated with forgone transmission sales on certain new network upgrades.

33.26.2.2.1 Component 2 Revenue Associated With New Transmission Capacity From Expired Legacy Contracts

An EDAM Transmission Service Provider may include in its component 2 EDAM Recoverable Revenue those revenue shortfalls from sales of non-firm and short-term firm transmission associated with the release of transmission capacity resulting from the expiration of EDAM Legacy Contracts that were not included as EDAM Recoverable Revenue in component 1. The EDAM Transmission Service Provider may not recover as EDAM Recoverable Revenue more than the product of the most recent annual revenue of the expired EDAM Legacy Contract multiplied by the ratio of (a) the non-firm and short-term firm point-to-point historical EDAM recoverable transmission revenues from the pre-EDAM three-year average in component 1 to (b) the EDAM Entity's annual average revenue requirement over the same three years.

33.26.2.2.2 Component 2 Revenue Associated With New Network Upgrades

An EDAM Transmission Service Provider may include in its component 2 EDAM Recoverable Revenue forgone revenue from eligible new network upgrades. Eligible new network upgrades are those that: (a) are in service; (b) are already included in the EDAM Transmission Service Provider's transmission rates or have otherwise been approved for rate recovery by the Local Regulatory Authority or FERC, as applicable; (c) increase transfer capability between EDAM Entity Balancing Authority Areas or between the CAISO Balancing Authority Area and an EDAM Entity Balancing Authority Area; and (d) are energized after the applicable EDAM Transmission Service Provider begins participation in the Day-Ahead Market. For each new qualifying network upgrade, the EDAM Transmission Service Provider will calculate an estimate of forgone revenue

applicable to that network upgrade. Because new network upgrades will not have a three-year historical baseline, the EDAM Transmission Service Provider will calculate a proxy baseline. To do so, the EDAM Transmission Service Provider will calculate the ratio of (a) the non-firm and short-term firm point-to-point historical transmission revenues from the pre-EDAM three-year average in component 1 to (b) the EDAM Entity's annual average revenue requirement over the same three years. The EDAM Transmission Service Provider's proxy baseline for the new network upgrade will be the product of this ratio and the transmission revenue requirement for the new network upgrade. The EDAM Transmission Service Provider will then include as its component 2 EDAM Recoverable Revenue those revenues it expects to forgo from the new network upgrade as a result of participating in the EDAM, not to exceed the proxy baseline. After the first year the new network upgrade is included in the EDAM Access Charge, the EDAM Transmission Service Provider will true-up actual forgone revenues to projected forgone revenues in the following year's component 2 EDAM Recoverable Revenue based on the proxy baseline. The CAISO will include examples of network upgrades that increase transfer capability for purposes of this Section and examples that do not do so in the Business Practice Manual for the Extended Day-Ahead Market. For purposes of this section, network upgrades will be deemed to increase transfer capability where they:

- (a) increase total transfer capability;
- (b) create new interfaces;
- (c) increase the simultaneous import limits at existing interfaces;
- (d) result from an Interregional Transmission Project to increase transfer capability; or
- (e) were identified through the WECC path rating process as increasing total transfer capability or creating new transmission interfaces;

between EDAM Entity Balancing Authority Areas or between the CAISO Balancing Authority Area and an EDAM Entity Balancing Authority Area.

33.26.2.3 Component 3: Recovery of Transmission Costs Associated With EDAM Wheeling Through Volumes Net of Imports/Exports

Eligible component 3 costs are projected revenue shortfalls associated with wheeling-through an EDAM Entity Balancing Authority Area or the CAISO Balancing Authority Area. An EDAM Transmission Service Provider's EDAM Recoverable Revenue will include those revenues associated with its total volume of wheeling-through transactions in excess of the total net transfers (imports and exports) of the applicable EDAM Entity Balancing Authority Area or CAISO Balancing Authority Area, as measured on a monthly basis. In periods where this excess occurs, the CAISO will calculate the EDAM Recoverable Revenue by multiplying that volume of wheeling-through transactions in excess of the total net transfers by the applicable EDAM Transmission Service Provider's non-firm hourly point-to-point transmission rate. For Participating TOs, the CAISO will use the applicable Wheeling Access Charge rate.

