Transitional Measures & Overlapping Capacity FAQ

Question	Answer
For purposes of our settlements with our RA buyers, when we use transitional measures, it sends both RC and IR revenues to the buyer. While convenient, we think that this means that our BCR for the day is shifting a part of the revenues to the buyer and we're not kept whole for IR. If the CAISO thought that this was not a capacity product or attribute, then it's unclear why IR would be included as part of TM. We think we can understand sending RC revenues via TM, it's excluded from BCR for the RA portion, so even if such revenues go to the buyer, we're at least kept whole. If we sell to 3 buyers and only 1 elect to use transitional measures, then that 1 buyer receives the RC and IR revenues of the other 2 buyers. Election of TM must be done at the T-45 timeframe and cannot be applied during the month. This means that buying substitute capacity for planned outages requires manual settlement. Also I do not believe that SCs of resources can elect to use TM because one of them isn't load. So this leads us to not using TM for our RA contracts and we're finding it a challenge to identify the information which we can share with the buyers without giving them our sensitive bidding information. Tariff Section 11.2.6.4. Can you tell me where this information is provided and how the SC of the generator can get the same information without having to calculate it manually?	***Transitional Measures and BCR*** CAISO tariff section 11.8.3 accounts for the impact transitional measures have on BCR for RUC revenues. There is no comparable provision for imbalance reserves revenue. As reminder, transitional measures were created as a default option for resources and LSEs to use in lieu of individually negotiating new arrangements. However, if transitional measures do not address either side's interests adequately, the parties may negotiate alternative approaches bilaterally. ***Accounting for multiple LSE counterparties*** Transitional measures are tied to a resource/LSE pair. They would not shift imbalance reserves or reliability capacity revenues for a MW quantity that exceeds the RA quantity shown on behalf of the LSE that opted into transitional measures. ***Transitional measures and substitution*** Transitional measures do not account for substitution. Transitional measures are a way of managing pre-existing contractual arrangements between an LSE and a resource providing RA capacity. Any contract through which an RA resource procures substitute capacity is a new contract that can directly address imbalance reserves and reliability capacity revenues.
If a VER's FMM output is lower than its RCU award, is the difference issued no-pay on Charge Code 8800?	A VER does not automatically receive a no-pay quantity under Charge Code 8800 solely because its FMM output is lower than its RCU award. CC 8800 is based on the specific settlement business rules and bill determinants applicable to the resource and interval. CC 8800 (RUC Availability Settlement) assesses whether the resource was available to provide its awarded RUC capacity. For Variable Energy Resources (VERs), the evaluation considers the resource's demonstrated capability and available

	renewable output, rather than simply comparing actual generation to the RUC award quantity. Each scenario must be evaluated based on the resource's awards, availability, and other applicable settlement inputs. If you have a specific resource and trade date in question, please provide the details and we can review the settlement calculation more closely.
If a battery storage resource is empty in an hour where it has an RCU award, is the shortfall issued no-pay on Charge Code 8800?	Yes. If a battery storage resource does not have sufficient state of charge to provide its awarded RCU capacity available to CAISO, the unavailable portion may be subject to a no-pay adjustment under CC8800. In summary, CC 8800 is based on resource availability to provide the awarded RUC capacity, not solely on the awarded quantity itself. Therefore, an empty battery may result in a no-pay adjustment because the resource was unable to make the awarded capacity available to CAISO.
Is CAISO exploring or considering adding in additional charge codes for no-pay on the following products: IRU, IRD, RCU, RCD? As it stands, any no pay and penalty is included in the same charge code as any revenues.	At this time, CAISO is not aware of any plans to create separate charge codes for no-pay or penalty amounts associated with IRU, IRD, RCU, or RCD products. Currently, revenues and any applicable no-pay adjustments are settled within the same charge code. For example, the CC 8800 Configuration Guide explicitly states that both RUC RCU settlements and Unavailability No-Pay Settlements are settled under CC 8800.
GMC paid by supplier, no way for charge to get transferred to lse as part of the transitional measure (suppliers have raised as an issue)	GMC is not an element of the transitional measures and the CAISO does not have current plans to amend the tariff language on this topic.
Opt-in timeframe doesn't work well for required substitutions past opt-in deadline. When a supplier has to buy substitution, there is no way for them to transfer said revenues to LSE per contract.	Substitute capacity is not subject to transitional measures because it has not entered into an RA contract with the LSE. Where the initial RA unit is on outage, there should be no revenue that flows into the transitional measures calculations.
Can we see the Overlapping RA for resources where the other party did not opt-in to DAME Transitional Measure? If so, what is the billing determinant?	If both the SC of the RA resource and the LSE SC mutually opt in, CAISO will identify and calculate the extent to which RA capacity overlaps with IR and RC in each settlement interval. For such opted-in resource/LSE pairs, CAISO allocates the revenues from this overlapping capacity between the resource and the LSE. If both SCs

