California Independent System Operator Corporation

April 22, 2026

The Honorable Debbie-Anne A. Reese
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

**INFORMATIONAL FILING-NO NOTICE REQUIRED**

**Re: California Independent System Operator Corporation**
**Informational Report re Congestion Revenue Allocation**
**Docket No. ER25-2637-000**

Dear Secretary Reese:

On June 26, 2025, the California Independent System Operator Corporation (CAISO) filed proposed revisions to its tariff to revise its methodology for allocating congestion revenue under the Extended Day-Ahead Market (EDAM) design. The proposed revisions modify the allocation of congestion revenues among balancing authority areas participating in EDAM so that the day-ahead congestion revenues attributable to parallel flows are allocated to the EDAM balancing authority area where market participants paid prices that include those congestion costs, rather than to the balancing authority area where the constraint occurs. The Commission accepted the proposed tariff changes on August 29, 2025.[1]

In the August 29, 2025 order, the Commission accepted the CAISO commitment to report information on the performance and impacts of the proposed tariff revisions during parallel operations and after EDAM goes live every six months until a long-term design for congestion revenue allocation is developed. The attached report entitled Congestion Revenue Allocation – Stage 2 of Analysis, dated April 14, 2026, represents the initial pre-EDAM congestion revenue allocation report consistent with the Commissions directive.

[1] *Cal. Indep. Sys. Operation Corp.*, 192 FERC ¶ 61,196 (2026).

The CAISO respectfully requests that the Commission accept the submission of this informational report as consistent with its August 29, 2025 order accepting the proposed CAISO tariff changes.

Respectfully submitted,

**By: *<u>/s/ John C. Anders</u>***
Roger E. Collanton
General Counsel
John C. Anders
Deputy General Counsel
California Independent
System Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7287
janders@caiso.com

Counsel for the California Independent
System Operator Corporation

# Congestion Revenue Allocation

# Stage 2 of Analysis

Prepared by: Market Performance and Advanced Analytics

April 14, 2026

## Executive Summary

The ISO committed to evaluating the potential impacts of the revised congestion revenue allocation (CRA) methodology to be implemented with the launch of the extended day-ahead market (EDAM). To support this effort, the ISO structured the analysis in two pre-go-live stages and used historical congestion patterns from the Western Energy Imbalance Market (WEIM) as a proxy to estimate potential congestion and impacts under EDAM.

The first stage examined the structural drivers of congestion in WEIM, as well as in the expanded footprint expected at EDAM go-live. The results of this analysis were published on December 11, 2025. Two main findings of that analysis were:

- Transactions between PacifiCorp areas can have material parallel-flow impacts on a handful of major transmission constraints in the California ISO area.

- Transactions in the California ISO area have *de minimis* parallel-flow impacts on PacifiCorp areas constraints.

The second stage evaluates the potential financial impacts of the revised CRA. The main findings are as follows:

- Exercising transfer rights from PACE to PACW is estimated to result in approximately $2.47 million per month in congestion rent, based on historical and optimized WEIM transfers. This impact is modest relative to historical levels of day-ahead congestion rent in CAISO and is not expected to present material concerns at go-live.

- Sensitivity analysis indicates that impacts could increase to as much as $6.96 million per month under higher transfer scenarios from PACE to PACW, assuming transmission rights between 300 MW and 1,200 MW.

- Self-scheduled generation supported by network service rights is estimated to contribute approximately $1.65 million per month in congestion rent allocation, with over 90 percent attributed to PACE. This impact is also modest relative to historical levels of day-ahead congestion rent in CAISO.

- Parallel flow impacts on individual CAISO transmission constraints may reach up to 23.2 percent for transfers between PACE and PACW and 10.6 percent for self-schedules, with more than 90 percent of congestion rent concentrated on the top 20 CAISO constraints.

## Contents

## Tables



## Figures

## Introduction

The Federal Energy Regulatory Commission approved the Extended Day-Ahead Market (EDAM) policy in December 2023, including a methodology to allocate congestion revenues to the balancing area where congestion occurs.

The ISO later initiated a limited-scope stakeholder process to revise this methodology, which FERC approved in August 2025. The updated approach allocates day-ahead congestion revenues from parallel flows of transfers and self-schedules associated with exercise of transmission rights to the areas where market participants incur congestion costs. This revision raised questions about potential impacts and market participant incentives.

The Market Surveillance Committee and the Western Energy Market Governing Body Market Expert called for further analysis before and after implementation. In response, the ISO committed to a three-stage assessment of potential impacts ahead of EDAM's launch.

In addition to continuous monitoring and analysis of EDAM after go-live (stage three), there are two analysis stages planned prior to EDAM go-live.

- **Stage 1**. Analysis of congestion using historical data from the Western Energy Imbalance Market provides context on the structural drivers of congestion expected under the EDAM go-live footprint. The ISO completed this analysis and presented the findings to the Board of Governors and the Western Energy Market Governing Body in a joint October session, and published a report on December 11, 2025.[1]

- **Stage 2.** Analysis of incentives and congestion impacts of the revised congestion revenue allocation (CRA) policy using historical data from the Western Energy Imbalance Market and EDAM market simulations. This analysis assesses the policy's potential financial impacts and resulting incentives

All results in both analyses are based on historical data from the WEIM. To assess the potential implications of the revised CRA policy at EDAM go-live, the analyses focus on CAISO, PACW, and PACE, which together comprise the EDAM footprint.

[1] The briefing presentation is available at https://www.caiso.com/documents/briefing-on-extended-day-ahead-market-congestion-revenue-allocation-analytics-oct-2025.pdf

The analysis report is available at https://stakeholdercenter.caiso.com/InitiativeDocuments/Stage-1-Analysis-Extended-Day-Ahead-Market-Congestion-Revenue-Allocation-Dec-11-2025.pdf

## Parallel flows

The Go-live EDAM footprint consists of three balancing areas. To manage congestion across the entire EDAM footprint, the model must account for the contribution to flows that occur from transactions in one of the other BAAs. These are known as *parallel flow.*

Congestion revenue allocation determines how the resulting congestion rents from these parallel flows are distributed. illustrates potential parallel flow scenarios in the EDAM go-live footprint. It presents a matrix of transactions versus constraints to highlight how transactions in any area can drive parallel flows across PAC and CAISO constraints

Figure 1 illustrates potential parallel flow scenarios in the EDAM go-live footprint. It presents a matrix of transactions versus constraints to highlight how transactions in any area can drive parallel flows across PAC and CAISO constraints

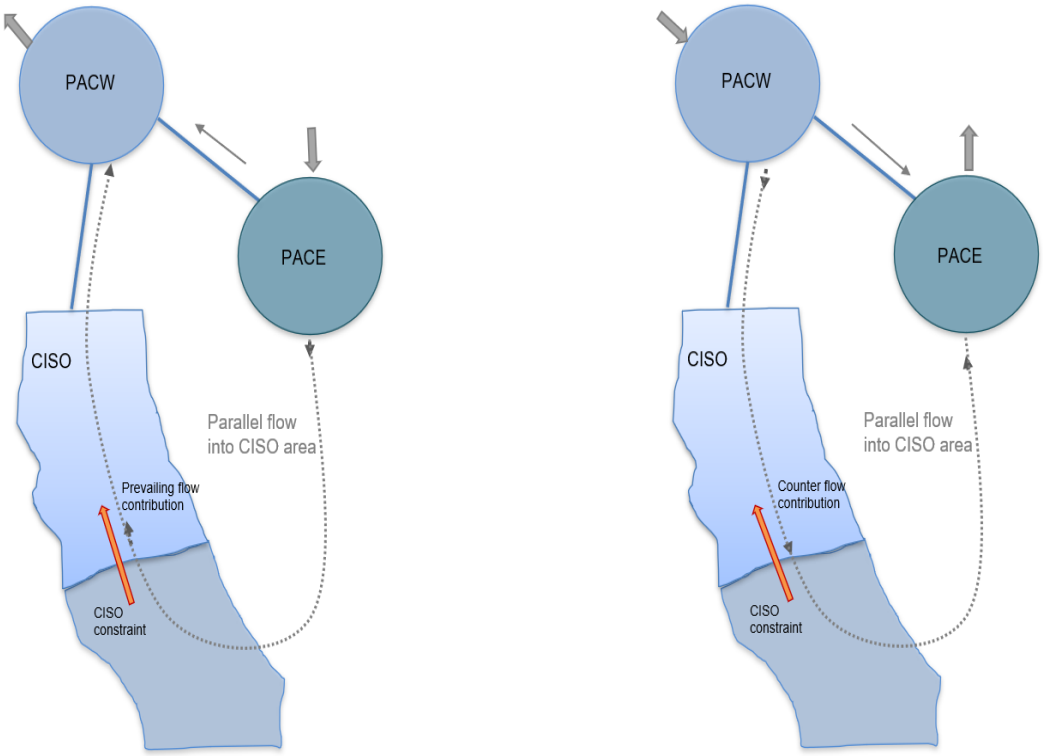
*Figure 1: Parallel and internal flows in EDAM footprint*

| | PACE transaction | PACW transaction | CISO transaction |
|---|---|---|---|
| PACE constraint | Internal flow on PACE | Parallel flow on PACE | Parallel flow on PACE |
| PACW constraint | Parallel flow on PACW | Internal flow on PACW | Parallel flow on PACW |
| CISO constraint | Parallel flow on CISO | Parallel flow on CISO | Internal flow on CISO |

This table also highlights the impact of transactions on internal flows within each BAA, illustrating how transactions in each area can affect their own constraints.

