

190 FERC ¶ 61,097
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Mark C. Christie, Chairman;
Willie L. Phillips, David Rosner,
Lindsay S. See, and Judy W. Chang.

California Independent System Operator Corporation

Docket No. ER25-437-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued February 20, 2025)

1. On November 14, 2024, pursuant to section 205 of the Federal Power Act (FPA)¹ and part 35 of the Commission's regulations,² the California Independent System Operator Corporation (CAISO) filed proposed revisions to its Open Access Transmission Tariff (Tariff)³ to implement the Extended Day-Ahead Market (EDAM) access charge framework in the CAISO balancing authority area (BAA). As discussed below, we accept CAISO's proposed Tariff revisions, as requested, and direct CAISO to submit an informational filing notifying the Commission of the actual effective date no less than seven days prior to the date CAISO implements the proposed Tariff revisions.

I. Background

2. On April 12, 2024, CAISO filed proposed revisions to its Tariff to add the EDAM access charge framework to allow for the recovery of an EDAM transmission owner's eligible transmission service revenue shortfalls from other EDAM BAAs.⁴ CAISO explained that the EDAM access charge framework would allow EDAM transmission

¹ 16 U.S.C. § 824d.

² 18 C.F.R. pt. 35 (2024).

³ The Appendix lists the Tariff sections filed by CAISO and accepted by the Commission. Capitalized terms that are not defined in this order have the meaning specified in the Tariff.

⁴ CAISO previously filed revisions to its Tariff proposing an EDAM access charge on August 22, 2023, in Docket No. ER23-2686-000, which the Commission rejected because CAISO had not demonstrated that the provisions were just and reasonable and not unduly discriminatory or preferential. *Cal. Indep. Sys. Operator Corp.*, 185 FERC ¶ 61,210, at P 460 (2023).

owners to recover three components: (1) revenue shortfalls expected to result from transitioning from bilateral transmission service to day-ahead market service; (2) a portion of costs that are not reflected in the three-year lookback associated with the first component (e.g., revenue shortfalls from foregone sales of non-firm and short-term firm transmission service over certain new network upgrades); and (3) revenue shortfalls associated with wheeling through an EDAM BAA or the CAISO BAA in excess of the total net EDAM transfer of the BAA. CAISO also explained that the EDAM access charge rate for each EDAM entity would be assessed to that EDAM entity's gross load.

3. The Commission found that all three components of the EDAM access charge were just and reasonable and not unduly discriminatory or preferential.⁵ The Commission found that, consistent with cost causation principles, it is reasonable for voluntary EDAM participants to pay an EDAM access charge given that they benefit from the use of unscheduled transmission capacity that EDAM transmission owners make available to EDAM, which facilitates EDAM transfers and, in turn, market efficiency benefits.⁶

II. Filing

4. As described below, CAISO proposes revisions to its Tariff to implement the EDAM access charge framework in the CAISO BAA when CAISO begins participating in the EDAM.⁷

A. CAISO BAA EDAM Recoverable Revenue and EDAM Access Charges

5. CAISO proposes, under proposed Tariff section 26.2.1, to assess an EDAM access charge to recover the proportional share of EDAM recoverable revenue for the CAISO BAA from the other EDAM BAAs.⁸ CAISO explains that the EDAM recoverable revenues associated with the Participating Transmission Owners (PTO) in the CAISO BAA, as well as the associated true-up amounts, will be included as part of the EDAM access charge \$/MWh specific to each EDAM BAA. CAISO will credit revenues from the EDAM entity access charges to the PTOs in the CAISO BAA. CAISO states that, like EDAM transmission service providers, the PTOs in the CAISO BAA will also conduct an annual EDAM access charge true-up process. CAISO asserts that this is

⁵ *Cal. Indep. Sys. Operator Corp.*, 187 FERC ¶ 61,154, at PP 37-40 (2024) (EDAM Access Charge Order).

⁶ *Id.* P 38.

⁷ Transmittal at 2-3.

