Comments on the Intertie Scheduling EDAM Implementation Workshop November 5-6, 2025

Department of Market Monitoring

November 10, 2025

Summary

DMM submits these comments on the Generation Aggregation Points (GAP)-Tie pricing approach presented at the *EDAM Implementation Workshop: Intertie Scheduling and CAISO Resource Adequacy Imports* on November 5.[1] The GAP-Tie pricing could have significant impacts on market participants. DMM believes that the ISO should consider using an alternative to implementing the GAP-Tie pricing described in the call, at least for EDAM go-live, until stakeholders have the chance to vet the GAP-Tie modeling or other alternatives in an ISO policy process. With respect to implementation, it seems to DMM that it should be feasible to either keep the current Scheduling Point (SP)-Tie pricing or simplify the GAP-Tie pricing by using only one Generic GAP (GGAP) per tie rather than multiple potential GAPs as proposed.

Comments

Changing to GAP-Tie pricing from SP-Tie pricing creates multiple new prices at the interties

Intertie schedules are currently modeled as injected/withdrawn at scheduling point (SP) nodes associated with the intertie. The location of the actual generation or load associated with the intertie schedules is not known, but the associated generation or load is of course not actually at the scheduling point. Therefore, the current modeling of intertie schedules as if they were injected/withdrawn at the scheduling point can create inaccurate estimates of physical power flows and losses over the transmission system. As explained by the ISO, this known inaccuracy affects congestion management, pricing, and settlements.[2]

The approach planned by the ISO for EDAM implementation aims to improve power flow modeling by changing the modeling of intertie schedules from being treated as injections/withdrawals at a scheduling point to being injections/withdrawals at one of several generation aggregation points (GAPs). Because the GAPs would have their own congestion and loss prices, the prices of imports/exports at the same intertie would be different for schedules associated with different GAPs. Thus, this approach will create multiple prices for the same intertie.

---

[1] *EDAM Implementation Workshop: Intertie Scheduling and CAISO Resource Adequacy Imports*, November 5-6, 2025, slides 7-39: https://stakeholdercenter.caiso.com/InitiativeDocuments/Presentation-Extended-Day-Ahead-Market-Implementation-Workshop-Nov-5-6-2025.pdf

[2] *Extended Day-Ahead Market Intertie Scheduling,* EDAM Intertie Scheduling Team, November 4, 2025, p iii: https://stakeholdercenter.caiso.com/InitiativeDocuments/Intertie-Scheduling-Scenarios-Extended-Day-Ahead-Market-Nov-4-2025.pdf

Multiple GAP-Tie prices could significantly impact market participants transacting at the interties

By creating multiple prices for the same intertie, this change to "GAP-Tie" pricing from the current "SP-Tie" pricing will affect market participants transacting at the interties in both the EDAM and bi-lateral markets. It seems clear to DMM from comments made on the November 5 call that market participants are concerned that these changes could negatively impact their business operations and practices, or at the very least they have not had adequate preparation to consider the potential impacts.

Some potential issues which come to mind that could be problematic under this new approach include the following:

- Market participants could be contracting without knowing which GAP-Tie combination will be used for their day-ahead pricing. This is a change from the current market where market participants can know the SP-tie that will create their day-ahead pricing.
- Imports associated with Generic GAPs (GGAPs) in the day-ahead market will potentially be subject to imbalance settlements at real-time market prices even if they are delivering their day-ahead schedule and have no real-time imbalance energy. This is because the GGAP is not an eligible real-time settlement location for intertie transactions, as indicated in the ISO presentation. Any transaction cleared in the day-ahead using a GGAP would need to be resubmitted in real-time using a DGAP location. This would cause the day-ahead schedule to resettle in real-time, even with no change from the day-ahead settled quantity.
- Having multiple prices for the same intertie could result in imports clearing at higher offer prices over other imports offering at lower prices because of differences in the congestion and loss price components between their GAPs. This might make sense if the congestion cost differences between the competing import offers were accurately represented by the GAP congestion prices. But while using GAPs may potentially provide a better estimate of congestion than the SP, it is still not the actual congestion impact of the imports. The imports are *not* from generation physically at the GAP. Without further stakeholder policy discussion, it is not clear whether choosing one import offer over another based on the difference in congestion prices between GAPs is a sensible policy.
- Having multiple prices for the same intertie also creates the potential for selecting GAPs to associate with imports and exports that offer the most favorable pricing, or for submitting offsetting imports and exports (that are unconstrained by the intertie limits) to gain on differences between in GAP prices. This creates ambiguity over whether GAPs were chosen for these reasons or were simply selected based on where the participant thinks the energy is sourced or sunk as intended by the proposed design. Such ambiguity is not good for market participants transacting at the interties. In general, market design that incentivizes such strategic behavior can also contribute to inefficient market outcomes.

Multiple GAP prices at the same intertie in the day-ahead market could be exploited through strategic use of congestion revenue rights. The use of congestion revenue rights to take advantage of differences between different GAP prices would be monitored and potentially subject to FERC enforcement action. There are likely other considerations that we have not mentioned here that could be discussed in a stakeholder process. However, DMM believes these concerns are sufficient to warrant consideration of

not implementing the GAP-Tie prices as currently planned until after the ISO has conducted a complete stakeholder process on this topic.

The ISO should consider potential single price alternatives for EDAM go-live

It seems to DMM that maintaining a single location to tie pricing scheme, as is done today, should be feasible without affecting any of the other updates to intertie modeling. Two alternative options include the following:

1. Keep the current SP-Tie modeling. This would keep the same modeling that is currently in use, including the current inaccuracies of power flow modeling, but would not cause disruptions to the business operations of market participants who transact at the interties. The day-ahead markets have functioned well for years despite the SP-Tie modeling inaccuracies and it does not seem unreasonable to wait a bit longer until a sufficient stakeholder process is completed to change congestion modeling for tie schedules.
2. Associate each tie with a single Generic GAP (GGAP). This would remove the issues from using multiple GAP prices for the same tie point, while still allowing for the improved modeling form moving away from SP-Tie pricing. Given the nature of the bilateral markets (where one often cannot really know the final origination of supply or destination of load), it is not clear how much using specific Default Generation Aggregation Points (DGAPs) improves modeling versus the use of a more general GGAP.

Given the significant potential impacts on market participants, DMM believes that the ISO should consider using one of these options at least for EDAM go-live, until stakeholders have the chance to vet the GAP-Tie modeling or other alternatives in an ISO policy process.