California ISO

FACT SHEET

Extended Day-Ahead Market

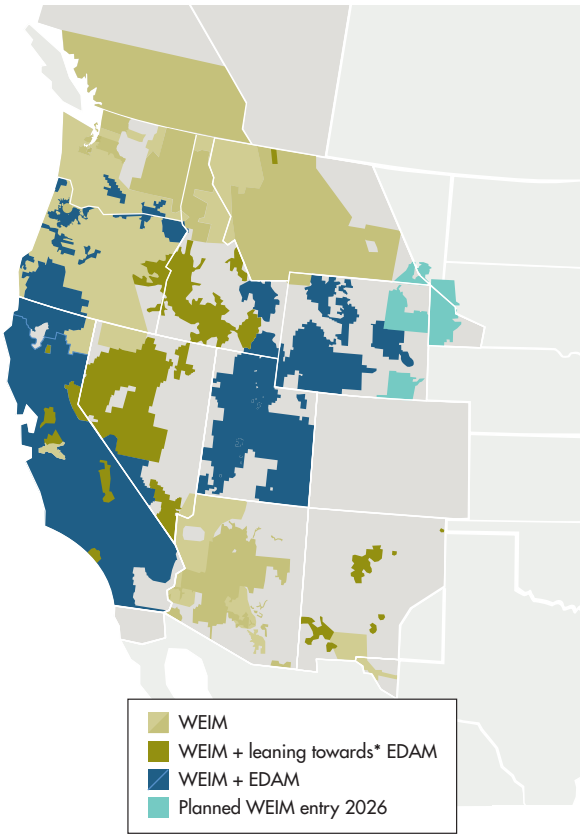
The Extended Day-Ahead Market (EDAM) is a voluntary day-ahead electricity market designed to deliver significant reliability, economic, and environmental benefits to balancing areas and utilities throughout the West.

Building on the proven success and tangible benefits of the real-time Western Energy Imbalance Market (WEIM), the EDAM can increase regional coordination, support states' policy goals, and meet demand cost-effectively.

Since its launch in 2014, the WEIM has grown to 22 participating balancing areas representing 80% of the load in the Western Interconnection and exceeds $6 billion in benefits. The WEIM continues to expand, with two additional entities onboarding in the WEIM in 2026.

By leveraging the significant resource diversity and transmission connectivity between major supply and demand regions throughout the Western United States, the EDAM is designed to deliver additional benefits to those realized in the WEIM through greater reliability coordination and resource optimization.

The EDAM design was jointly approved by the ISO Board of Governors and the Western Energy Markets (WEM) Governing Body in February 2023, and the associated tariff has been fully approved by the Federal Energy Regulatory Commission (FERC).



*These entities have publicly indicated a leaning towards EDAM as their preferred day-ahead market.

The EDAM design has a number of important features that promote economic, reliability, and environmental benefits and supports Balancing Authority autonomy:

- *Voluntary participation structure.* Balancing Authorities participating in the WEIM can voluntarily elect whether and when to extend participation to the EDAM based on individual assessments, business needs, and readiness. The ISO will continue to fully support all entities' participation in the WEIM, regardless of whether they join the EDAM.
- *Low cost to participate with no exit fees.* The EDAM is built on an existing and proven infrastructure platform that minimizes costs to participate in the market, and won't impose exit fees if the participant later chooses to leave the market.
- *Daily resource sufficiency evaluation compatible with different Resource Adequacy and resource planning programs in the West.* The EDAM does not require participation in a specific Resource Adequacy program to share in the benefits of a market.
- Maximizes transmission connectivity to support efficient energy transfers among EDAM areas.
- Supports compliance with different greenhouse gas (GHG) state regulatory programs across the West through FERC-approved design.

The EDAM will launch in 2026 with the participation of PacifiCorp and Portland General Electric, with additional participants committed to join in 2027 and beyond.

The Benefits of EDAM

The day-ahead market efficiently positions supply to meet forecasted demand across the EDAM footprint and identifies economic transfers between participating areas, providing reliability, economic, and environmental benefits for participating balancing areas and their utilities.

Reliability benefits: By improving visibility and awareness of conditions across the footprint, including supply availability, a regional day-ahead market positions a diverse set of resources to cost-effectively meet the next day's conditions. A diverse and broad supply pool also allows the market to better respond to changes in conditions and extreme weather events, effectively reducing operational risk and the frequency and magnitude of emergency conditions.

Economic benefits: Operational benefits result from reduced production costs and optimized commitment of the least-cost resources to meet demand. Since demand peaks vary for individual balancing areas across the West, the day-ahead market seeks to efficiently commit supply to meet peak needs of the whole footprint providing the economic savings in serving load.

Environmental benefits: When excess renewable production occurs in one balancing area in the regional day-ahead market, the energy can be used to meet demand elsewhere, reducing the need for renewable resource curtailment.

In 2022, the ISO commissioned an EDAM Benefits Study from Energy Strategies, an independent energy consulting firm based in Salt Lake City. The study built on a prior State-led study conducted by Energy Strategies and quantified the following benefits, incremental to the WEIM, from a West-wide Extended Day-Ahead Market:

- Total annual operational savings for the West would be up to $543 million per year from reduced power production expenses – a 4.5% decrease from the status quo;
- A West-wide EDAM would reduce CO2 emissions an estimated 2.92 million metric tons a year, equal to removing more than 634,000 vehicles from the road
- Additional potential savings could accrue through lower and shared planning reserve requirements and harmonization in resource procurement programs, providing additional capacity savings up to $557 million per year across the West in avoided investments.
- If the full suite of EDAM benefits is realized, the entire West could save as much as $1.2B annually.

In addition to the ISO's study, each of the prospective EDAM participants have commissioned studies concluding that participation would result in significant additional benefits, including increased cost savings, reduced renewable generation curtailments and a reduction in greenhouse gas emissions in the Western Electric Coordinating Council.

EDAM milestones:

Date	Milestone
2021-2022	Market design
February 2023	ISO Board of Governors & WEIM Governing Body approval
December 2023	EDAM tariff changes accepted by FERC
2024-2025	Implementation activities
2026	Anticipated onboarding of EDAM participants