⁸ *Id.* at 9-11.

consistent with the Commission's approved cost allocation methodology because it ensures the EDAM entity BAAs compensate the transmission owners in the CAISO BAA when benefiting from the use of their systems.

B. Calculating EDAM Recoverable Revenue for the CAISO BAA

6. CAISO also proposes, under proposed Tariff section 26.2.2, a three-component rate structure to enable each PTO in the CAISO BAA to establish its EDAM recoverable revenue requirement within its existing high voltage Transmission Revenue Requirement (TRR) or low voltage TRR, as applicable.⁹ CAISO states that, when aggregated, these EDAM recoverable revenue requirements will comprise the EDAM recoverable revenue for the CAISO BAA. CAISO notes that the high voltage TRR and low voltage TRR are components of the PTOs' Commission-approved formula rates. CAISO states that, by following the processes and procedures in CAISO's business practice manuals, CAISO and each PTO will collaborate to review the data for each of the three component parts, with the PTO completing the inputs through its individual formula rate processes consistent with its individual formula rate protocol and review process.

1. Component 1

7. Under the accepted EDAM access charge framework, CAISO explains that EDAM transmission owners' component 1 revenues are intended to capture an approximation of transmission services displaced by EDAM transfers (e.g., daily firm point-to-point transmission service).¹⁰ However, CAISO explains that these specific types of transmission services do not exist in CAISO. Rather, CAISO explains that this displacement occurs in the CAISO BAA when a scheduling point at the CAISO boundaries evolves into an EDAM internal intertie. While the PTOs have historically collected wheeling access charge revenues for transactions occurring at Scheduling Points, this revenue will no longer accrue when the scheduling points become EDAM internal interties. CAISO proposes to enable each PTO to include within component 1 of its EDAM recoverable revenue requirement the appropriate portion of the historical wheeling access charge revenue foregone only for each scheduling point that corresponds with an EDAM internal intertie, subject to true-up.¹¹ CAISO proposes to limit component 1 revenue within the CAISO BAA to "Wheeling Access Charge revenue at

⁹ *Id.* at 11-13.

¹⁰ *Id.* at 14.

¹¹ *See* CAISO, CAISO eTariff, § 26.2.2 (Calculation of EDAM Recoverable Revenue for the CAISO BAA) (1.0.0), § 26.2.2.1.

the Scheduling Points associated with the CAISO Controlled Grid.”¹² CAISO states that this is the equivalent of the limit equation established for the EDAM transmission owners under the accepted EDAM framework,¹³ but reflects the unique situation of the PTOs in CAISO.

2. Component 2

8. CAISO explains that component 2 of the accepted EDAM recoverable revenue framework enables EDAM transmission owners to recover a portion of historical costs that would not appear in component 1, but whose cost recovery EDAM affects.¹⁴ An EDAM transmission owner’s component 2 includes amounts associated with new facility upgrades and rights arising due to expiration of legacy contracts. To implement this framework in the CAISO BAA, CAISO proposes to allow each PTO to include within component 2 of its EDAM recoverable revenue requirement the appropriate portion of costs resulting from reduced revenues associated with the release of transmission from existing contracts or forgone transmission sales on certain new upgrades.¹⁵ CAISO states that the framework limits the percentage of the projected revenue from the qualifying upgrade equivalent to the ratio of historical wheeling access charge revenue to TRRs for the CAISO BAA.¹⁶ Likewise, CAISO states that the framework design only allows inclusion of a portion of the benefits associated with expiring existing contracts. CAISO states that its proposed limit for component 2 is consistent with the accepted EDAM access charge framework and serves as a just and reasonable proxy for determining the extent to which any new upgrades or transmission capacity made available from a PTO’s upgrades could benefit the larger EDAM footprint.

3. Component 3

9. CAISO states that component 3 captures the increase in the volume of transactions wheeling through the CAISO BAA after it begins participation in EDAM.¹⁷ To

¹² Transmittal at 16.

