



Stakeholder Comments Template

Congestion Revenue Rights (CRR) Modeling and Settlement in the Extended Day-Ahead Market (EDAM) Stakeholder Meeting (June 12, 2025)

This template has been created for submission of stakeholder comments on Congestion Revenue Rights (CRR) Modeling and Settlement in the Extended Day-Ahead Market (EDAM) Stakeholder Meeting, which took place on June 12, 2025. The meeting presentations have been posted to the miscellaneous stakeholder meetings [webpage](#) and the Congestion Revenue Rights [page](#). The meeting recording will also be posted in both these locations.

Upon completion of this template, please submit it to ISOStakeholderAffairs@caiso.com.

Submissions are requested by close of business on **July 3, 2025**.

Submitted by	Organization	Date Submitted
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Please provide your organization's comments on the following issues and questions.

1. Please provide your feedback on CRR modeling considerations supporting EDAM launch as described in the "Briefing on CRR Implementation for EDAM" presentation.

Energy Division staff (ED staff or staff) of the California Public Utilities Commission (CPUC) develops and administers energy policy and programs to serve the public interest, advises the CPUC, and ensures compliance with CPUC decisions and statutory mandates. ED staff provides objective and expert analyses that promote reliable, safe, and environmentally sound energy services at just and reasonable rates for the people of California.

ED staff appreciates the opportunity to submit comments on this meeting. ED staff understands the urgency being applied to the implementation of the adopted EDAM Congestion Revenue Allocation (CRA) adopted proposal and that there are practical and pragmatic limitations of what can be accomplished before the start of the annual

Congestion Revenue Rights process which begins in July 2025. Notably, these comments were not even due until July 2025, so ED staff recognizes the status quo is the only possible option for the annual CRR process.

ED staff recognizes that we do have some time to implement CRR Modeling Enhancements for EDAM CRA proposal for monthly CRRs that will be affected by the launch of EDAM in May 2026. With regards to the proposed solution of calculating two Super Generation Aggregation Points (SGAPs), CAISO staff indicates this method would provide significant accuracy, but ED staff is concerned the aggregation could introduce additional inaccuracy in the amount of CRRs available. It is not clear to ED how many CRRs are held by California LSEs that will be affected by the implementation of this methodology. ED would welcome data analysis by CAISO providing further information about whether the amount of CRRs is significant or not. ED staff understand the most comprehensive solution would be to model all supply and demand in non-CAISO BAAs. This is a tried-and-true mechanism that is currently in use in the Western Energy Imbalance Market, but would require a significant amount of manual effort to disaggregate the data. ED recommends this solution should continue to be worked on, after the two SGAPs are implemented.

In addition, ED staff is concerned that CAISO's implementation of CRR modeling and settlement in EDAM could result in potentially large, new CRR underfunding, given that CAISO has indicated that it will pay CRRs in CAISO for non-CAISO congestion for which it collects no congestion rents. Thus, ED staff requests that CAISO continue this CRR modeling and settlement in the EDAM stakeholder initiative to further discuss this issue, estimate the potential magnitude of this potential additional CRR underfunding, and propose potential solutions to address this issue on an expedited basis. For example, to address this issue, and to ensure that load does not have to pay for unfunded CRRs, CAISO should consider not paying CRRs for non-CAISO constraints.

2. Please provide your feedback on the settlement of CRRs (CRR1B) in EDAM as described in the "CRR Settlement in the Extended Day Ahead Market" presentation.

ED notes that comments by Appian Way Energy Partners, Pacific Gas & Electric, and CAISO staff during the working group meeting raised important questions. The CRR Balancing Account (CRRBA) is already underfunded under the current CRR process, and CAISO's proposal to withdraw shortfall for Existing Transmission Contracts (ETC), Transmission Owner Rights (TORs), and Open Access Transmission Tariffs (OATT Rights) payouts risks putting further strain on the already underfunded CRRBA. In addition, clarifying remarks by James Lynn, CAISO Settlements Manager, indicated if the CRRBA does not have sufficient revenue, this underfunding will be charged back to measured demand (load) to guarantee a perfect hedge for these rights holders. CAISO refers to possible additional revenues coming from congestion revenue from Imbalance Reserves and Energy Congestion but provides no estimate of how large these

additional revenues are. Further, it is entirely possible that these additional revenues do not materialize, leading to further shortfall being charged back to load.

CAISO's proposed shortfall funding mechanism risks further degrading the hedging value of CRRs for California LSEs. The CRRBA already does not have sufficient revenue, and further shortfall being charged back to load further increases electricity rates and worsens affordability concerns for California ratepayers.

Rather than guaranteeing an almost perfect hedge for certain CRR holders before even knowing if there is sufficient funding, CAISO should instead reduce payouts to these CRR holders. ED staff understand this will reduce the hedging value for those CRR holders, but will avoid more broader impacts on the hedging value of other CRRs.

3. Please provide any additional feedback regarding the Congestion Revenue Rights (CRR) Modeling and Settlement in the Extended Day-Ahead Market (EDAM) stakeholder workshop discussion on June 12, 2025.

ED staff encourages CAISO to immediately reopen this initiative to accelerate the development of a long-term policy solution. The adopted EDAM CRA tariff was presented to stakeholders as a narrow, tailored, interim solution, but as the process has unfolded it is clear there are significant issues that can arise out of this tariff modification. Comments and analysis from the Market Surveillance Committee, Western Energy Market Expert- Susan Pope, and the Department of Market Monitoring have indicated a range of potentially large negative impacts, including affordability, that could arise from this modified tariff during the temporary period. Again, ED understands a temporary solution must be adopted for EDAM to go-live in May 2026 but urges CAISO to immediately work on a long-term CRA policy solution that prioritizes affordability for California load.

ED staff recommends that CAISO not delay the CRR Enhancements initiative (CRRE) because of the development of a long-term policy solution to address EDAM CRA. ED staff recommends that CRRE and EDAM CRA be developed in parallel. The current CRR auction design is producing significant ratepayer losses, and any further delay on CRR reforms would be unjust and unreasonable. The development of a long-term solution to EDAM CRA should not be scoped into CRRE and should remain a separate standalone initiative. ED staff understands many stakeholders will be then required to work on both initiatives at the same time but finds both issues to be too pressing to delay one for the other or vice versa.