33.26.3 Assessing Access Charges and Allocating Revenues in the EDAM

To recover each EDAM Transmission Service Provider's EDAM Recoverable Revenue, the CAISO will assess an EDAM Access Charge to Gross Load in each EDAM Balancing Authority Area. Each EDAM Access Charge will recover the projected EDAM Recoverable Revenue for the EDAM Balancing Authority Areas outside the Balancing Authority Area for that EDAM Access Charge, such that no EDAM Balancing Authority Area will be assessed its own projected EDAM Recoverable Revenue. The CAISO will assess EDAM Access Charges based on the EDAM Balancing Authority Areas' Gross Loads.

The CAISO will allocate revenues collected from the EDAM Access Charges to EDAM Entities on behalf of each EDAM Transmission Service Provider, in proportion to each EDAM Entity's proportionate share of total projected EDAM Recoverable Revenue. Any difference between projected EDAM Recoverable Revenue and actual EDAM Recoverable Revenue will be included as debits or credits in the annual true-up, as provided in Section 33.26.1.2.

33.26.4 Documentation

EDAM Transmission Service Providers will provide the CAISO all supporting documentation necessary to determine the local EDAM Access Charges in each Balancing Authority Area by July 1 of the year prior to each year in which the EDAM Access Charge will apply. The CAISO will publish all supporting documentation on the CAISO Website. At a minimum EDAM Entities must provide: (a) the final order from FERC or the Local Regulatory Authority effecting their approved transmission rates and any informational filings or postings under relevant formula rates; (b) the sums for each EDAM Recoverable Revenue component and true-up; and (c) an authorized affidavit from each EDAM Transmission Service Provider attesting to the accuracy of the data provided and that the EDAM Transmission Service Provider will make reasonable efforts to avoid any double recovery of costs through the EDAM Access Charge. All data provided must be sufficiently granular to enable verification of the EDAM Access Charge rates by the CAISO and Market Participants. For each EDAM Transmission Service Provider, the CAISO will maintain on its Website the current sum of each recoverable revenue component, the total true-up amount, and the total eligible recovery amount. The CAISO will maintain on its Website each EDAM Access Charge, including the rate, the Gross Load, and the total eligible recovery amount in that Balancing Authority Area.

33.26.5 Exit from EDAM

If an EDAM Entity withdraws from the EDAM pursuant to Section 3 of its EDAM Addendum to EIM Entity Agreement, it will continue to collect and be assessed EDAM Access Charges only during the six (6) month interim notice period before withdrawing from the EDAM. A withdrawn EDAM Entity will not collect, be assessed, or true-up any costs or revenues through the EDAM Access Charge after this interim notice period, except for the previous calendar year's true-up under Section 33.26.5.1.

33.26.5.1 Treatment of True-up Amounts

If an EDAM Entity owed or was owed any true-up amount from the previous calendar year pursuant to Section 33.26.1.2 before it gave its written notice of termination to the CAISO in accordance with Section 3 of its EDAM Addendum to EIM Entity Agreement, and it withdraws from the EDAM before the end of the calendar year such that any true-

up amount remains outstanding, either:

- (a) the EDAM Entity will pay the CAISO the remaining true-up balance it owed upon the end of the interim period described in Section 33.26.5, and the CAISO will distribute that balance through the EDAM Access Charges over the rest of the calendar year; or
- (b) the CAISO will continue to collect the remaining true-up amount owed the EDAM Entity through the EDAM Access Charges throughout the rest of the calendar year, and will pay that true-up amount to the EDAM Entity thereafter.

This Section 33.26.5.1 excludes all charges or payments outside of the previous calendar year true-up under Section 33.26.1.2.