Parallel flows are a physical reality, independent of market constructs, economics, or contracts. They can either align with the prevailing direction of congestion or oppose it, creating counterflows. Transactions in the prevailing direction are charged for contributing to congestion, while transactions in the opposite direction are credited for relieving congestion. Figure 2 illustrates the concepts of prevailing and counter flows from a transaction between PAC areas creating a parallel flow in CAISO BAA.

*Figure 2: Illustration of parallel from on CAISO BAA due to transactions in PAC areas*




## Recap from Stage 1 of Analysis

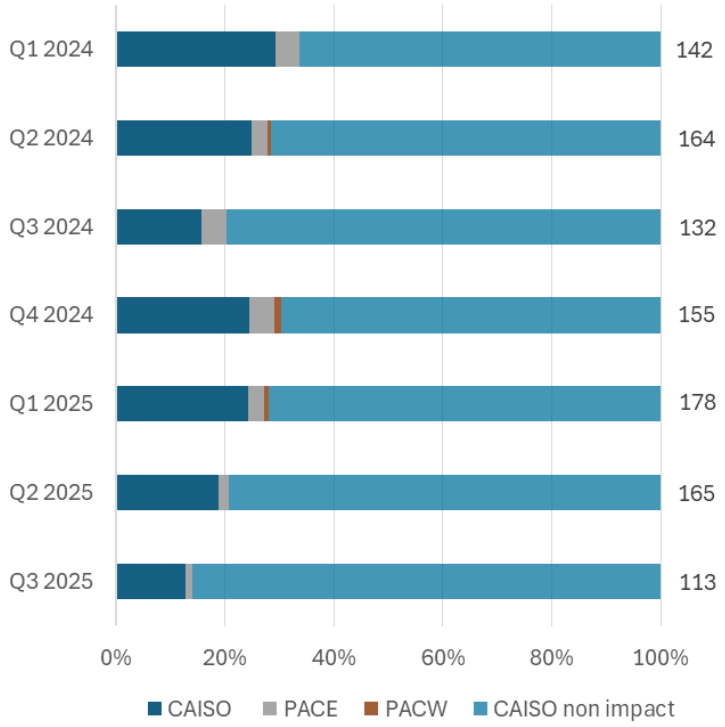
The ISO completed the first stage of analysis in December 2025 using historical data from the WEIM. Results are presented by balancing area and calendar quarter (with some monthly metrics), covering January 2024 through August 2025. Where relevant, metrics are further disaggregated by individual transmission constraints.

The key findings from this first-stage analysis are as follows:

1. Transactions between PacifiCorp areas can have material parallel-flow impacts on a handful of major transmission constraints in the California ISO area.

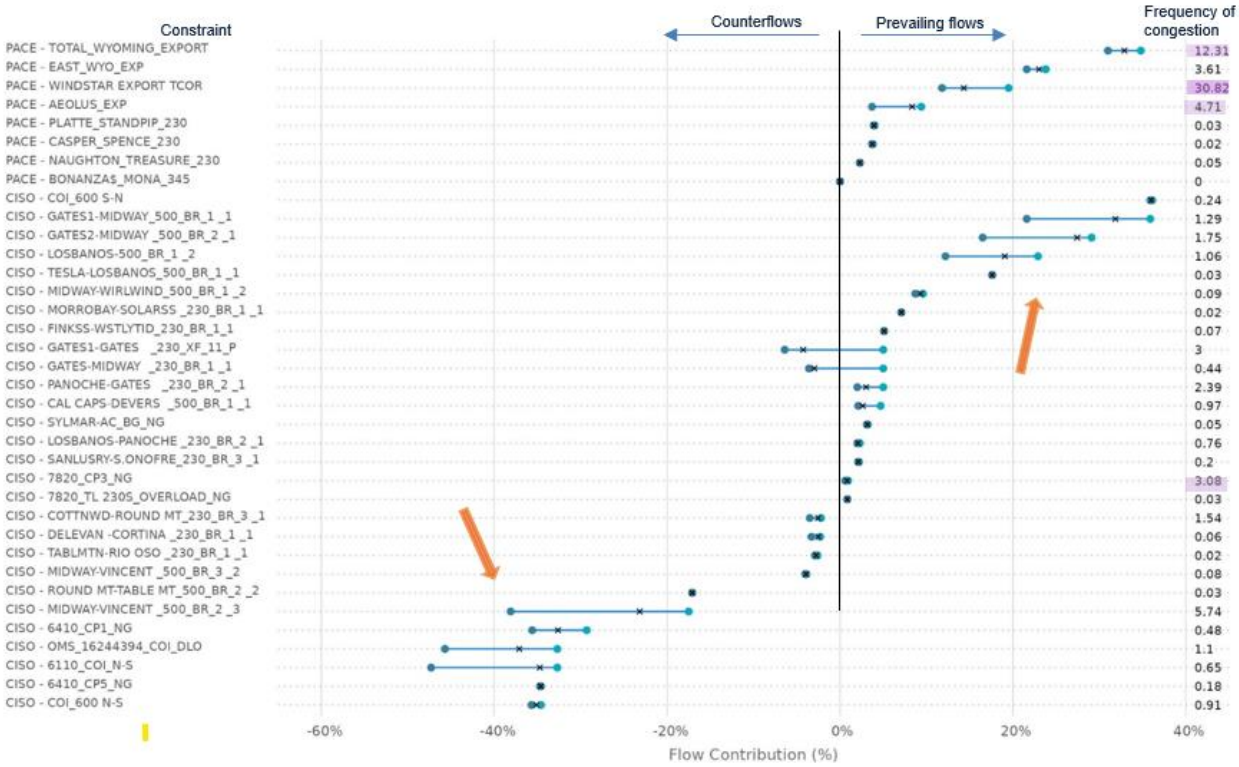
   During the study period, transactions in PAC areas had a sizable impact on constraints in the CAISO area, while the impact of CAISO transactions on PAC constraints was minimal. Figure 3 summarizes the impact of parallel flows on constraints in the PAC and CAISO areas originated from transactions in either area. Approximately 75 percent of congested constraints are unaffected by parallel flows. Of the remaining 25 percent, 21.5 percent are in the CAISO area, 3.2 percent in PACE, and 0.4 percent in PACW.

*Figure 3: Share in percentage of constraints with an impact by area*




- On average, 145 constraints in the California ISO area are congested, representing about 96 percent of all market constraints.
- Approximately 21 percent of these constraints are affected by parallel flows from transactions between PacifiCorp East and West areas.
- Certain constraints, such as Path26, can experience up to 40 percent of flow impacts from these transactions; the top impacted constraints are shown in Figure 4. Flow contributions are measured with shift factors expressed as percentages.
- The frequency of congestion on Impacted constraints is low (less than 6 percent of intervals) but occurs more frequently in midday solar hours.