	do not mutually opt in, then they are defaulted to opt out.
Can we see the LOC for resources where the other party did not opt-in to DAME Transitional Measure? If so, what is the billing determinant?	Both CMRI reports display IRU/IRD Lost Opportunity Cost (LOC) and IRU/IRD/RCU/RCD Overlapping Allocation Capacity results. The Post-Market > Lost Opportunity Cost and Overlapping Resource Adequacy Capacity report provides data for the SC of the RA resource. By contrast, the LSE > LSE Lost Opportunity Cost and Overlapping Resource Adequacy Capacity report provides data for the LSE SCID.
Can CAISO confirm which billing determinant to use when a counterparty resource opts-in to DAME Transitional Measure?	CC 8071 – IRU Settlement CC 8081 – IRD Settlement CC 8800 – RCU Settlement CC 8810 – RCD Settlement
How can we determine forced buy back for IR?	It is the SC's responsibility to validate their settlement statements. After further review, it is the direction of our Settlements team is to refer to the BPMs/Configuration Guides and use the inputs available in the Bill Determinant files to calculate. If the values in the reports do not match your settlement statements, you must please submit a dispute and we will investigate.
Can CAISO split up the Overlapping RA capacity and LOC on the CMRI reports for LSE and the Post Market Results? We're also not clear if the MW and $$ amount are associated to which component.	As your request for splitting in CMRI report, the LOC is a dollar not dependent on a MW, and subject to what resource owner thinks should be its lost opportunity cost for providing IR and any considerations for sharing revenue with LSEs
If entity is not opt-in, will CAISO still calculate the overlap RA? Will this continue past May 1, 2029, in the event that CAISO does not extend or make Transitional Measure a permanent feature.	Tariff section 11.2.6.4 provides the CAISO will continue making the calculations after the DAME transition period has ended.
If our RA supplier does not opt-in, is PG&E able to see the bill determinant for this? We believe we currently are able to, could CAISO please confirm this understanding. Any indication of what will happen beyond the Transitional Measure period (past May 1 ,2029)? Will CAISO continue to provide the bill determinant(s) and what are the associated bill determinant(s)?	If the RA supplier has not opted in, the DAME Transitional settlement provisions do not apply. However, CAISO will continue to calculate and provide informational reporting on overlapping capacity and associated revenues during the DAME Transition Period. We have provided the BDs in the presentation.

Will there be related settlement calculations, BDs publication, LOC reports in CMRI publication even after the 3 years transitional measure for the Overlapping RA going forward?	Information regarding the opportunity costs described in Section 11.2.6.3.1 and 11.2.6.3.3 and the Imbalance Reserves and Reliability Capacity revenue from that overlapping capacity.
Pre-condition - For a SC in the Overlapping RA transitional measure, if all parties are Opt-in for a shared RA resource - If an IR Payment is less than the Overlapping RA (assuming there is noncompliance occurred. Example, IR payment is $10,000, the overlapping revenue is $8,000; the non-compliance charge is $4,000. The SC is still get charged of $2,000), is the current of SC calculation is aligned with the policy intended?	DAME Transitional Measures are not configured to account for ancillary services, imbalance reserves, or reliability capacity no-pay/rescissions in determining the revenue that is allocated between resource and LSE. For more details, please review section 11.2.6 of the CAISO tariff. https://www.caiso.com/documents/section-11-california-iso-settlements-and-billing-as-of-jul-22-2026.pdf
Will CAISO plan to continue providing the current bill determinants to LSEs and related SCs after the DAME Transitional Measures period ends in May 2029? Specifically, will CAISO continue to calculate these bill determinants and make them available to market participants? Will all bill determinants calculated under the "Calculations for LSE" section no longer be calculated after the DAME Transitional Measures period ends? Will the bill determinants under the "Calculations for RA Resource SC" section continue to be calculated and reported after the transition period ends?	DAME Transitional Measures are not configured to account for ancillary services, imbalance reserves, or reliability capacity no-pay/rescissions in determining the revenue that is allocated between resource and LSE. For more details, please review section 11.2.6 of the CAISO tariff. As for the question on what information will be provided after transitional measures expire, section 11.2.6.4 says we will provide information regarding the opportunity costs described in Section 11.2.6.3.1 and 11.2.6.3.3 and the Imbalance Reserves and Reliability Capacity revenue from that overlapping capacity.
Bill determinant BA15MResIRU_RAOverlapCapQty comes into 8071. We need to know how to calculate this quantity so that we can add it to our shadow settlement calculation for cc 8071. Please let us know how we can calculate it.	The **BA15MResIRU_RAOverlapCapQty** billing determinant represents the quantity of RA/Flexible RA capacity that overlaps with an IRU award under the DAME Transitional Measures. The calculation is defined in Tariff Section 11.2.6.2.1 as the lesser of: 1. The IRU Award, or 2. The greater RA Capacity or Flexible RA Capacity shown on the monthly Supply Plan, minus: o Energy Schedule, and o Ancillary Service Awards (excluding Regulation Down), with a minimum value of zero.