33.26.6 Three-Year Review

No later than three (3) years after the original effective date of this Section 33.26, the CAISO will publish on the CAISO Website a performance report on the EDAM Access Charge. The performance report will include without limitation: an explanation of the impacts of the EDAM Access Charge on EDAM Transmission Service Providers' revenue recovery and rates; the performance of the EDAM Access Charge in managing cost shifts among customers; and analysis by the CAISO of any other impacts or externalities.

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- EDAM Access Charge

The Access Charge that balances historical transmission revenue cost allocation through the Extended Day-Ahead Market pursuant to Section 33.26.

- EDAM Recoverable Revenue

Eligible revenues recovered by EDAM Entities through the EDAM Access Charge pursuant to Section 33.26.

Attachment B – Marked Tariff Language

EDAM Access Charge

California Independent System Operator Corporation

April 12, 2024

33.2.5 Implementation Activities.

The CAISO and the prospective EDAM Entity will complete the following implementation activities:

- (A) **Execution of Necessary Agreements.** The prospective EDAM Entity has complied with Section 33.2.1, executed any necessary agreements for operating as an EDAM Entity, and helped the CAISO secure necessary agreements with third party prospective EDAM Market Participants.
- (B) **Operations Training.** Prior to the start of parallel operations as set forth in Section 33.2.3, all operations staff (including contractors or vendors) identified by the prospective EDAM Entity who will have responsibility for EDAM operations, market transactions and settlements, will have completed identified CAISO training modules.
- (C) **Forecasting Capability.** The CAISO and, to the extent the prospective EDAM Entity will use its own forecasts or is otherwise required to provide forecasting information to the CAISO, the prospective EDAM Entity has demonstrated its respective forecasting capability through –
 - (i) the definition of day-ahead demand forecast boundaries based on the conforming and non-conforming load characteristics, as applicable;
 - (ii) the documentation of EDAM Entity's choice of day-ahead demand forecast provider and how the demand forecast will be completed;
 - (iii) the accuracy of the CAISO forecast of demand based on historical actual load data for the defined demand forecast boundaries;
 - (iv) the identification of weather stations locations used in forecasting, as applicable;
 - (v) the identification of the source of day-ahead Variable Energy Resource forecasts;
 - (vi) the accuracy of the day-ahead forecast of Variable Energy Resources;
 - (vii) the identification of all Hybrid Resources; and

- (viii) the provision of CAISO historical data on day-ahead demand and renewable forecast information to fill the needed historical data period to produce the Imbalance Reserve requirements at the net load level.
- (D) **Resource Sufficiency Evaluation.** The prospective EDAM Entity Scheduling Coordinator demonstrates its ability to pass the Resource Sufficiency Evaluation for the prospective EDAM Entity's Balancing Authority Area.
- (E) **Transmission Availability.** The prospective EDAM Entity confirms initial registration of the transmission rights of the EDAM Transmission Service Providers in its Balancing Authority Area available for EDAM Transfers or that otherwise may be scheduled in the Day-Ahead Market.
- (F) **Operating Procedures.** Prior to the start of parallel operations pursuant to Section 33.2.3, the CAISO and the prospective EDAM Entity have defined, completed, and tested operating procedures for the prospective EDAM Entity and its Scheduling Coordinator's participation in the Energy Imbalance Market.
- (G) **System Readiness and Integration.**
 - (i) **System and Functional Testing.** The prospective EDAM Entity and the CAISO have tested the functional and system elements in accordance with functional and system testing documentation posted on the CAISO Website.
 - (ii) **Prospective EDAM Entity Identification.** The CAISO has established and the prospective EDAM Entity has tested all necessary SCIDs and Resource IDs established for the prospective EDAM Entity's Balancing Authority Area.
 - (iii) **Certificates and Access.** The prospective EDAM Entity has issued all necessary certificates to its employees, contractors and vendors that require system access to perform EDAM-related job functions.
- (H) **Market Simulation and Structured Scenarios simulation.** The prospective EDAM Entity operations staff identified by the prospective EDAM Entity who will

have responsibility for EDAM operations, transactions and settlements, have executed and passed all structured scenarios provided by CAISO with all significant issues resolved.