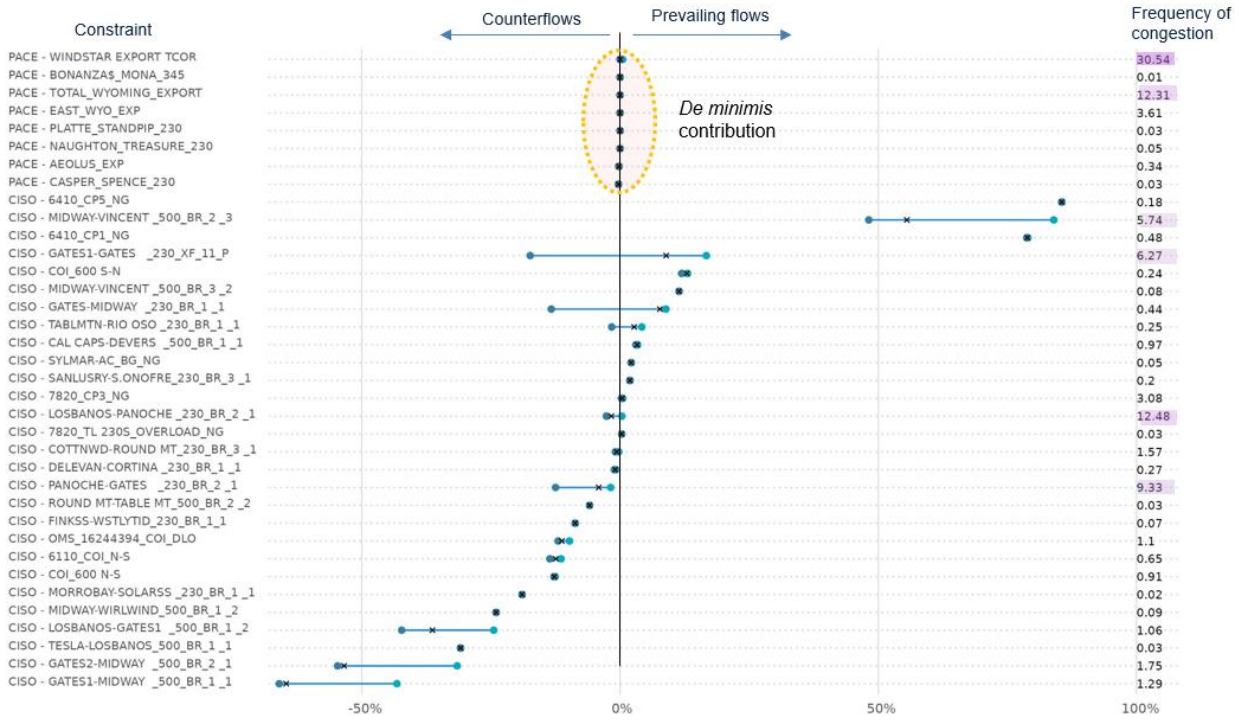
*Figure 4: Flow contribution on CAISO constraints from PAC transactions*




2. Transactions in the California ISO area have *de minimis* parallel-flow impacts on PacifiCorp areas constraints.

    - On average, five constraints are congested in PacifiCorp areas.
    - These constraints are congested as much as 30 percent of the time.
    - The impact of parallel flows on these constraints due to California ISO transaction is less than 0.5 percent contribution as shown in Figure 5.

*Figure 5: Flow contribution on PAC constraints from CAISO transactions*




3. Congestion across all areas is concentrated during solar hours and rises during summer evening peaks.

Although many constraints experience congestion, it occurs infrequently. Congestion originating in PacifiCorp areas has minimal impact on prices compared with congestion sourced in the California ISO area as shown in Table 1.

*Table 1: Price impact of congestion in different areas*

| | Congestion price impact ($/MWh) | | | |
|---|---|---|---|---|
| Source of congestion | PGAE | SCE | PACE | PACW |
| CISO | | | -0.70 | 2.67 |
| PACE | 0.042 | 0.02 | | |
| PACW | 0.00 | -0.01 | -0.02 | |

## Stage 2 Analysis: Potential financial impacts and underlying incentives

Potential congestion rents are estimated using historical WEIM congestion patterns for PAC and California ISO areas for 2024–2025. Under the revised congestion revenue allocation methodology, PacifiCorp could receive congestion revenue allocation of $1.6 million per month for exercising its PACE–PACW transmission rights and $2.5 million for self-scheduling internal generation, as shown Table 2. This table provides estimates of these rents across three reference points: the current day-ahead market, the initial EDAM filing and the revised congestion revenue allocation.

1. The ISO day-ahead market currently operates only for the California ISO area. Congestion management applies to all CISO resources, and all congestion rents from CISO constraints are collected from CISO-area resources. Parallel flows on CISO constraints from PAC transfers are not optimized or priced in the current market, so no congestion rents are collected from or allocated to PAC transfers or self-scheduled generation exercising transmission rights.

2. With EDAM, congestion management spans all areas in the footprint. Resources in one balancing area can be re-dispatched to manage congestion in another. Parallel flows in the prevailing direction are charged congestion, while counterflows are credited. EDAM prices congestion market-wide and collects rents from optimized resources and transactions.

   The original CRA allocation would collect congestion rents from prevailing flows and pay congestion rents to counterflows. The potential impact of this original approach is shown in the second column. For prevailing flows related to transfers, this could represent $29.6 and $19.5 million in congestion rents collected on transfers and self-schedule transactions in PAC areas. These are all allocated to CAISO area where the congestion arose.
   For counterflows, this could represent $1.9 and $10.4 million of congestion rents paid for transfers and self-schedule generation in PAC areas.

3. In early 2025, the ISO initiated an expedited process to revise the allocation methodology. Under this revision, congestion rents charged to prevailing flows (or credited to counterflows) are returned to PAC for transfers or self-scheduled generation exercising qualifying OATT rights.

   While EDAM prices and assesses congestion rents from PAC-related parallel flows, the revised CRA reverses these charges and payments for qualifying rights, so no rents are ultimately retained by the California ISO area where congestion occurred. The rents

shown in the second reference column represent amounts effectively returned to PAC, assuming all parallel flow is caused by schedules qualifying for congestion revenue allocation. The third column reflects the zero exposure to congestion to transactions with parallel flow on CAISO constraints.

*Table 2: Summary of potential congestion rents due to parallel flows in EDAM*

| | | Annual Congestion Rents in Millions | | |
|---|---|---|---|---|
| | | Current DA | Original CRA | Day-1 EDAM CRA |
| Prevailing flow | Transfer PACE-PACW | $0 | $29.59 | $0 |
| | Self-Schedule Generation | $0 | $19.53 | $0 |
| Counter-flows | Transfer PACE-PACW | $0 | -$1.91 | $0 |
| | Self-Schedule Generation | $0 | -$10.36 | $0 |

## Assumptions and estimates

This section outlines the assumptions used to estimate potential impacts from parallel flows. EDAM introduces new day-ahead functionality and a market product requiring participant bids. The key concern with the revised CRA methodology is assessing the potential magnitude of congestion rents from PAC transactions on California ISO constraints.

Prior to go-live, limited data exists to precisely estimate EDAM congestion and CRA effects. This analysis uses historical WEIM congestion as a proxy for potential EDAM congestion. Examining the potential dollar impact for the EDAM go-live footprint from the first stage analysis requires additional assumptions. The potential financial impact can be calculated as follows

$$Impact = \alpha * \beta * \gamma * \delta * \varepsilon$$

Where:

*Impact* : congestion rents in $/MWh

$\alpha$ : what constraints in CAISO area are congested

$\beta$ : how frequently these constraints are congested (frequency of congestion)

$\gamma$ : the severity of congestion (shadow price of congested constraints)

$\delta$ : contribution to congestion from PAC transactions (sensitivity factors)

$\varepsilon$ : volume of qualifying transactions (MW of rights and self-schedule generation supported by rights)

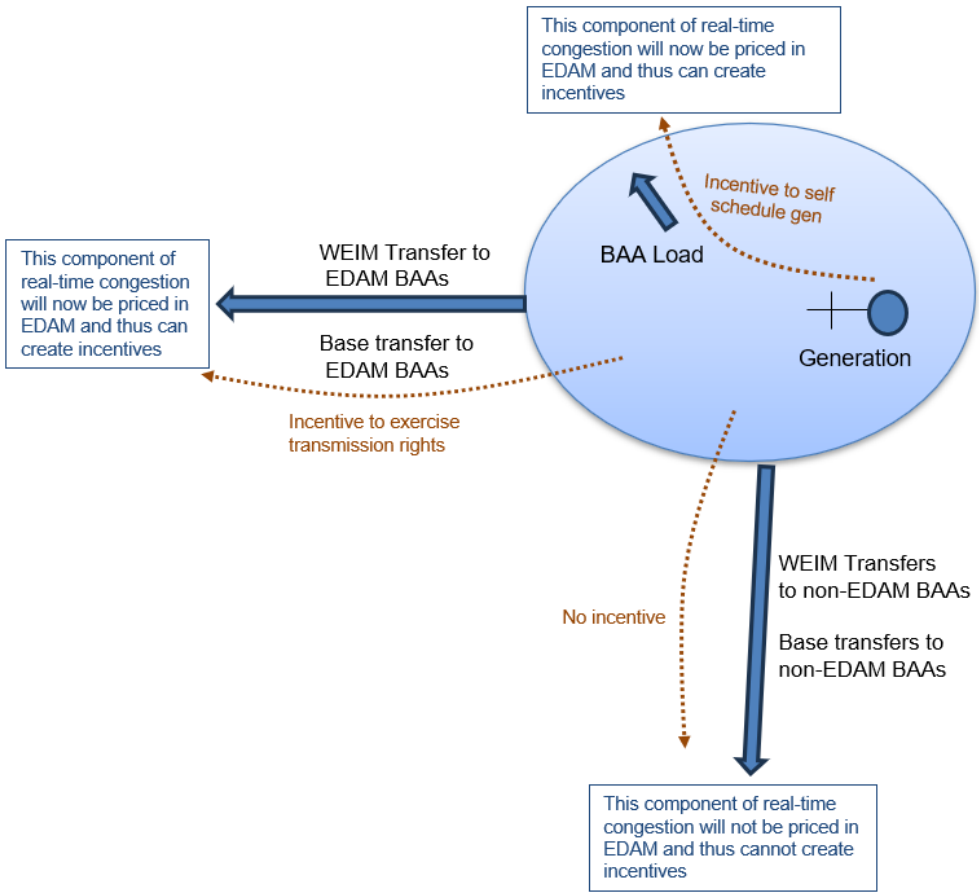
The factor $\delta$ is based on the inherent transmission configuration with minimum influence from market conditions. The factors $\alpha, \beta, \gamma, \varepsilon$ are largely set by bidding behaviors and the market economics of EDAM. Estimating impacts requires assumptions, which can significantly influence results. For simplicity, this analysis uses historical WEIM congestion as a proxy for potential EDAM parallel flow impacts on congestion rents.