	Please review the presentation for more details.
When calculating potential BCR for units that have received an RCU or RCD award and which have an overlapping RA obligation, do you exclude any RCU or RCD revenues from the BCR calculation?	These should be treated as totally separate items – as in BCR assumes that all of the revenue is attributed to the resource even if it then gets transferred over to the LSE. The rationale would be those revenues are already covered under the RA contract. They are market products that should be subject to BCR on the cost and revenue side. But then transitional measures is having parties opt in to a default tool to administer their RA contract.]
Will the Lost Opportunity Cost report currently available to the Resource Owner SC and the LSE continue to be accessible through CMRI?	Yes. The Lost Opportunity Cost (LOC) report will continue to be available through CMRI to the applicable parties during the DAME Transition Period. The DAME Transitional Measures affect how overlapping capacity revenues are allocated when both parties opt in. CAISO will continue to calculate and provide the associated reporting, including informational reporting where the parties have not opted in.
What is the RA Overlap LOC Amount?	The **RA Overlap Lost Opportunity Cost (LOC) Amount** represents the portion of a resource's Lost Opportunity Cost (LOC) that is attributable to the **RA-overlapping capacity**. This amount is calculated by **PCA** and is used as an offset when determining the portion of RA overlap revenues that may be transferred from the **Resource Owner** to the applicable **LSE(s)** during the DAME transitional period.
Why is the LOC amount needed?	RA-overlapping capacity may earn both: ➢ Imbalance Reserves revenues (IRU/IRD), and ➢ Lost Opportunity Cost (LOC) compensation To avoid over-allocating revenues associated with the same overlapping RA capacity, the LOC attributable to the overlapping capacity is deducted from the **RA Overlap Gross Amount** before calculating the amount subject to allocation. <u>Example</u>: IRU RA Overlap Gross Amount = $800 IRU RA Overlap LOC Amount = $400 RA Overlap Capacity Assessment Amount = $400 (800 - 400) (RA Overlap Gross Amount – LOC Amount).

	The resulting RA Overlap Capacity Assessment Amount is then allocated to participating LSEs based on their applicable Share Rates.
How is the LOC Amount derived?	The LOC amount is derived as follows: RA Overlapping MW * (DA Energy LMP – DA Final Energy Bid Price) Where: ➢ RA Overlapping MW = RA overlap capacity calculated by PCA ➢ DA Energy LMP = Day-Ahead Energy Locational Marginal Price ➢ DA Final Energy Bid Price = Final Day-Ahead Energy Bid Price for the resource PCA calculates both RA Overlapping MW and RA Overlap LOC Amount. PCA then publishes this information to CMRI and Settlements.
How is the LSE Share Rate derived?	The LSE Share Rate is based on the LSE's share of the total qualifying RA capacity associated with the resource for the applicable trading hour. The total share rates across all eligible LSEs must equal 100%. Example: Total RA Capacity = 100 MW LSE1 RA Capacity = 59 MW LSE2 RA Capacity = 41 MW The LSE Share Rates are: ➢ LSE1 Share Rate = 59% ➢ LSE2 Share Rate = 41% If the RA Overlap Capacity Assessment Amount equals $400, then: ➢ LSE1 Allocation = $400*59% = $236 ➢ LSE2 Allocation = $400*41% = $164 These allocated amounts are used by Settlements to determine the portion of RA overlap revenues transferred to each participating LSE during the DAME transitional period.
What reports are available for validating RA overlap MW?	There are **two CMRI reports** available for validating RA overlap information. **<u>Report 1</u>: Lost Opportunity Cost and Overlapping Resource Adequacy Capacity**