(I) **Settlements.** The CAISO and the prospective EDAM Entity have demonstrated that –

- (i) CAISO settlement statements and invoices match the operational data published to stakeholders or fed into settlement system and the resulting calculations correspond to the formulas defined in CAISO's tariff and Business Practice Manuals.
- (ii) CAISO settlement statements and invoices allocates charges and credits to its customers accurately reflecting system and market data during parallel operations.

(J) **Parallel Operations Plan.** The period of parallel operations specified in Section 33.2.3 runs consistently and in accordance with the prospective EDAM Entity specific parallel operations plan.

(K) **Historical Revenue Recovery.** As specified in the Business Practice Manual for the Extended Day-Ahead Market, but no later than three (3) months before the EDAM Access Charge would begin to be assessed, the EDAM Entity, and the CAISO for the CAISO Balancing Authority Area for the initial EDAM implementation, will exchange the information and documentation necessary to account for the EDAM Recoverable Revenue pursuant to Section 33.26 associated with the EDAM Transmission Service Providers in its Balancing Authority Area.

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33.11.7 ~~[Not Used]~~ Historical Revenue Recovery.

The CAISO will allocate to each EDAM Entity an EDAM Access Charge for recovery of EDAM Recoverable Revenue according to Section 33.26. The CAISO will charge Market Participants for transmission service on the CAISO Controlled Grid according to Section 26.

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33.26 Historical Revenue Recovery And Charges

Access Charges for Day-Ahead Market transactions serving Load within the CAISO Balancing Authority Area that use the CAISO Controlled Grid are governed by Section 26. Transmission service charges for Day-Ahead Market transactions serving Load within an EDAM Entity Balancing Authority Area are governed by the applicable EDAM Transmission Service Provider tariff. Transmission service charges for Day-Ahead Market transactions supported by EDAM Transfers are addressed in this Section 33.26. The CAISO will adopt provisions in Section 26 to implement the EDAM Access Charge that are consistent with the provisions in this Section 33.26. Transmission service charges for Real-Time Market transactions are governed by Section 11, Section 26, or Section 29.26, as applicable.

33.26.1 EDAM Access Charges

The CAISO will determine an EDAM Access Charge for each Balancing Authority Area in the EDAM Area based on the aggregate inputs of each EDAM Transmission Service Provider in that Balancing Authority Area. The CAISO will assess the EDAM Access Charges, allocate revenues collected, and true-up actual revenue recovery through calculation of the next year's EDAM Access Charges. EDAM Entities will provide forecasts for their EDAM Transmission Service Providers of the aggregate EDAM Recoverable Revenue from the three components described below, to be true-up based on EDAM Recoverable Revenue each year.

33.26.1.1 EDAM Recoverable Revenue Allocated to Gross Load

To assess the EDAM Access Charge consistent with Section 33.26.3, the CAISO will derive a rate in \$/MWh specific to each EDAM Entity Balancing Authority Area. The

CAISO will calculate the rate by:

(1) allocating each EDAM Transmission Service Provider's EDAM Recoverable Revenue to the EDAM Balancing Authority Areas associated with the other EDAM Transmission Service Providers, on behalf of such other EDAM Transmission Service Providers, in proportion to

(a) the EDAM Transmission Service Provider's Gross Load divided by

(b) the total EDAM Area Gross Load minus Gross Load of the EDAM Transmission Service Provider;

(2) calculating the total EDAM Recoverable Revenue allocation; and

(3) dividing the total EDAM Recoverable Revenue by the EDAM Transmission Service Provider's Gross Load.

