Comments on the Intertie Schedule Modeling Evolution Stakeholder Workshop – August 24, 2026

Department of Market Monitoring

September 8, 2026

Summary

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the August 24, 2026 *Intertie Schedule Modeling Enhancements Stakeholder Workshop*.[1] Given the limited time the ISO allocated in the workshop to discuss the topic of economic bidding at internal extended day-ahead market (EDAM) interties, it is not clear to DMM what issues are preventing economic bidding at internal EDAM interties. DMM believes the ISO needs to dedicate further time to this issue in the next workshop.

Because there is currently no economic bidding at non-CAISO EDAM balancing authority area (BAA) interties, not allowing economic bidding at CAISO's internal EDAM interties would reduce access to CAISO markets for parties outside EDAM submitting price sensitive bids. Therefore, understanding what issues could prevent bidding at internal EDAM interties, and potential solutions to overcome these issues, should be an important topic of discussion in this stakeholder process.

Comments

Relationship between bidding at non-CAISO EDAM BAA interties and CAISO internal EDAM interties

If economic bidding were allowed at non-CAISO EDAM BAA boundary interties, then there would seem to be little point to having economic bidding at CAISO internal EDAM interties. An importer could bid at the EDAM boundary intertie, clear economically, and get the price at this intertie. If they were to instead bid at the CAISO internal EDAM intertie, they would still have to wheel through the non-CAISO EDAM BAA. These imports would be settled based on the boundary intertie price minus the CAISO internal EDAM intertie price plus the CAISO internal EDAM intertie price — so that the net payment of these imports at the CAISO internal EDAM interties would be the same as if they had bid at the non-CAISO EDAM BAA boundary tie. In either case, the EDAM optimization would determine whether the import supplied load in the CAISO or non-CAISO BAA and determine transfers accordingly.

However, non-CAISO EDAM entities do not currently allow economic bidding at non-CAISO EDAM interties. Without economic bidding at the internal EDAM interties with CAISO, market participants will lose the ability to access this intertie capacity to participate in the ISO markets with economic bids. Thus, market participants sourcing power from outside EDAM who, before EDAM, may have wheeled across a non-CAISO EDAM BAA to reach the CAISO internal EDAM intertie, are currently limited to self-scheduling at the border of the non-CAISO EDAM BAA. The power would then either supply the non-CAISO EDAM BAA or facilitate EDAM transfers to CAISO or another non-CAISO EDAM BAA. Because this supply is limited to self-scheduling, this reduces competition for supply in the CAISO market and may limit market

[1] *Intertie Schedule Modeling Enhancements - Stakeholder Workshop*, California ISO, August 24, 2026: https://stakeholdercenter.caiso.com/InitiativeDocuments/Presentation-Intertie-Schedule-Modeling-Enhancements-Aug-24-2026.pdf

efficiency since this additional supply is unable to clear based on economic bids aligned with their cost. Economically bid exports are also similarly affected.

The ISO needs to clarify the double counting revenue balance issues

In the stakeholder workshop, ISO staff expressed concern of potential double counting of supply if a non-resource specific import at a CAISO internal EDAM intertie were to end up sourcing power from a generator in a non-CAISO EDAM BAA that has a day-ahead energy schedule.

DMM does not currently understand the potential issue raised by the ISO. To source the power from a generator in an EDAM BAA after the day-ahead market, the importer would also need to export the energy from the EDAM BAA in the real-time markets — i.e., they would have to buy power at the real-time price. This export would need to be served by incremental real-time supply in the EDAM BAA, which could come from some other supply source if the specific generator cannot provide incremental energy.[2] This appears to DMM to be very similar to standard real-time market incremental schedules. The export settlement would provide payment to whomever provided the incremental real-time energy schedule supporting the export. Therefore, there would not be an energy revenue imbalance created by this transaction. This transaction should also not cause a real-time congestion revenue shortfall because these shortfalls are caused by real-time net reductions in settled flows on binding constraints, and not incremental real-time schedules.[3]

The ISO should clarify the potential issues with imports at internal EDAM interties potentially sourcing power from resources inside EDAM BAAs so that the ISO can work with stakeholders on potential ways to overcome these issues. Specifically, DMM asks the ISO to clarify:

- What specific issues are these schedules creating?
- Why are these issues not a concern for imports at CAISO external interties to non-EDAM BAAs that might end up sourcing from a generator in an EDAM BAA?
- If the problem is with imports sourced from generators in an EDAM BAA, why should this also restrict imports/exports sourced/sunk in non-EDAM BAAs?

The ISO needs to clarify how uncleared import bids would reduce transfer capacity

DMM would also like clarification on how import bids that do not clear the market would reduce transfer capacity. It seems feasible to model a constraint that the net transfers plus net imports are less than or equal to the available capacity at the intertie. In this case imports would not reduce capacity available for transfers unless it was lower cost to *clear* the imports than clear the transfers. This is similar to how the ISO explained the modeling works for the external EDAM intertie at Malin.[4]

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[2] This could also be a reduction in consumption from other day-ahead load or export schedules.

[3] Where payments to schedules reducing flows are not offset by payments from schedules increasing flows.

[4] *Day-Ahead Market Enhancements: Configurable Parameters Implementation Working Group Session #5*, California ISO, November 20, 2025, p 45: https://stakeholdercenter.caiso.com/InitiativeDocuments/Presentation-Day-Ahead-Market-Enhancements-Configurable-Parameters-Implementation-Working-Group-Nov-20-2025.pdf

Conclusion

DMM looks forward to further clarification and discussion of these issues with the ISO and stakeholders in upcoming workshops.