Historical WEIM congestion is based on fifteen-minute shadow prices for transmission constraints and shift factors from the fifteen-minute solution, reflecting the real-time transmission configuration. Congestion management in WEIM optimizes resources across a footprint larger than EDAM, so EDAM's congestion frequency and severity may differ. Therefore, results based on WEIM data should be interpreted with caution.

While historical congestion helps price and value congestion, estimating dollar impacts also requires assumptions about transaction volumes (MW) subject to congestion pricing. The volume of transfers or self-scheduled generation largely determines the potential magnitude of CRA incentives.

Figure 6 illustrates the implications of using WEIM historical transfer and generation schedules as a proxy to estimate potential impacts of the CRA methodology in EDAM.

*Figure 6: Potential incentives to arise from EDAM participation*




Rather than projecting transfer or generation volumes for EDAM, this analysis relies on available WEIM data. Two main datasets are considered: base schedules and optimized FMM schedules. Base schedules for transfers and generation are used as proxies for the volumes likely in EDAM because they reflect day-ahead schedules entering real time to balance PAC areas.

Using FMM cleared schedules for self-scheduled generation has drawbacks. These schedules represent optimal volumes to meet both local demand and WEIM transfers, which can exceed actual demand due to exports. Under OATT rules, NITS rights are limited to local demand, so using full FMM schedules would overstate volumes subject to self-scheduling incentives. Moreover, FMM schedules may include transfers to non-EDAM areas, which will not occur under EDAM and thus would not generate congestion rents. Relying on these schedules could therefore overestimate congestion revenue allocation to qualifying self-scheduled transmission rights.

For transfers, two streams are considered: base transfers from PACE to PACW as a proxy for potential EDAM use of transmission rights, and optimized WEIM transfers from PACE to PACW, which reflect economic outcomes that could also materialize in EDAM

## Potential impacts from transfer schedules

One incentive under the revised CRA methodology is to use transmission rights for transfers from PACE to PACW. These transfers are likely to help PACW meet its demand using generation from PACE and will create parallel flows on CAISO constraints, making the CRA methodology relevant.

Transfers between PAC areas and any non-EDAM or non-WEIM areas are excluded from this estimate, as they will not be priced or optimized in EDAM and therefore do not generate congestion revenue.

This estimate uses historical base transfers between PACE and PACW in the real-time market as a proxy, as well as optimized WEIM transfers:

1. **WEIM Optimized Transfers**: Historical WEIM transfers from PACE to PACW, determined economically by WEIM, are included as they could reasonably occur under EDAM. This is labeled "WEIM Transfer" in Table 3.
2. **Base Transfers**: Historical base transfers from PACE to PACW are used as a proxy for the potential use of transmission rights. These transfers reflect real-time balancing in PAC and provide a reasonable estimate of volumes that could occur in EDAM. This is labeled "Base Schedules" in Table 3. Both approaches assume that historical real-time transfer levels and congestion prices can serve as proxies for potential EDAM outcomes.

To supplement these estimates, a third approach is also considered in this analysis

3. **Sensitivity Analysis for Transfer Levels**: This approach evaluates different PACE-to-PACW transfer levels using historical congestion data (prices and shift factors). Each scenario assumes a constant transfer volume over the two-year period, with levels of 300 MW, 600 MW, 900 MW, and 1200 MW. Each scenario is labeled with its corresponding transfer volume Table 3.

Congestion rents from historical base transfers between PACE and PACW average $2.34 million per month, while rents from optimized WEIM transfers average $0.13 million per month, for a total of $2.47 million per month.

*Table 3: Average congestion rents due to transfers between PAC areas*

| | Monthly Congestion rents | |
|---|---|---|
| Xfer (MW) | Prevailing (Millions $) | Counterflow (Millions $) |
| WEIM Xfer | 0.13 | -0.04 |
| Base Schedules | 2.34 | -0.13 |
| 300 | 1.74 | -0.24 |
| 600 | 3.48 | -0.48 |
| 900 | 5.22 | -0.72 |
| 1200 | 6.96 | -0.96 |

Using historical base schedules as a proxy provides a reasonable estimate of congestion rents in EDAM. Sensitivity scenarios illustrate how rents could increase with higher transfer volumes. For example, assuming 1,200 MW of transfers, which can be a reference of the maximum transfer capacity, congestion rents could reach as much as $6.96 million per month.

Figure 7 shows monthly congestion rents from PACE-to-PACW transfers, broken down by balancing area and flow direction (positive rents correspond to prevailing flows). Most congestion rents occur in non-summer months, with January 2024 unusually high due to the Martin Luther King Jr. weekend cold-weather event.

*Figure 7: Monthly congestion rents from PAC transfers*

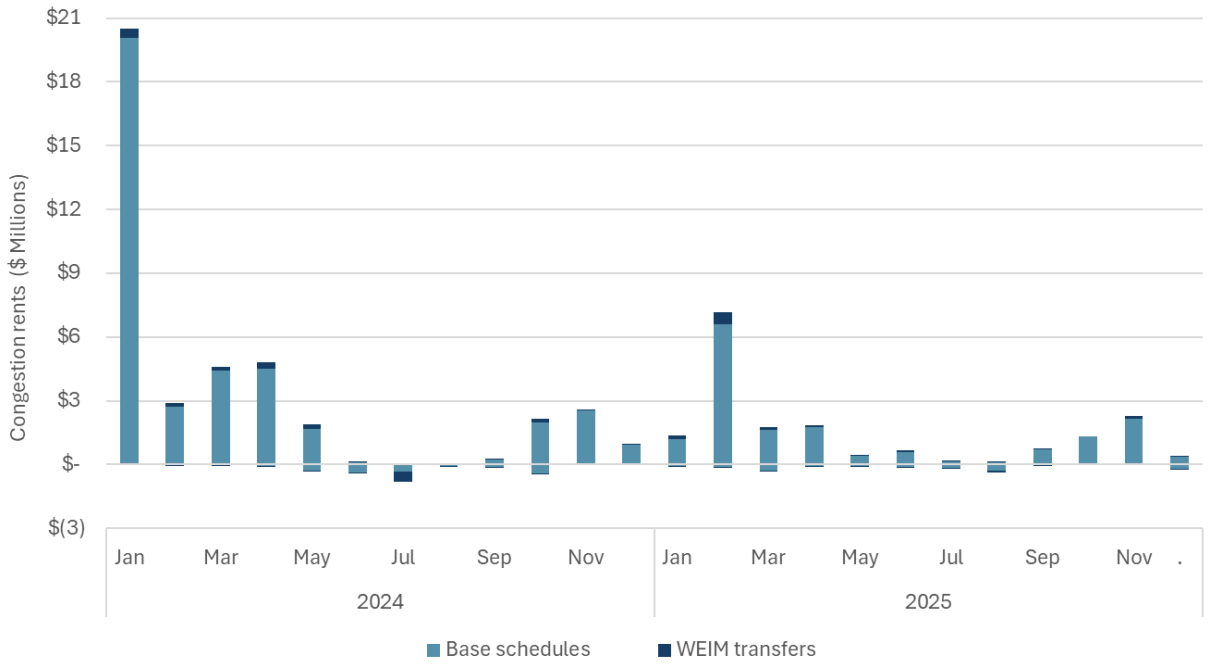


Figure 8 and Figure 9 show cumulative congestion rent trends for the various PACE-to-PACW transfer scenarios. The purple line represents cumulative rents from WEIM optimized transfers, while the solid black line shows rents based on historical base transfers. Four additional lines depict sensitivity scenarios with different transfer volumes.

