

it clarifies the record, contributes to the understanding of the issues, and assists the decision-making process.⁴

I. Answer

The CAISO's proposed amendments in this docket establish participation rules necessary to enable the CAISO BAA to participate in EDAM.⁵ Specifically, the CAISO isolated five items of the EDAM framework that require additional provisions within the existing CAISO tariff to support the CAISO BAA's participation upon the EDAM go-live date.⁶ This includes: settlement of Transfer System Resources, settlement of EDAM Transfer revenue, settlement of CAISO BAA revenues and surcharges for the EDAM RSE Failure Surcharge, enablement of the EDAM Net Export Transfer Constraint, and calculation of the EDAM Historical Revenue Recovery for transmission owners in the CAISO BAA.⁷ Participants in the proceeding expressed support for the CAISO's proposed revisions,⁸ with the exception of SCE's limited protest to the inclusion of S-PTOs

⁴ Rule 213(a)(2) provides that a party may answer a protest in circumstances where the decisional authority permits the answer for good cause shown. *See, e.g., N.Y. Indep. Sys. Operator, Inc.*, 121 FERC ¶ 61,112, at P 4 (2007) (answer to protest accepted because it provided information that assisted the Commission in its decision-making process).

⁵ *See* California Independent System Operator Corporation submits tariff filing per 35.13(a)(2)(iii): 2023-11-08 CAISO BA Participation in EDAM, Docket No. ER24-279 (Nov. 13, 2023) ("ISO BAA Transmittal"). The ISO BAA Transmittal was accompanied by a set of redlined tariff revisions provided in Attachment B. For clarity these will be referred to as the "ISO BAA Framework Tariff".

⁶ *See* ISO BAA Transmittal at 4-15.

⁷ *Id.*

⁸ *See* Comments of Pacific Gas and Electric Company in Support of California Independent System Operator Corporation Tariff Amendment for the Balancing Authority Participation in the Extended Day-Ahead Market, Docket No. ER24-379 (Dec. 1, 2023); Motion to Intervene and Comments of the Department of Market Monitoring of the California Independent System Operator Corporation re California Independent System Operator Corporation's Tariff Amendment, Docket No. ER24-379 (Dec. 4, 2023). *See also* SCE Limited Protest at 1 (explaining that "SCE generally supports the CAISO's Filing").

in the calculation of the EDAM Historical Revenue Recovery for transmission owners in the CAISO BAA. Including S-PTOs with approved rates in the calculations for the CAISO BAA is just and reasonable, as explained below.

EDAM Historical Revenue Recovery is a component of the EDAM Framework approved by the CAISO Board of Governors and the Western Energy Imbalance Market (WEIM) Governing Body. This mechanism is intended to avoid unintended cost shifts at the outset of participation in EDAM. Although participating in the day-ahead market will not affect transmission owners' costs of owning, maintaining, or constructing transmission facilities, it may affect the allocation of revenues received for using its transmission system.⁹ Individual balancing authorities, including the CAISO BAA, will calculate the recoverable revenue for their own BAA and will distribute charges and revenue to the appropriate entities within their balancing area in accordance with the terms and conditions of their individual tariffs.¹⁰

The CAISO BAA, as a balancing authority participating in EDAM, proposed revisions to Section 26 of the CAISO tariff to permit the CAISO to calculate the EDAM recoverable revenue for the CAISO BAA and to calculate

⁹ See California Independent System Operator Corporation submits tariff filing per 35.13(a)(2)(iii): 2023-08-22 DAME/EDAM Combined Tariff Amendment to be effective 12/21/2023 and 5/1/2025, Docket No. ER23-2686 at pp. 180-184 (Aug. 22, 2023) ("EDAM Transmittal"). A set of proposed tariff revisions were included with the EDAM transmittal and for clarity these tariff revisions will be referred to as the "EDAM Framework Tariff." See California Independent System Operator Corporation submits tariff filing per 35.13(a)(2)(iii): 2023-08-22 DAME/EDAM Combined Tariff Amendment to be effective 12/21/2023 and 5/1/2025 at Attachment B, Section 33.26 (providing a full set of marked tariff revisions for the EDAM Framework, including for EDAM recoverable revenue).

¹⁰ See EDAM Transmittal at 180-184; EDAM Framework Tariff at Section 33.26.

and distribute EDAM recoverable revenue.¹¹ During the EDAM BAA onboarding process, the CAISO will identify the intertie locations which are going to be wholly or partially converted to transfer locations and will notify the impacted Participating Transmission Owners (PTOs).¹² In the CAISO's Final Proposal and the associated tariff revisions submitted to the Commission, the CAISO explained its calculations and resulting distribution would reflect *all* PTOs with approved FERC rate schedules in the CAISO BAA, not any subset of transmission owners with facilities under the CAISO's operational control.