33.26.1.2 Truing Up to Actual EDAM Recoverable Revenue

At the conclusion of each calendar year, each EDAM Transmission Service Provider with EDAM Recoverable Revenue will provide the CAISO calculations of actual forgone and collected revenue for each EDAM Access Charge component, and the supporting documentation required by Section 33.26.4. The EDAM Transmission Service Provider's EDAM Recoverable Revenue true-up amount for the following year will be the difference between (a) the actual sales of qualifying products in components 1 and 2, and (b) the EDAM Transmission Service Provider's projected sales for that year, as documented by the EDAM Transmission Service Provider consistent with Section 33.26.4. The CAISO will include the true-up amount, positive or negative, as an adjustment to the following year's EDAM Access Charge. The CAISO also will include a true-up amount, positive or negative, to balance the difference between the CAISO's projected EDAM Access Charge collections and actual collections for each EDAM Transmission Service Provider.

33.26.2 Calculation of EDAM Recoverable Revenue

EDAM Recoverable Revenue will consist of the sum of the following three components.

33.26.2.1 Component 1: Short-Term Firm and Non-Firm Point-to-Point Transmission and Wheeling Access Charge Revenues

Eligible component 1 costs are revenue shortfalls associated with the costs of forgoing

certain historical transmission sales to third parties, excluding costs related to sales to the EDAM Entity marketing function associated with EDAM Transmission Service Providers. Only forgone revenues associated with the following transmission products are eligible for historical revenue recovery: hourly non-firm point-to-point, daily non-firm point-to-point, weekly non-firm point-to-point, monthly non-firm point-to-point, hourly firm point-to-point, daily firm point-to-point, weekly firm point-to-point, and monthly firm point-to-point transmission service.

33.26.2.1.1 Calculating Component 1

Each EDAM Transmission Service Provider will calculate the annual average of its revenues from the qualifying products described in Section 33.26.2.1 for the three years leading up to its EDAM participation. That three-year average will be fixed for purposes of calculating the EDAM Access Charge for the EDAM Entity's EDAM participation. For component 1 of EDAM Recoverable Revenue, the EDAM Transmission Service Provider will include only that portion of revenues from the three-year average the EDAM Transmission Service Provider reasonably expects to forgo as a result of participating in the EDAM. In the annual true-up, the EDAM Transmission Service Provider will use its actual shortfall in lieu of the forecasted shortfall. The actual shortfall will be the difference between the EDAM Transmission Service Provider's actual sales of qualifying products for the applicable calendar year compared to the fixed three-year pre-EDAM average.

33.26.2.1.2 EDAM Recoverable Revenue Limits

Component 1 EDAM Recoverable Revenue for each EDAM Entity will not exceed the product of (a) its projected Component 1 EDAM Recoverable Revenue and (b) the percentage resulting from dividing exports from its EDAM Balancing Authority Area to the EDAM Area by total exports from the EDAM Balancing Authority Area.

33.26.2.2 Component 2: New Transmission Capacity

Eligible component 2 costs include (a) costs resulting from reduced revenues from sales of non-firm and short-term firm transmission associated with the release of transmission capacity resulting from the expiration of EDAM Legacy Contracts, and (b) the cost associated with forgone transmission sales on certain new network upgrades.

33.26.2.2.1 Component 2 Revenue Associated With New Transmission Capacity From Expired Legacy Contracts

An EDAM Transmission Service Provider may include in its component 2 EDAM Recoverable Revenue those revenue shortfalls from sales of non-firm and short-term firm transmission associated with the release of transmission capacity resulting from the expiration of EDAM Legacy Contracts that were not included as EDAM Recoverable Revenue in component 1. The EDAM Transmission Service Provider may not recover as EDAM Recoverable Revenue more than the product of the most recent annual revenue of the expired EDAM Legacy Contract multiplied by the ratio of (a) the non-firm and short-term firm point-to-point historical EDAM recoverable transmission revenues from the pre-EDAM three-year average in component 1 to (b) the EDAM Entity's annual average revenue requirement over the same three years.