Over two years, cumulative rents using base schedules total about $59 million, falling within the range of the 300 MW and 600 MW scenarios. Rents from prevailing flows are significantly higher than those from counterflows.

*Figure 8: Cumulative of monthly costs from prevailing flows in 2024-2025*

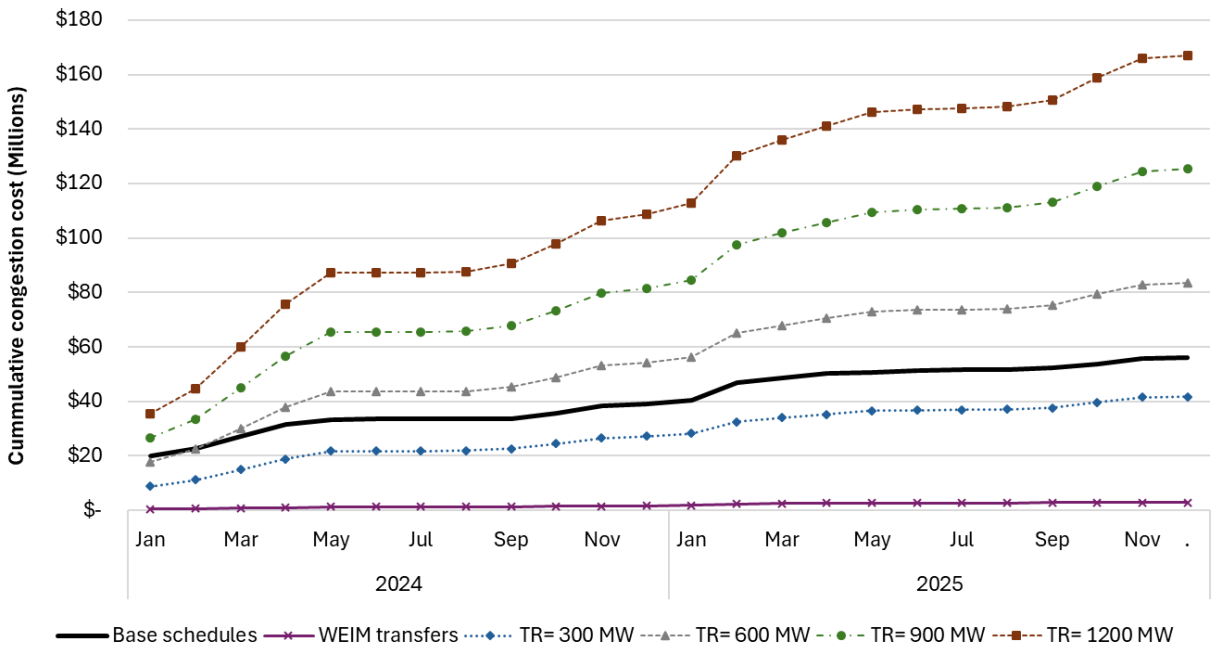



Figure 10 provides a breakdown by the top transmission constraints in the California ISO area. Most congestion rents accrue on the top four constraints, including key backbone elements like Path26 and the COI corridor between CAISO and the Pacific Northwest. The breakdown by year highlights the unusually high congestion during winter 2024.

*Figure 9: Cumulative of monthly costs from counter-flows in 2024-2025*

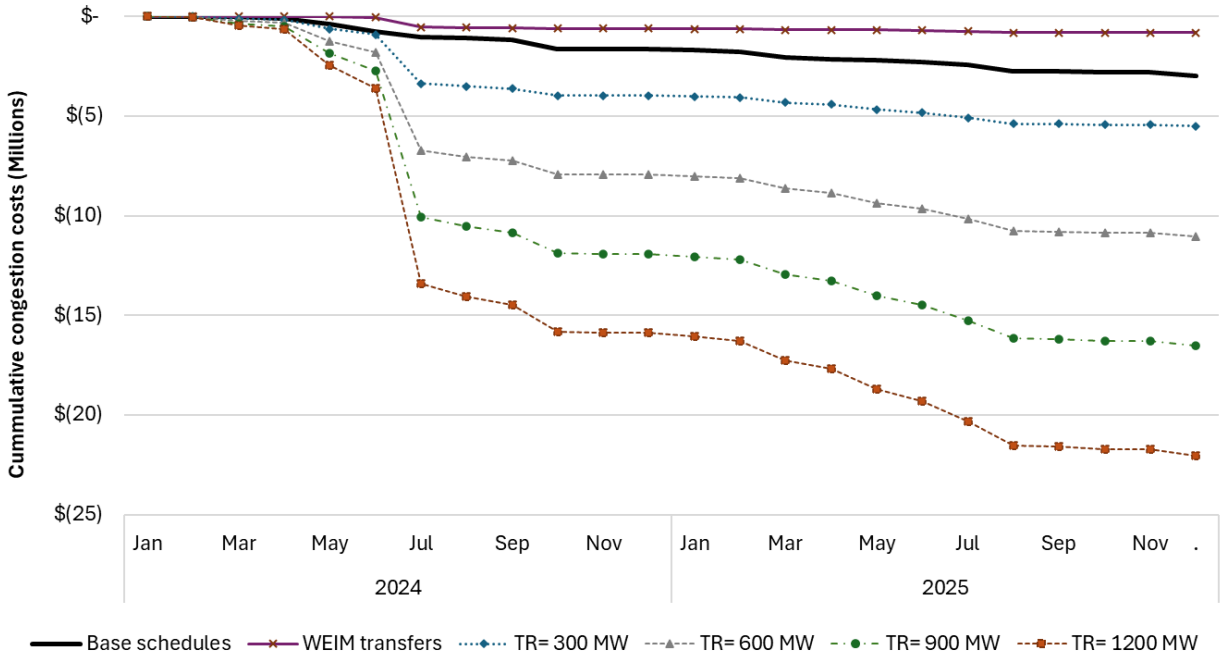
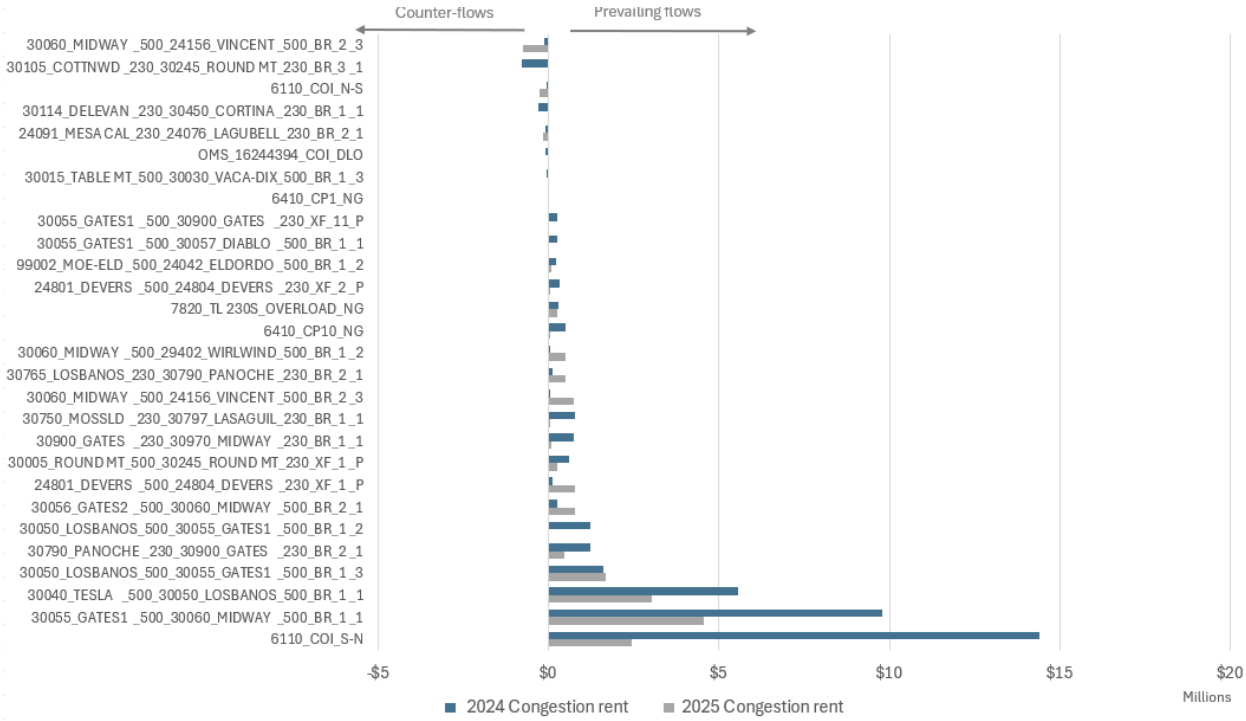



*Figure 10: Congestion rent from transfers in PAC areas by constraint in 2024-2025*



## Potential impacts from self-schedule generation

A second estimate of potential revised CRA impacts comes from PAC incentives to self-schedule generation using network service rights. Base schedules of internal generation are used as a proxy for potential EDAM self-schedules. Historical WEIM congestion data (prices and shift factors) are applied to estimate congestion rents for all internal generation.

