

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>California Independent System Operator Corporation</b>	) ) )	<b>Docket No. ER25-437</b>
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**MOTION FOR LEAVE TO ANSWER AND ANSWER OF  
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION**

The California Independent System Operator Corporation (CAISO) respectfully submits this motion for leave to answer and answer (Answer)<sup>1</sup> to the comments filed by the Northern California Power Agency (NCPA) and the California Department of Water Resources, State Water Project (DWR-SWP) on December 5, 2024.<sup>2</sup> In their comments, both NCPA and DWR-SWP express support for the CAISO's tariff revisions and highlight the aim and purpose of the Extended Day-Ahead Market (EDAM) Access Charge.<sup>3</sup> The CAISO submits this limited Answer to affirm the aim and purpose of the EDAM Access Charge, and the implementation of such within its own Balancing Authority Area (BAA).<sup>4</sup>

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<sup>1</sup> This motion and answer is submitted pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (FERC or Commission). 18 C.F.R. §§ 385.212, 385.213 (2024).

<sup>2</sup> See Motion to Intervene and Comments of the Northern California Power Agency, Docket No. ER25-437 (Dec. 5, 2024); Motion to Intervene and Comments of the California Department of Water Resources State Water Project, Docket No. ER25-437 (Dec. 5, 2024).

<sup>3</sup> See, e.g., NCPA Comments at 5-6 (explaining the role of the Participating Transmission Owners' formula rates within the CAISO Balancing Authority); DWR-SWP Comments at 5-6 (same).

<sup>4</sup> See, e.g., Transmittal Letter, Docket No. ER23-2686 at 180-185 (August 22, 2023) (explaining the aim and purpose of EDAM recoverable revenue) ("Transmittal letter for the August 22 Filing"); Transmittal Letter, Docket No. ER24-1746 at 2 (April 12, 2024) ("The EDAM access charge also ensures cost allocation across the wider footprint of EDAM beneficiaries, *i.e.*, from those who historically paid and benefited from transmission service to those who will pay and benefit as a result of the change to transmission service under EDAM, consistent with

## **I. Answer**

In their comments, each of NCPA and DWR-SWP express support for the CAISO's submission in this proceeding. DWR-SWP explains that it "supports CAISO's efforts to implement the EDAM Access Charge within the CAISO BAA"<sup>5</sup> and NCPA affirms that it "supports CAISO's filing as an important step toward implementing the Access Charge framework within the CAISO BAA."<sup>6</sup> In both cases, the commenting parties highlight the collaborative process between the CAISO and the Participating Transmission Owners within the CAISO BAA.

In addition to their support, the commenting parties discuss the next steps of implementation that will occur as the Participating Transmission Owners take action to establish the appropriate portion of EDAM Recoverable Revenue.<sup>7</sup> As the CAISO explained in its initial submission, each Participating Transmission Owner may include the appropriate portion of EDAM Recoverable Revenue within its High Voltage Transmission Revenue Requirement,<sup>8</sup> unless the

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Commission policy.") ("Transmittal letter for the April 12 Filing"); Transmittal Letter, Docket No. ER25-437 at 13 (Nov. 14, 2024) (explaining that each Participating Transmission Owner will complete the inputs "through its individual formula rate processes and in accordance with its individual formula rate protocol and review process") ("Transmittal letter for the November 14 Filing").

<sup>5</sup> See DWR-SWP Comments at 5.

<sup>6</sup> See NCPA Comments at 5.

<sup>7</sup> As NCPA recognizes in its comments, this issue is outside the scope of this proceeding and appropriately addressed in the next step of any "further filings by the PTOs may be necessary to ensure that EDAM Access Charge revenues can be properly credited to customers." See NCPA Comments at 6. DWR-SWP recognizes this as well. See DWR-SWP Comments at 6 (establishing its expectation "that the PTOs will make the necessary tariff changes to ensure they, and their ratepayers, receive the full benefit of the EDAM Access Charge revenue").

<sup>8</sup> Inclusion within the Transmission Revenue Requirement ensures that the costs are allocated to the appropriate beneficiary but prevents any Participating Transmission Owner from recovering more than the sum of its total approved cost of service. In most cases, it will be appropriate to include such amounts in the High Voltage Transmission Revenue Requirement.

Participating Transmission Owner demonstrates that a portion of its EDAM Recoverable Revenue requirement is associated with local facilities recoverable through its Low Voltage Transmission Revenue Requirement.<sup>9</sup> Both the High Voltage Transmission Revenue Requirement (also referred to as the Regional Transmission Revenue Requirement) and the Low Voltage Transmission Revenue Requirement (also referred to as the Local Transmission Revenue Requirement) are components of the Participating Transmission Owner's FERC-approved formula rate.<sup>10</sup>

Proposed tariff Section 26.2.2 sets forth a collaborative process to use the final inputs from each Participating Transmission Owner's formula rate to establish the total EDAM Recoverable Revenue for the CAISO BAA. Under this structure, each Participating Transmission Owner will include its EDAM Recoverable Revenue requirement as part of its High Voltage Transmission Revenue Requirement, unless its formula rate supports including a portion of its EDAM Recoverable Revenue requirement in the Low Voltage Transmission Revenue Requirement. By following the processes and procedures in the

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See Existing Appendix A, "High Voltage Transmission Revenue Requirement" and "Regional Transmission Revenue Requirement."

