**EDAM Access Charge Draft Tariff Changes**

***Incremental changes from the previously version submitted in ER23-2686 are shaded in yellow.***

**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.** The EDAM Entity, and the CAISO for the CAISO Balancing Authority Area for the initial EDAM implementation, exchange provides 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.

\* \* \* \* \*

# 33.11.7 Historical Revenue Recovery.

# The CAISO will allocate to each EDAM Entity and EDAM Load Serving 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.

\* \* \* \* \*

# 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. 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 EDAM Transmission Service Provider will forecast its EDAM projected recoverable revenue shortfall on an annual basis. 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 an EDAM Balancing Account.

**33.26.1.1 Revenue Shortfall Allocated to Gross Load**

To allocate an EDAM recoverable revenue shortfall, the CAISO will derive an annual rate specific to each EDAM Entity Balancing Authority Area:

(1) allocating each EDAM Transmission Service Provider revenue shortfall 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 revenue shortfall allocation; and

(3) dividing the total revenue shortfall by the EDAM Transmission Service Provider’s Gross Load.

**33.26.1.2 Truing Up the Forecasted Revenue Shortfall**

EDAM Entities associated with EDAM Transmission Service Providers and the CAISO will recover, on behalf of each such EDAM Transmission Service Provider, any delta, positive or negative, between the actual revenue shortfall and the amount of revenue it collected toward its EDAM recoverable revenue and include the delta in the following year’s forecasted recoverable revenue.

**33.26.2 Recoverable Revenue Shortfalls**

Projected EDAM recoverable revenue shortfalls 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**

The first EDAM revenue shortfall component is projected revenue shortfalls associated with the costs of historical transmission sales to third parties, excluding costs related to sales to the EDAM Entity marketing function associated with EDAM Transmission Service Providers. 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 and Updating EDAM Recoverable Revenue**

EDAM Entities associated with EDAM Transmission Service Providers will calculate, on behalf of each such EDAM Transmission Service Provider, the EDAM recoverable revenue based on the EDAM Transmission Service Provider’s average FERC-approved (or Local Regulatory Authority-approved) eligible transmission services for the preceding three years.

The total costs recoverable through the EDAM consist of the difference between the EDAM recoverable revenue and actual transmission recovered revenue eligible for recovery pursuant to this Section 33.26.

**33.26.2.1.2 EDAM Recoverable Revenue Limits**

The EDAM recoverable revenue for each EDAM Entity will not exceed the product of (a) EDAM recoverable revenue and (b) the ratio of exports from the EDAM Entity to the EDAM Area and exports from the EDAM Entity to locations outside of the EDAM Area.

**33.26.2.2 Component 2: Percentage of New Transmission Requirement**

The second EDAM recoverable revenue component is new Network Upgrade costs approved by the Local Regulatory Authority or FERC, as applicable. Eligible new 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) new Network Upgrades costs. Eligible new Network Upgrade costs are (a) those that increase transfer capability between EDAM Entity Balancing Authority Areas or between the CAISO Balancing Authority Area and an EDAM Entity Balancing Authority Area (b) energized after the EDAM Entity begins participation in the Day-Ahead Market. For each new Network Upgrade eligible for recovery, the EDAM Entity only may recover through the EDAM the percentage of its projected revenue equal to the EDAM Entity’s ratio of (a) the non-firm and short-term firm point-to-point historical EDAM recoverable transmission revenues in Component 1 to (b) the EDAM Entity’s total revenue requirement.

The CAISO will include examples of Network Upgrades that increase transfer capability and examples that do not in the EDAM Business Practice Manual. Network Upgrades 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**

The third EDAM recoverable component eligible for recovery is projected revenue shortfalls associated with wheeling through an EDAM Entity Balancing Authority Area or the CAISO Balancing Authority Area associated with an EDAM Transmission Service Provider or CAISO Participating TO in excess of the total net transfers of the EDAM Entity Balancing Authority Area or CAISO Balancing Authority Area. In periods where this excess occurs, the EDAM Entity, on behalf of the EDAM Transmission Service Provider, will be compensated for the transmission use supporting excess wheeling through the EDAM Transmission Service Provider at the EDAM Transmission Service Provider’s non-firm hourly point-to-point transmission rate or the CAISO Participating TO will be compensated for excess Wheeling Through transmission use at the applicable Wheeling Access Charge transmission rate.

**33.26.3 Assessing Access Charges and Allocating Revenues in the EDAM**

The CAISO will assess an EDAM Access Charge to recover the EDAM projected recoverable revenue shortfalls to Gross Load in each EDAM Balancing Authority Area. Each EDAM Access Charge will recover the projected recoverable revenue shortfalls for the EDAM Balancing Authority Areas outside the Balancing Authority Area for that Access Charge, such that no EDAM Balancing Authority Area will be assessed its own projected recoverable revenue shortfalls. 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 such EDAM Transmission Service Provider, in proportion to its share of EDAM projected recoverable revenue shortfalls.

**33.26.4 Documentation**

EDAM Entities, on behalf of their 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; (b) the sums for each 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. 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 during the six (6)-month interim notice period before withdrawing from the EDAM. It 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 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.

\* \* \* \* \*

**- EDAM Access Charge**

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