Each base schedule is modeled as a source-to-sink transaction within the PAC area; for example, a 100 MW generator is treated as a 100 MW transaction from the generator to the PAC load aggregation point (ELAP). Estimates are capped at PAC area demand, since OATT limits NITS rights to local demand, even if base schedules exceed it due to net exports

Figure 11 shows monthly congestion rent estimates for PACE and PACW. Rents can be positive for prevailing flows or negative for counterflows. Patterns are like transfer-based estimates, with unusually high rents in January 2024 due to cold weather in the Pacific Northwest, and most rents accruing in winter months. Average PAC congestion rents for prevailing flows are $2.2 million per month in 2024 and $1.1 million per month in 2025.

*Figure 11: Monthly congestion rents from self-scheduling in 2024-2025*

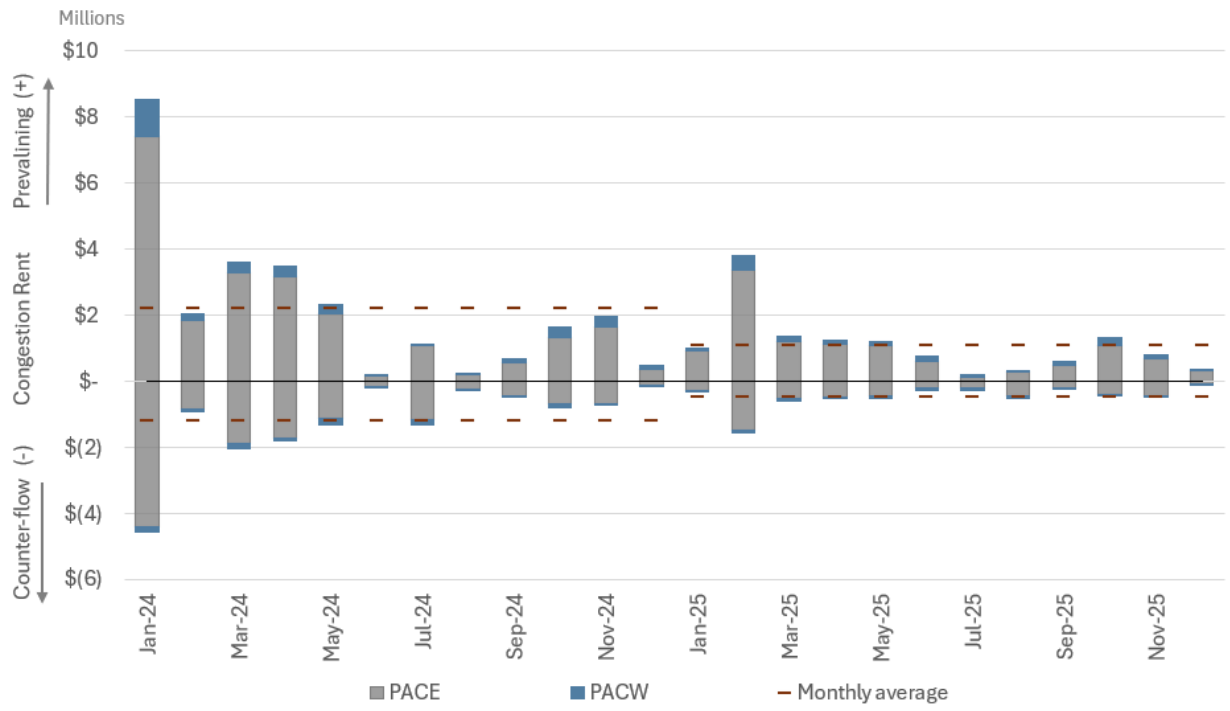


Figure 12 and Figure 13 shows estimated congestion rents for each PAC area, organized by year and constraint. Although over 100 constraints are affected by prevailing parallel flows, the top 20 constraints accrue more than 92% of rents in both areas. Most rents are concentrated in the PACE area, reflecting its larger size, more dispersed transmission configuration and network location in relation to the California ISO area.

*Figure 12: Congestion rent from self-scheduling generation in PACE by constraints*

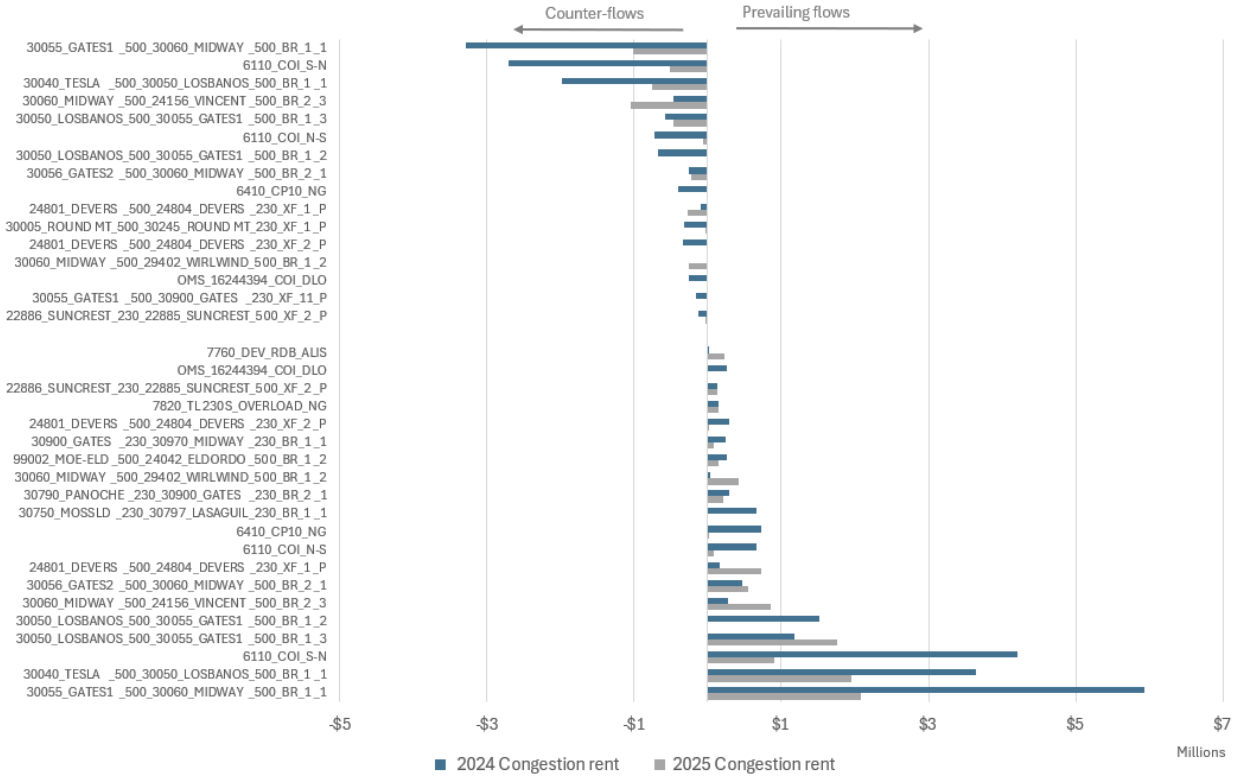
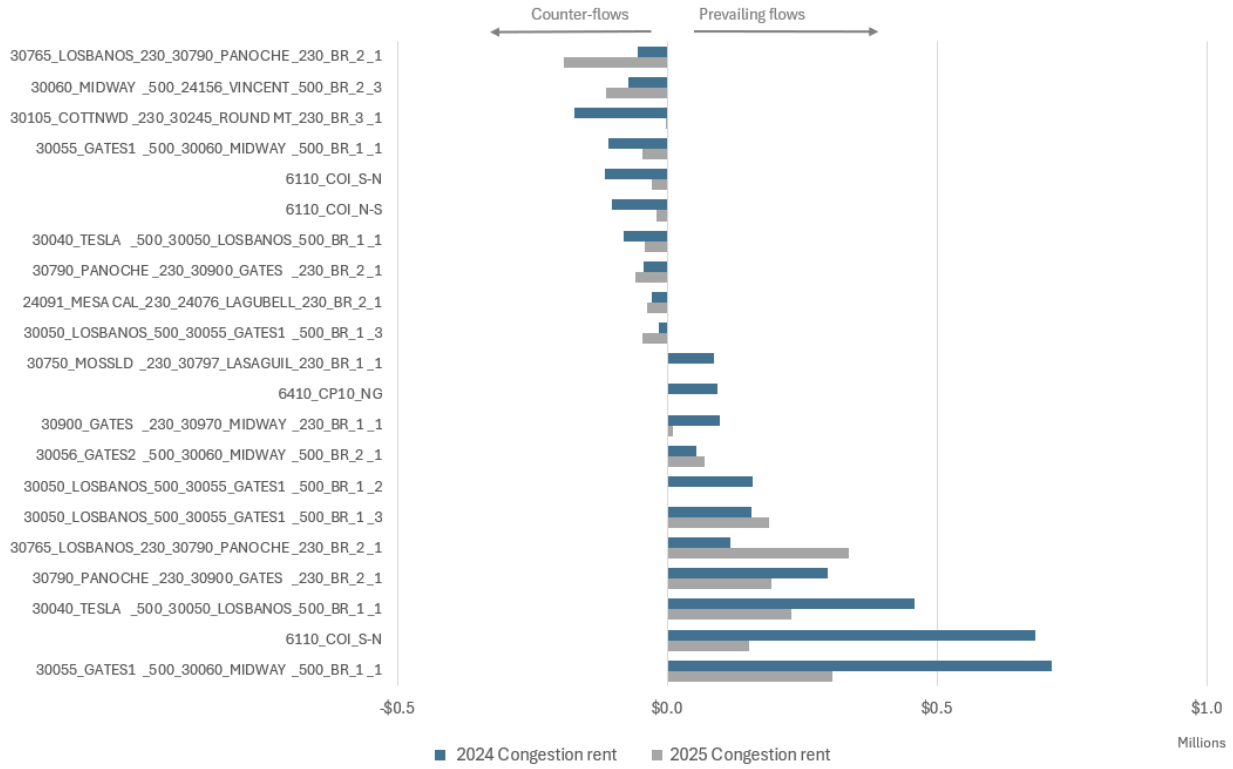