<sup>9</sup> See Proposed Section 26.2.2. In some cases it may be appropriate to include such amounts in the Low Voltage Transmission Revenue Requirement. See Existing Appendix A, "Low Voltage Transmission Revenue Requirement" and "Local Transmission Revenue Requirement."

<sup>10</sup> A Participating Transmission Owner's "Transmission Revenue Requirement" means "the total annual authorized revenue requirements associated with (1) transmission facilities and Entitlements turned over to the Operational Control of the CAISO by a Participating TO or (2) transmission facilities that are not yet in operation, but have been approved under Section 24 and assigned to an Approved Project Sponsor." See Appendix A, "Transmission Revenue Requirement." The Transmission Revenue Requirement of a Participating Transmission Owner includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and credits for Standby Transmission Revenue and the transmission revenue expected to be received. *Id.*

CAISO's business practice manuals, the CAISO and each Participating Transmission Owner will collaborate to review the data for each of the three component parts of the EDAM Recoverable Revenue requirement, with the Participating Transmission Owner completing the inputs through its individual formula rate processes and in accordance with its individual formula rate protocol and review proceedings. The Participating Transmission Owner will provide the finalized inputs for each of the three components of its EDAM Recoverable Revenue requirement to the CAISO,<sup>11</sup> with the CAISO aggregating these amounts to form the EDAM Recoverable Revenue Requirement for the CAISO BAA. In other words, the inputs used to derive the EDAM Recoverable Revenue for the CAISO BAA will be based on the individual Participating Transmission Owner rate formulas and components that already received the requisite regulatory review.<sup>12</sup> This collaborative process is intended to allow the CAISO to support each Participating Transmission Owner in developing its inputs in accordance with its individual formula rate and consistent with its individual protocol for review and challenge. The individual formula rate processes, as well as the associated protocols, provide opportunity for customers to review the formula rate inputs, including but not limited to, the Transmission Revenue

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<sup>11</sup> Together with an accompanying attestation.

<sup>12</sup> For avoidance of doubt, the EDAM Recoverable Revenue requirements for the Participating Transmission Owners will also be made available as part of the supporting documentation that will be maintained on the EDAM Access Charge documentation on the CAISO Website. See, e.g., Section 33.26.4 ("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.").

Balancing Account Adjustments (“TRBAA”) and the underlying revenue credits for EDAM Recoverable Revenue.<sup>13</sup>

The CAISO appreciates the comments of NCPA and DWR-SWP supporting the CAISO’s proposed tariff revisions. The CAISO reaffirms that it will continue to engage with its Participating Transmission Owners, EDAM transmission owners, and stakeholders to review the effectiveness of the EDAM Access Charge framework and implementation in the CAISO BAA. As explained in the EDAM Access Charge framework proceeding, CAISO intends to review the impacts of the EDAM Access Charge and the EDAM Recoverable Revenue for the CAISO BAA every year.<sup>14</sup> This review will be conducted with the benefit of approved Participating Transmission Owner formula rates and completed inputs for the three components of EDAM Recoverable Revenue.<sup>15</sup> If adjustments are necessary to maintain just and reasonable cost allocations, the CAISO will pursue such adjustments consistent with the commitments the CAISO made in the August 22 Filing to monitor and review the ongoing performance of components of the EDAM design and to consult with stakeholders as needed.<sup>16</sup>

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<sup>13</sup> See NCPA Comments at 5 (discussing the TRRBA); see DWR-SWP Comments at 6 (discussing EDAM Recoverable Revenue inputs).

<sup>14</sup> See Transmittal letter for the April 12 Filing at 13.

<sup>15</sup> *Accord* December 20 Order at P 316 (“We acknowledge CAISO’s commitment to engage with its stakeholders to evaluate the use of transmission in EDAM as it gets more data and analyzes actual EDAM dispatches, as well as its commitment to provide data to stakeholders as appropriate.”)

<sup>16</sup> Transmittal letter to the April 14 Filing at 23.

## **II. Conclusion**

The CAISO appreciates the comments supporting its proposed tariff revisions to implement the EDAM Access Charge framework within the CAISO BAA and respectfully requests the Commission issue an order accepting this set of tariff revisions on or before February 15, 2025.

**/s/ Heather Curlee**

Roger E. Collanton

General Counsel

John C. Anders

Deputy General Counsel

Andrew Ulmer

Assistant General Counsel

Heather Curlee

Senior Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Counsel for the California Independent  
System Operator

Dated: December 13, 2024

### **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 13th day of December, 2024.

/s/ Ariana Rebancos

Ariana Rebancos  
An employee of the California ISO