



California ISO

Decision on subscriber participating transmission owner market scheduling options

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General Session

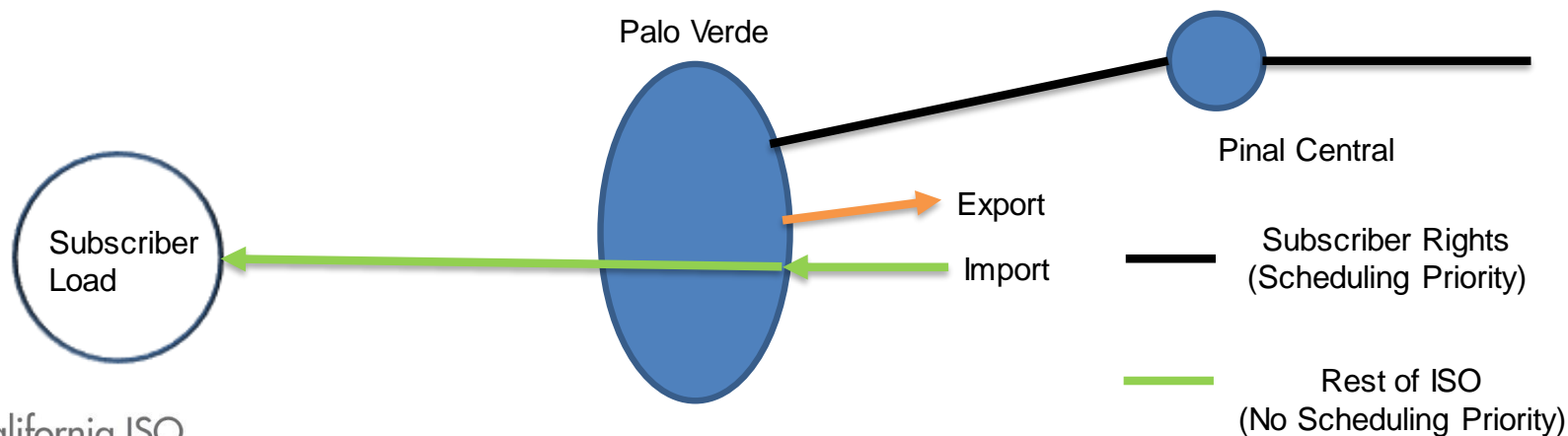
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Background

- Subscriber participating transmission owner (Subscriber PTO) initiative approved by FERC March 12, 2024.
- Subscribers are provided existing contract rights for use of Subscriber PTO facilities.
- Implementation complexities arose with the “existing contracts rights” model creating operational challenges that limit access to certain market functions.
- Commenced a stakeholder initiative to evaluate other scheduling options that would address these limitations.

The current 'existing contract rights' model is workable but inefficient:

- Subscribers using the existing contracts rights framework are not allowed to economically bid into the market; they are required to self-schedule balanced source and sink to receive scheduling priority and congestion hedge
 - The subscriber has priority scheduling rights on the Subscriber PTO facilities but does not have equivalent rights on the rest of the ISO system
 - Existing functionality requires managing the different priorities on different paths by scheduling export/import pair at point where priorities transition
- The existing contracts rights framework impedes effectively participating in the extended day ahead market (EDAM) because EDAM does not allow an export/import pair at an internal intertie or transfer point



Final proposal: 'congestion revenue rights' option

- Allow the subscriber to convert their subscriber rights to congestion revenue rights.
- This option:
 - Provides the ability to economically bid
 - Integrates effectively into the EDAM
 - Requires subscriber to forego scheduling priority and perfect congestion hedge in exchange for financial entitlement rights regardless of self-scheduled use
- Congestion revenue rights would be available solely to the subscriber for the Subscriber PTO path.

Stakeholder engagement

- A majority of stakeholders support extending the congestion revenue right mechanism to the subscriber rights
- Two stakeholders raised concerns over components of the non-subscriber usage payment:
 - One of those stakeholders questioned the non-subscriber usage payment if the subscriber was getting congestion revenue
 - ISO agreed to calculate but not charge or pay the import component of the non-subscriber payment for two years
 - ISO will monitor the magnitude of non-subscriber import use, provide reports and, if needed, convene a stakeholder process to resolve any issues

ISO Board of Governors approval will enable the ISO to enhance the innovative approach to improve connectivity across the west.

- The congestion revenue right enhancement for scheduling subscriber rights
 - allows economic bidding in the markets
 - resolves implementation issue of Subscriber PTO model within EDAM
 - Overall support for the enhancement
- Pausing the non-subscriber import usage charge and payment for two years allows time to determine the impact of a portion of the non-subscriber usage payment