*Figure 13: Congestion rent from self-scheduling generation in PACW by constraint*




## Congestion rents between day-ahead and real-time markets

The main assumption is that historical WEIM congestion provides a reasonable proxy for potential EDAM congestion. While day-ahead and real-time markets use the same optimization and transmission data, differences can arise from market economics, available redispatch resources, and congestion management flexibility in WEIM versus EDAM. In the current day-ahead market, congestion is managed and priced only within the California ISO area, so parallel flows from PAC transactions are not priced, and no congestion rents are collected from them.

Since this analysis focuses on congestion rents from parallel flows, it can be extended to estimate total congestion rents assuming historical WEIM congestion would occur in EDAM, where all transmission capacity on constraints is priced. For reference, real-time congestion rents are also compared with rents accrued in the current day-ahead market, which does not price parallel flows.

*Figure 14: Comparison of congestion rents between markets for PAC transfers*

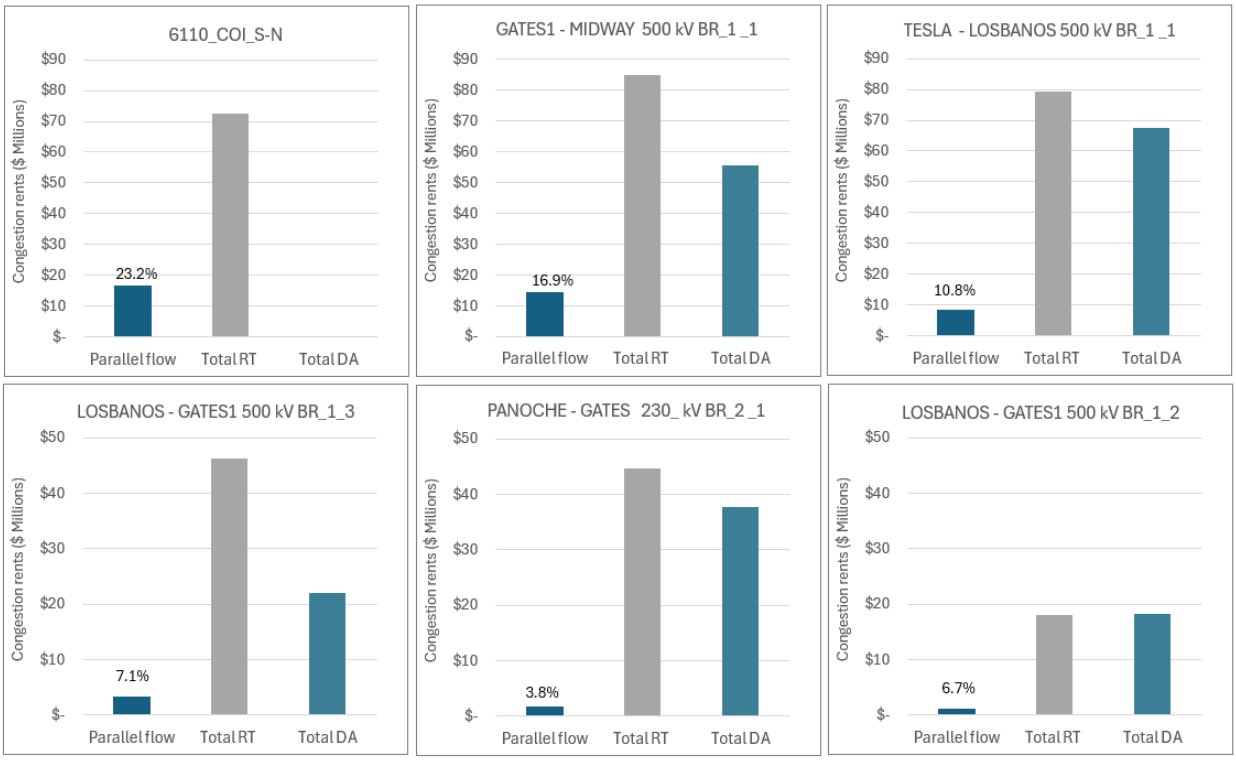
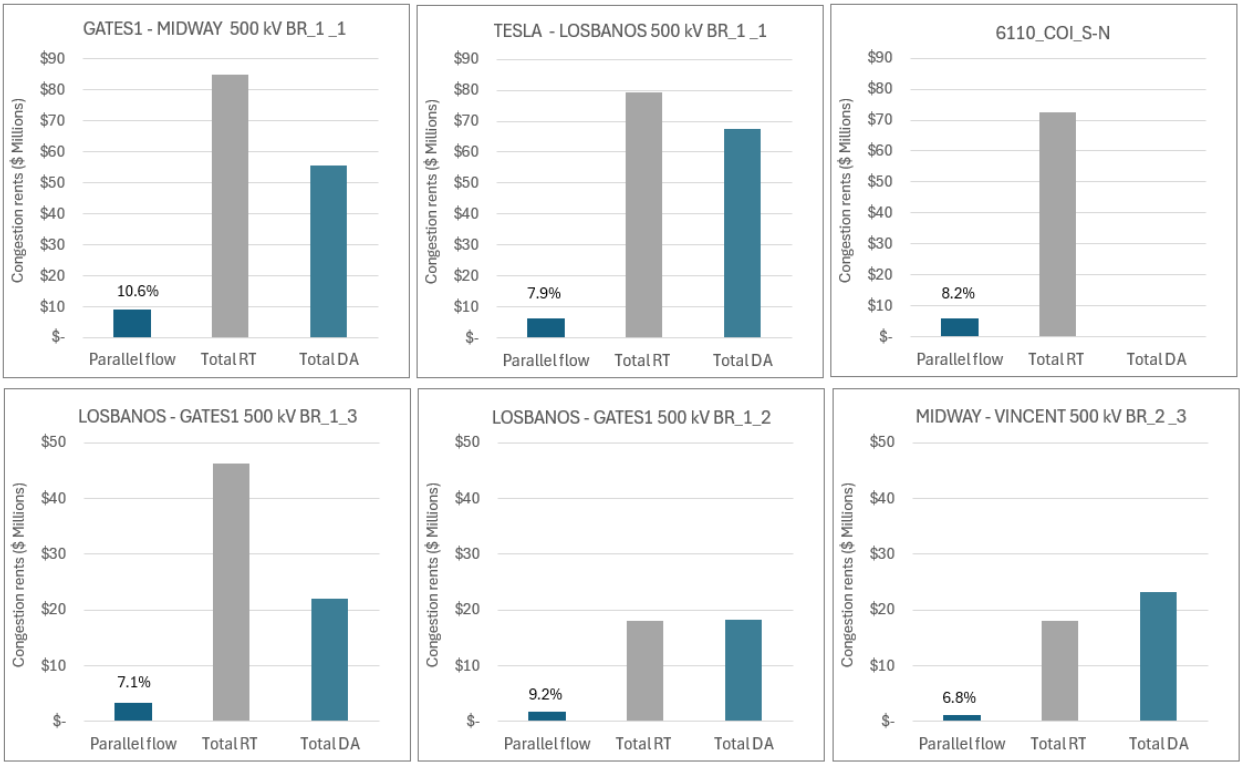



Figure 14 and Figure 15 show total congestion rents from historical WEIM congestion and the current day-ahead market, compared with estimated rents from parallel flows originating from transfers or self-scheduled generation in PAC areas. The top six constraints by congestion rent magnitude are highlighted.

