

# Comments on Extended Day-Ahead Market Congestion Revenue Allocation Phase 2 Design Working Group Meeting - February 23, 2026

Department of Market Monitoring

March 9, 2026

## Comments

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Extended Day-Ahead Market Congestion Revenue Allocation Phase 2 Design Working Group Meeting – February 23, 2026*.<sup>1</sup>

As has been pointed out by the Market Surveillance Committee and the Western Energy Imbalance Market expert, and recognized by the ISO and stakeholders, the interim congestion revenue allocation (CRA) can create incentives to self-schedule resources that can have detrimental market impacts. The interim CRA needs to be replaced as soon as practicable. The need to replace the interim CRA will only become more important as additional balancing areas join the Extended Day-Ahead Market (EDAM) and increase the potential for cross-BAA congestion impacts within the EDAM.

There may be several options to replace the interim CRA. Whichever option is chosen, the replacement allocation should not be tied to the actual schedules in the market—including schedules resulting from cleared economics offers. A congestion revenue allocation that depends on cleared schedules creates incentives for market participants to submit offers that are not consistent with their true marginal costs. This can undermine the purpose of the market and potentially lead to market dysfunction. Therefore, a core principle of any replacement, whether a short-term or longer-term replacement, should be that the congestion revenue allocation is not tied to cleared schedules in the EDAM.

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<sup>1</sup> *Extended Day-Ahead Market Congestion Revenue Allocation Phase 2 Design Working Group*, California ISO, February 23, 2026: <https://stakeholdercenter.caiso.com/InitiativeDocuments/Presentation-Extended-Day-Ahead-Market-Congestion-Revenue-Allocation-Phase-2-Feb-23-2026.pdf>