33.26.2.2.2 Component 2 Revenue Associated With New Network Upgrades

An EDAM Transmission Service Provider may include in its component 2 EDAM Recoverable Revenue forgone revenue from eligible new network upgrades. Eligible new network upgrades are those that: (a) are in service; (b) are already included in the EDAM Transmission Service Provider's transmission rates or have otherwise been approved for rate recovery by the Local Regulatory Authority or FERC, as applicable; (c) increase transfer capability between EDAM Entity Balancing Authority Areas or between the CAISO Balancing Authority Area and an EDAM Entity Balancing Authority Area; and (d) are energized after the applicable EDAM Transmission Service Provider begins participation in the Day-

Ahead Market. For each new qualifying network upgrade, the EDAM Transmission Service Provider will calculate an estimate of forgone revenue applicable to that network upgrade. Because new network upgrades will not have a three-year historical baseline, the EDAM Transmission Service Provider will calculate a proxy baseline. To do so, the EDAM Transmission Service Provider will calculate the ratio of (a) the non-firm and short-term firm point-to-point historical transmission revenues from the pre-EDAM three-year average in component 1 to (b) the EDAM Entity's annual average revenue requirement over the same three years. The EDAM Transmission Service Provider's proxy baseline for the new network upgrade will be the product of this ratio and the transmission revenue requirement for the new network upgrade. The EDAM Transmission Service Provider will then include as its component 2 EDAM Recoverable Revenue those revenues it expects to forgo from the new network upgrade as a result of participating in the EDAM, not to exceed the proxy baseline. After the first year the new network upgrade is included in the EDAM Access Charge, the EDAM Transmission Service Provider will true-up actual forgone revenues to projected forgone revenues in the following year's component 2 EDAM Recoverable Revenue based on the proxy baseline. The CAISO will include examples of network upgrades that increase transfer capability for purposes of this Section and examples that do not do so in the Business Practice Manual for the Extended Day-Ahead Market. For purposes of this section, network upgrades will be deemed to increase transfer capability where they:

- (a) increase total transfer capability;
- (b) create new interfaces;
- (c) increase the simultaneous import limits at existing interfaces;
- (d) result from an Interregional Transmission Project to increase transfer capability; or

(e) were identified through the WECC path rating process as increasing total transfer capability or creating new transmission interfaces; between EDAM Entity Balancing Authority Areas or between the CAISO Balancing Authority Area and an EDAM Entity Balancing Authority Area.

33.26.2.3 Component 3: Recovery of Transmission Costs Associated With EDAM Wheeling Through Volumes Net of Imports/Exports

Eligible component 3 costs are projected revenue shortfalls associated with wheeling-through an EDAM Entity Balancing Authority Area or the CAISO Balancing Authority Area. An EDAM Transmission Service Provider's EDAM Recoverable Revenue will include those revenues associated with its total volume of wheeling-through transactions in excess of the total net transfers (imports and exports) of the applicable EDAM Entity Balancing Authority Area or CAISO Balancing Authority Area, as measured on a monthly basis. In periods where this excess occurs, the CAISO will calculate the EDAM Recoverable Revenue by multiplying that volume of wheeling-through transactions in excess of the total net transfers by the applicable EDAM Transmission Service Provider's non-firm hourly point-to-point transmission rate. For Participating TOs, the CAISO will use the applicable Wheeling Access Charge rate.

33.26.3 Assessing Access Charges and Allocating Revenues in the EDAM

To recover each EDAM Transmission Service Provider's EDAM Recoverable Revenue, the CAISO will assess an EDAM Access Charge to Gross Load in each EDAM Balancing Authority Area. Each EDAM Access Charge will recover the projected EDAM Recoverable Revenue for the EDAM Balancing Authority Areas outside the Balancing Authority Area for that EDAM Access Charge, such that no EDAM Balancing Authority Area will be assessed its own projected EDAM Recoverable Revenue. The CAISO will assess EDAM Access Charges based on the EDAM Balancing Authority Areas' Gross Loads.