If the Commission approves the CAISO's S-PTO framework, then S-PTOs will be a type of, and not separate from, PTOs.¹³ In its Limited Protest, SCE contests the CAISO's proposal to include any prospective S-PTOs with an approved rate in the allocation of EDAM Recoverable Revenue.¹⁴ First, SCE contends that Historical WAC recoverable revenue is intended to compensate EDAM entities for the loss of historical transmission service revenues provided under each EDAM entity's tariff and argues that this is improper because S-PTOs will not come into existence sufficiently in advance of EDAM to be eligible for such recovery. The CAISO agrees it is unlikely an S-PTO will be in existence sufficiently in advance of the planned launch of EDAM, but if EDAM launch is delayed and an S-PTO is otherwise eligible then, the same just and reasonable rates that would apply to PTOs should apply to similarly situated S-PTOs as well.

¹¹ See ISO BAA Transmittal at 11-13; ISO BAA Framework Tariff, Section 26.2.

¹² *Id.*

¹³ See, e.g., SPTO Framework Tariff, Appendix A (definition of Participating Transmission Owner).

¹⁴ See SCE Limited Protest at 3.

In other words, it is appropriate to include the S-PTO in the calculation of the Historical WAC recoverable revenue if such amounts are consistent with an approved rate schedule for the associated S-PTO. By including language that an S-PTO will be included in Historical WAC Recoverable revenue *only if* consistent with Section 26.1 and Appendix F, Schedule 3 the CAISO has addressed the concern raised by SCE.

Second, SCE contends that New Transmission Project Recoverable WAC revenue is intended to compensate EDAM entities that have plans for new transmission that supports additional EDAM Transfers and argues S-PTOs would not have pre-EDAM plans for new transmission additions. But SCE overlooks the CAISO's mechanism to limit such additions properly. By including language that an S-PTO will be included in New Transmission Project Recoverable WAC revenue only if such amounts are consistent with an approved rate schedule for the S-PTO, the CAISO has addressed the risk of any undue recovery. If the situation is as SCE forecasts, the CAISO will not include S-PTOs in this component. If the situation is different, then the CAISO proposes to include *all* PTOs in the calculation and distribution consistent with each PTO's approved rate schedule.

Finally, SCE contends that S-PTOs should be excluded from the Excess Wheel-Through Recoverable revenue component because an S-PTO "cannot have any incremental Wheel-Through but for being part of EDAM."¹⁵ Although the CAISO generally agrees it is unlikely an S-PTO will be eligible for inclusion in

¹⁵ SCE Limited Protest at 4.

the Excess Wheel-Through Recoverable revenue component, such a situation could arise, so the CAISO has proposed tariff language that accommodates it. Doing otherwise could result in treating similarly situated transmission owners with undue discrimination.

The CAISO proposed to include S-PTOs in its calculation of the EDAM recoverable revenue for the CAISO BAA only if the Commission approves the S-PTO's rates and charges.¹⁶ SCE is clear that its protest is with the S-PTO framework itself, not the tariff language proposed in this docket.¹⁷ The tariff language proposed in this docket makes clear that the CAISO will include an S-PTO in EDAM recoverable revenue only after the Commission *first* has approved the S-PTO framework and *second* has reviewed and approved the individual rates and charges of the S-PTO through a Section 205 proceeding.¹⁸ If the Commission does not approve the S-PTO framework, then the CAISO will submit a compliance filing in this docket to remove the proposed references to S-PTOs.¹⁹

¹⁶ See ISO BAA Framework Tariff, Section 26.2.

¹⁷ See, e.g., SCE Limited Protest at 5 (explaining that it is protesting “because S-PTOs already recover all their costs from subscribers.”); see also Motion to Intervene, Comments and Limited Protest of Southern California Edison Company, et al. re California Independent System Operator Corporation tariff filing filed September 22, 2023, Docket No. ER23-2917 (Oct. 13, 2023) (“SCE asks the Commission to reject one severable and narrow aspect of the Proposal relating to the proposed treatment of S-PTO Wheeling revenues, specifically the application of a Non-Subscriber Usage Rate charged for exports from the S-PTO's line.”).

¹⁸ See, e.g., ISO BAA Framework Tariff, Section 26.2 (“such distribution is consistent with Section 4.3A.7,” “with any amounts to Subscriber Participating TOs provided in the manner set forth in Section 26.1 and in accordance with Appendix F, Schedule 3.”)

¹⁹ If the Commission does not believe a compliance filing to reconcile the separate dockets is appropriate, then the CAISO requests that the Commission grant SCE's request to “accept the Filing only on the condition that the CAISO revises Section 26.2 and subsections 26.2.1.1, 26.2.1.2 and 26.2.1.3 to explicitly state that S-PTOs are not eligible for any component of EDAM Recoverable Revenue.” See SCE Limited Protest at 5.

II. Conclusion

The CAISO respectfully requests the Commission issue an order accepting this set of tariff revisions to enable the CAISO BAA's participation in EDAM upon the EDAM go-live date.

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Dated: December 19, 2023

CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 19th day of December, 2023.

/s/ Jacqueline Meredith

Jacqueline Meredith

An employee of the California ISO