Two key findings emerge from this comparison. First, congestion rents from parallel flows are relatively minor compared with total rents on the top constraints: for transfers, the maximum share is about 22%, and for self-scheduled generation, 10.6%. Second, estimated WEIM congestion rents are generally lower than those observed in the current day-ahead market, providing context for potential variation under EDAM. For example, the 6110_COI_S_N constraint was a major source of congestion in WEIM but applies only to the real-time market and is not enforced in the current day-ahead market

*Figure 15: Comparison of congestion rents between markets for PAC generation*




As part of the EDAM implementation milestones, the ISO is conducting a Parallel Operations process in which EDAM is run under conditions that closely resemble actual operations. The objective is to replicate real-world market conditions as closely as possible. The ISO initially intended to use this simulation environment to further evaluate the potential implications of the revised congestion revenue allocation (CRA) methodology.

The Parallel Operations environment is valuable for assessing market functionality and understanding the interaction among different market components. However, an important limitation is the realism and quality of the underlying data. While market participants submit some inputs, others are replicated or synthetically generated. As a result, the market outcomes from this environment cannot be relied upon to accurately project cost impacts associated with the revised CRA.

In addition, the simulations are based on a limited set of representative trading days. Extrapolating these results to different system conditions, such as summer peak periods, would require significant assumptions and data adjustments, which could undermine the reliability of the analysis. Given these limitations, the ISO has decided not to rely on Parallel Operations results to estimate the projected cost impacts of the revised CRA. Instead, the use of historical

congestion patterns from WEIM remains the most practical and reasonable proxy at this pre–go-live stage.

To provide directional insight, a simplified sensitivity scenario was developed using a sample day from Parallel Operations. In this scenario, all generation in the PACE and PACW areas was modeled as self-scheduled and compared against the base Parallel Operations case, which already includes a certain level of self-scheduling. This comparison is intended to illustrate the direction, rather than the magnitude, of potential impacts

*Figure 16: Comparison of congestion price on Gates-Midway 500kV line*

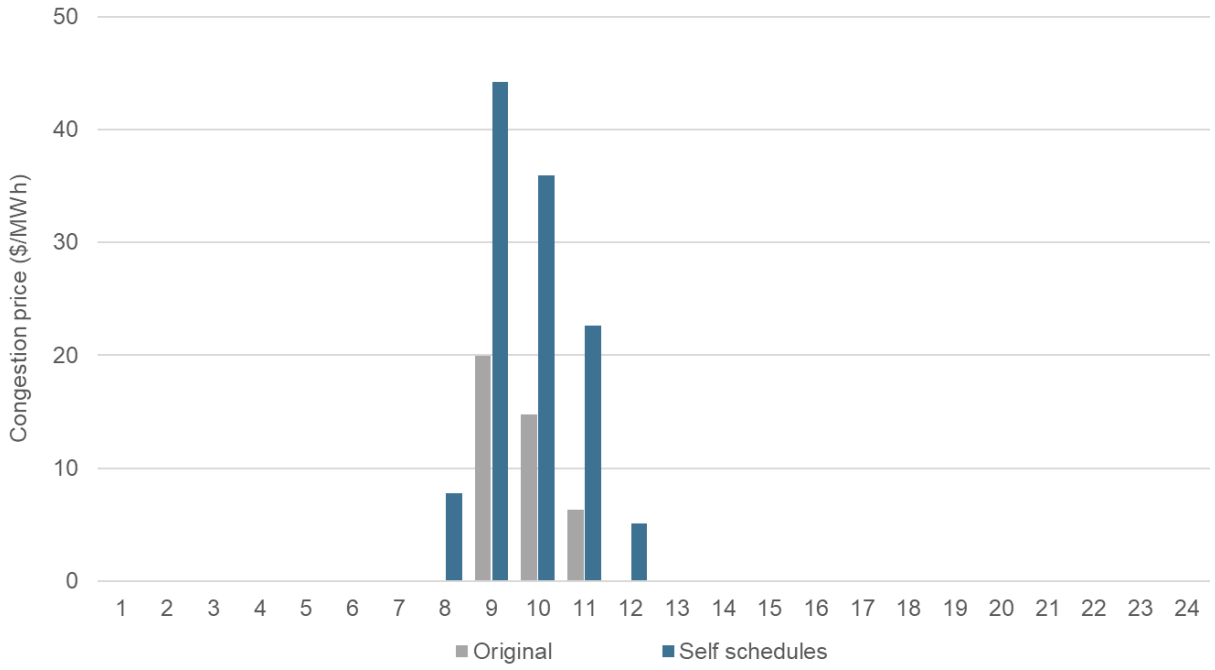
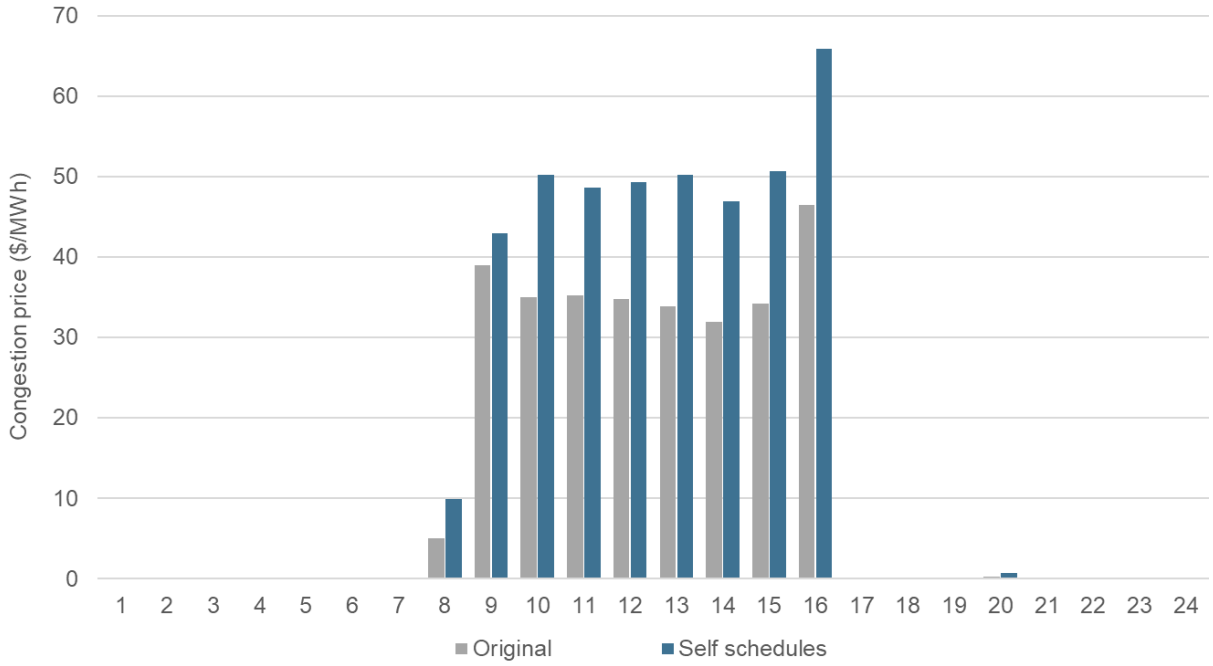



Figure 16 and Figure 17 indicate that modeling all PAC generation as self-scheduled increases congestion management costs on CAISO constraints. The sample highlights shadow prices for two major constraints within the CAISO system; these shadow prices are reflected in locational marginal prices (LMPs) in proportion to the shift factors at specific locations. Higher congestion prices lead to increased congestion rents. However, they also result in higher LMPs for both generation and load, which may offset the incentives to self-schedule.

*Figure 17: Comparison of congestion price on Devers 230 kV Transformer*



## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceeding, 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, CA this 22 day of April 2026.

*/s/ Jacqueline Meredith*

Jacqueline Meredith