The CAISO will allocate revenues collected from the EDAM Access Charges to EDAM Entities on behalf of each EDAM Transmission Service Provider, in proportion to each EDAM Entity's proportionate share of total projected EDAM Recoverable Revenue. Any difference between projected EDAM Recoverable Revenue and actual EDAM Recoverable Revenue will be included

as debits or credits in the annual true-up, as provided in Section 33.26.1.2.

33.26.4 Documentation

EDAM Transmission Service Providers will provide the CAISO all supporting documentation necessary to determine the local EDAM Access Charges in each Balancing Authority Area by July 1 of the year prior to each year in which the EDAM Access Charge will apply. The CAISO will publish all supporting documentation on the CAISO Website. At a minimum EDAM Entities must provide: (a) the final order from FERC or the Local Regulatory Authority effecting their approved transmission rates and any informational filings or postings under relevant formula rates; (b) the sums for each EDAM Recoverable Revenue component and true-up; and (c) an authorized affidavit from each EDAM Transmission Service Provider attesting to the accuracy of the data provided and that the EDAM Transmission Service Provider will make reasonable efforts to avoid any double recovery of costs through the EDAM Access Charge. All data provided must be sufficiently granular to enable verification of the EDAM Access Charge rates by the CAISO and Market Participants. For each EDAM Transmission Service Provider, the CAISO will maintain on its Website the current sum of each recoverable revenue component, the total true-up amount, and the total eligible recovery amount. The CAISO will maintain on its Website each EDAM Access Charge, including the rate, the Gross Load, and the total eligible recovery amount in that Balancing Authority Area.

33.26.5 Exit from EDAM

If an EDAM Entity withdraws from the EDAM pursuant to Section 3 of its EDAM Addendum to EIM Entity Agreement, it will continue to collect and be assessed EDAM Access Charges only during the six (6) month interim notice period before withdrawing from the EDAM. A withdrawn EDAM Entity will not collect, be assessed, or true-up any costs or revenues through the EDAM Access Charge after this interim notice period, except for the previous calendar year's true-up under Section 33.26.5.1.

33.26.5.1 Treatment of True-up Amounts

If an EDAM Entity owed or was owed any true-up amount from the previous calendar year pursuant to Section 33.26.1.2 before it gave its written notice of termination to the

CAISO in accordance with Section 3 of its EDAM Addendum to EIM Entity Agreement, and it withdraws from the EDAM before the end of the calendar year such that any true-up amount remains outstanding, either:

(a) the EDAM Entity will pay the CAISO the remaining true-up balance it owed upon the end of the interim period described in Section 33.26.5, and the CAISO will distribute that balance through the EDAM Access Charges over the rest of the calendar year; or

(b) the CAISO will continue to collect the remaining true-up amount owed the EDAM Entity through the EDAM Access Charges throughout the rest of the calendar year, and will pay that true-up amount to the EDAM Entity thereafter.

This Section 33.26.5.1 excludes all charges or payments outside of the previous calendar year true-up under Section 33.26.1.2.

33.26.6 Three-Year Review

No later than three (3) years after the original effective date of this Section 33.26, the CAISO will publish on the CAISO Website a performance report on the EDAM Access Charge. The performance report will include without limitation: an explanation of the impacts of the EDAM Access Charge on EDAM Transmission Service Providers' revenue recovery and rates; the performance of the EDAM Access Charge in managing cost shifts among customers; and analysis by the CAISO of any other impacts or externalities.

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- EDAM Access Charge

The Access Charge that balances historical transmission revenue cost allocation through the Extended Day-Ahead Market pursuant to Section 33.26.

- EDAM Recoverable Revenue

Eligible revenues recovered by EDAM Entities through the EDAM Access Charge pursuant to Section 33.26.