	Location: Under Post Market Results tab in CMRI. Primary Users: Resource Owner SCs. Information Available: RA Overlap MW, LOC Amount and Related overlapping capacity information. Resource Owner SCs can use this report to validate both RA Overlap MW and LOC calculations. **<u>Report 2</u>: LSE Lost Opportunity Cost and Overlapping Resource Adequacy Capacity** Location: Under LSE tab in CMRI. Primary Users: LSE SCs Information Available: RA Overlap MW, LOC Amount and LSE-specific overlap information. LSE SCs can use this report to validate both RA Overlap MW and LOC calculations applicable to their RA obligations.
How many different transition periods are on-going at CAISO? This is NOT the intertie scheduling transition period?	Only one fixed transition period. 5/1/2026-4/30/2029.
What if the 100 MW resource only sold 50 MW of RA but gets 40MW if RC/IR. Does the CAISO assume all 40MWs is overlap RA or done pro-rata?	From this example, there is no way to tell if the 40 MW of awarded IR/RC is overlapping. We would also need to know the energy, ancillary services, and (in the case RC) imbalance reserves award. However, the revenue from whatever IR/RC is deemed overlapping will be shared pro-rata with the LSE that opted in.
If there's no LOC hypothetically and the IRU was 40 MW but RA sold was only 50 MW and resource pmax is 100 MW, is the RA overlap 0 or 40 or some pro-rata?	The overlapping capacity will not exceed the RA shown for a given resource/LSE pair. Where a resource has RA shown on behalf of multiple LSEs, the transferred revenue will be pro-rate based on the RA shown for that LSE compared to the RA shown for all LSEs from that resource.
Are these changes being applied retroactively?	Yes, this will be applied retroactively beginning with Trade Date May 1, 2026.
When is the CAISO planning to implement these changes or have they already been put into place?	They have not yet been implemented. The CAISO will advise once they have been.
When will we see this in t+9	We will provide the applicable T+9B Trade Date closer to the production implementation date.
Where there are multiple off takers: if the Owner opts In, but only some of the LSE's opt-in, not all of them, will that mean that no LSE's get their share? or will the LSE's that opted in get their share?	The overlapping capacity will not exceed the RA shown for a given resource/LSE pair. Where a resource has RA shown on behalf of multiple LSEs, the transferred revenue will be pro-rate based on the RA shown for that LSE compared to the RA shown for all LSEs from that resource.

If we are not an LSE and purchase replacement RA, how do we know what IR/RC should be coming to us if both groups did not opt in?	Transitional measures do not apply to substitute capacity procured by a resource going on outage.
Is the ISO aware of any incorrect settlements when opting in to the TM? If so, is the ISO planning to correct these settlements? If the T+9 is settled incorrectly for those who opted into TM, will the settlement be corrected in T+70? This could be for price corrections, RA overlap report inaccuracies etc.	That is what we are discussing here. We are planning to revise the RA overlap MW calculation when the resources are mutually opted in. We are targeting the T+11M settlement for the corrections and will communicate the applicable Trade Dates closer to production implementation.
If a resource has more deliverability than shown on a month's RA Supply plan (for example it has 50MW available RA but only showed 40MW on the Supply Plan) then does the Resource get revenue for all 50MW, or just the 40MW shown on the Supply Plan.	The TMs apply only to the 40 MW shown on the supply plan.
The share rate has to be calculated regardless of opt-in, and then only TM applies to the opted in amount The share rate has to be calculated regardless of opt-in, and then only TM applies to the opted in amount I think there is a confusion here with the OPT in.	The overlapping capacity will not exceed the RA shown for a given resource/LSE pair. Where a resource has RA shown on behalf of multiple LSEs, the transferred revenue will be pro-rate based on the RA shown for that LSE compared to the RA shown for all LSEs from that resource.
What about when an LSE purchased the RA, but strategically chose not to show it on a supply plan, because of extra length, or holding it back for Sub RA. They have paid for the RA and is entitled to this revenue, then how can we still get the revenue passed-through for the held back? Or does that need to be handled bilaterally, outside of CAISO?	Transitional measures are only applied to RA capacity on a supply plan.
Is there a report (in CMRI for example) where we can pull the Final Energy Bid Price?	No, we don't have any report in CMRI. If the bid prices are mitigated the mitigated bid price will be same as DEB price (I believe this is posted in CMRI).
What is the purpose for having the opt in roll forward for future months?	This approach avoids forcing LSEs and resource to register a distinct decision for each month. However, if either side decides they do not want to apply transitional measures anymore, then they can follow the opt out procedures.
For the denominator of the LSE Share Rate - is it the Total NQC of the resource, or is it the shown Total NQC for that specific month?	The denominator is the shown RA in that month.
Is there a distinct charge code or billing determinant for the non-opportunity costs related to IR?	**No separate charge code appears to exist for IR non-opportunity-cost adjustments such as no-pay/unavailability amounts**. For **IRU/IRD**, applicable no-pay or penalty adjustments are **settled within the same product charge code as the revenue**, rather than through a separate no-

