



# Decision on Extended Day Ahead Market ISO Balancing Authority Area Participation Rules – Track A1

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Each participating balancing area will set its own rules governing how it participates under the extended day-ahead market (EDAM) framework

- The EDAM design describes the overarching market rules, functions, and requirements for a balancing area to participate
- This initiative considered rules governing how the ISO balancing area will participate in EDAM

## Management is proposing rules on four distinct participation requirements

- Settlement of transfers that result from the EDAM optimization, as well as transfer revenue that accrues from congestion between participating balancing areas
- Allocation of historical transmission revenue recovered amounts
- Settlement for revenues and surcharges associated with the EDAM resource sufficiency evaluation (RSE)
- The ISO balancing area's use of the EDAM net-export constraint

## Management's proposal related to transfers that result from the EDAM optimization

- For transfers associated with existing transmission contracts and transmission ownership rights, settle with scheduling coordinators based on use of those rights
- For transfers associated with the ISO balancing area, the net transfer settlement amount is allocated to scheduling coordinators metered demand prorated relative to ISO BAA metered demand (excluding existing transmission contracts or transmission ownership rights metered demand)

## Management proposes that the ISO balancing area's share of transfer revenue be settled as follows

- With scheduling coordinators that scheduled their existing transmission contract or transmission ownership rights in advance of running the market
- With scheduling coordinators for existing transmission contracts or transmission ownership rights that released or made those rights available to the EDAM
- Remainder to all other scheduling coordinators based on measured demand (excluding existing transmission and ownership rights demand)

Management proposes that the historical transmission revenue recovered amount for the ISO BAA will be distributed and collected as follows:

- In proportion to each participating transmission owner based on their relationship to the ISO recoverable amount, comprised of:
  - historic wheeling access revenue
  - new transmission project recoverable wheeling access revenue
  - excess wheel-through revenue
- The ISO BAA's share of the EDAM recoverable revenue will be collected from the scheduling coordinators gross load relative to the ISO's total gross load; consistent with existing EDAM policy

## Management proposes a pro-rata allocation to metered demand for revenues or surcharges associated with the EDAM RSE

- The allocation will be preformed on an hourly basis
  - Revenue will accrue when the ISO BAA passes the EDAM RSE and another participating EDAM BAA fails
  - Surcharges will accrue when the ISO BAA fails the EDAM RSE
- The proposed allocation is appropriate as the total BAA demand is tested for in the RSE
  - More granular cost causation that links specific demand within a BAA with supply brought to meet that demand will be considered for future development

# Management proposes to utilize the EDAM net-export constraint

- A tunable confidence factor will control the amount of supply that was ineligible to be counted in the ISO's RSE that can back EDAM exports
- A tunable reliability margin will account for intra-day reliability risks the ISO is not able to protect for in its market dispatch
- Ensures ISO balancing area reliability while maximizing market participation and benefit
- Actual parameters will be in the business practice manual



## Stakeholders are largely supportive of the ruleset proposed by Management

- Generally supportive of transfer and transmission revenue settlements
- Generally supportive of the proposed allocation of resource sufficiency evaluation failure surcharges and revenues
  - Stakeholders requested additional process to design a more robust allocation solution, which will start later in 2023
- Generally supportive of Management's proposed use of the ISO BAA's net EDAM export transfer constraint
  - Recognition of conservative balanced approach that can be tuned as the ISO BAA gains additional experience with EDAM operations

## Management recommends approval of the extended day-ahead market ISO balancing authority area participation rules

- Ensures the ISO balancing area maximizes participation in the EDAM in a reliable manner
- Prepares ISO balancing area participation in EDAM upon implementation