	pay charge code. The same design applies to RCU/RCD. **Opportunity cost** → separately calculated/reportable component **IR revenue and IR no-pay/non-opportunity-cost adjustment** → ultimately settle through **CC 8071/8081**, with the adjustment embedded/netted within the applicable IR charge code rather than posted to a separate charge code.
Does the RA overlap include T1 allocation charges?	**RA Overlap does not include CC 8076 IRU Tier 1 Allocation.** Think of them as two parallel calculations: **RA Overlap → CC 8071 IRU Settlement adjustment/revenue sharing** **IRU Tier 1 cost allocation → CC 8076, separate allocation charge**
If the RA seller receives $0 from CC 8071 (IRU), but owes e.g. $100 from CC 8076 (IRU T1 Alloc), then does the RA overlap reflect $0 or does the RA buyer join in paying a share of the $100 from the T1 Alloc?	The RA overlap should reflect $0 in your example. The RA buyer would not join in paying the seller's $100 CC 8076 Tier 1 Allocation merely because the resource has RA overlap. The RA overlap mechanism is tied to the **IRU revenue associated with overlapping RA capacity**. In your RA Overlap examples, the amount transferred to the LSE is derived from the IRU overlap gross revenue less the applicable overlap LOC. **CC 8076 is a different settlement calculation.** Tariff Section 11.2.1.9 treats IRU Tier 1 as a cost allocation, determined from the SC's Tier 1 allocation quantity and Tier 1 allocation price. It is not identified as an input to the RA overlap revenue-sharing calculation.
If a generator opts into TM, will the settlement invoices still show the total RC/IR revenues paid even though the all or part of it was transferred to the LSE via TM?	Yes, with an important distinction between the **underlying gross market revenue** and the **net settlement amount invoiced to the Resource SC**. Under Transitional Measures, the RC/IR revenue associated with overlapping RA capacity is **reallocated between the Resource SC and the LSE SC**. The internal FW: DAME Transitional Measures Training Materials – Final Review specifically describes TM as sending applicable RC and IR revenues to the RA buyer. So I would

	expect the settlement detail/billing determinants to provide enough information to identify the original RC/IR revenue and the TM adjustment, but the **Resource SC's invoice should reflect the net financial obligation after the TM transfer**, not treat the transferred amount as revenue that the generator ultimately retains. **Example** Suppose: • Gross IRU revenue = **$1,000** • RA Overlap revenue transferred to LSE = **$700** • Opportunity-cost portion retained by Resource SC = **$300** Then conceptually: **Gross CC 8071 IRU revenue: $1,000** **TM allocation to LSE: ($700)** **Net amount retained by Resource SC: $300** The $1,000 underlying revenue can still be represented in the settlement calculation/detail, but the Resource SC should **not ultimately be invoiced as though it receives the full $1,000** after $700 has been transferred.
Does the "DA Final Energy Bid Price" mean the final bid price after the MPM run and could be the DEB of the resource?	DA Final Energy Bid Price = the final Day-Ahead Energy Bid price used by the market after applicable bid processing and MPM. If the bid is mitigated, the final bid price may therefore reflect the applicable DEB/MPM-adjusted value rather than the originally submitted bid price.
If we do not use this opt-in structure, is there a limited view option available in MRI-S that the LSE can be granted to independently validate just the IR and RC charge codes?	If the parties **do not mutually opt in**, the Transitional Measures settlement provisions do not apply. CAISO instead provides **informational reporting**. In the opt-out example, the resource retains the normal IRU settlement, CAISO calculates an **advisory amount**, and CMRI reports the **RA Overlap MW and LOC amount**. The LSE has its own CMRI **LSE > LSE Lost Opportunity Cost and Overlapping Resource Adequacy Capacity** report. It provides the LSE SCID with IRU/IRD LOC and IRU/IRD/RCU/RCD overlapping-capacity information.