¹³ For an EDAM transmission owner, component 1 is limited to the product of its projected component 1 EDAM recoverable revenue and its export ratio. *Id.* at 15.

¹⁴ *Id.* at 16-17.

¹⁵ CAISO, CAISO eTariff, § 26.2.2 (Calculation of EDAM Recoverable Revenue for the CAISO BAA) (1.0.0), § 26.2.2.2.

¹⁶ Transmittal at 18-19.

¹⁷ *Id.* at 19.

implement this framework in its BAA, CAISO proposes to allow each PTO to include amounts within component 3 of its EDAM recoverable revenue requirement in periods where the total volume of EDAM wheeling-through transactions exceeds the total net transfers (imports and exports) of the CAISO BAA.¹⁸ In periods where this excess occurs, the PTO will be compensated for the transmission use that supports the excess wheeling at the applicable wheeling access charge rate, which CAISO asserts is equivalent to the EDAM transmission service provider's non-firm hourly point-to-point transmission rate. CAISO states that it is just and reasonable to account for such revenues within the EDAM recoverable revenue of each PTO because it will ensure the other EDAM BAAs pay a charge that reflects their use of the transmission system in the EDAM footprint to support EDAM transfers.¹⁹

C. Allocating EDAM Access Charges Assessed to the CAISO BAA

10. Under proposed Tariff section 26.2.3, CAISO proposes to sub-allocate any EDAM access charges assessed to the CAISO BAA from other EDAM entity BAAs to CAISO scheduling coordinators based on CAISO scheduling coordinators' share of gross load in the CAISO BAA.²⁰ CAISO states that it will credit back EDAM access charge revenue received from scheduling coordinators in the CAISO BAA to the EDAM entity BAAs consistent with the EDAM access charge framework. Further, CAISO states that any difference between EDAM access charges assessed to the CAISO BAAs and the revenues received from scheduling coordinators representing gross load in the CAISO BAA will be reflected as debits or credits in the annual true-up of EDAM access charges.

11. CAISO asserts that sub-allocation of these charges to scheduling coordinators representing gross load is consistent with the EDAM framework and similar to other charges assessed to gross load under the current Tariff, such as CAISO's regional access charge and wheeling access charge.²¹ CAISO states that its proposed approach appropriately allocates EDAM transmission costs to those beneficiaries in proportion to how much they benefit from EDAM, thus satisfying the principle of allocating costs at least roughly commensurate with estimated benefits.

¹⁸ CAISO, CAISO eTariff, § 26.2.2 (Calculation of EDAM Recoverable Revenue for the CAISO BAA) (1.0.0), § 26.2.2.3.

¹⁹ Transmittal at 19 (citing EDAM Access Charge Order, 187 FERC ¶ 61,154 at P 40).

²⁰ *Id.* at 21-22.

²¹ *Id.* at 22-23.

D. Rate Structure Transparency

12. CAISO states that EDAM transmission service providers must provide all documentation for the EDAM access charge calculations to CAISO on an annual July 1 cycle.²² CAISO notes that it may include other requirements in the EDAM business practice manual to aid consistent approaches within the Tariff requirements and ensure that third parties have sufficient documentation to verify EDAM access charge inputs. CAISO states that it plans to review the impacts of the EDAM access charge and the EDAM recoverable revenue for the CAISO BAA every year and pursue adjustments as needed to maintain just and reasonable cost allocations. CAISO notes that it plans to publish a comprehensive report based on the first three years of EDAM operation on CAISO's website and include an explanation of the impacts of the EDAM access charge on PTOs' EDAM recoverable revenue requirements and the performance of the EDAM access charge in managing cost shifts among customers.²³

E. Effective Date and Request for Waiver

13. CAISO requests that the Commission accept the proposed revisions effective May 1, 2026, which is CAISO's intended go-live date for EDAM. CAISO also requests authorization to inform the Commission of the actual effective date of the proposed Tariff changes through a subsequent filing within five business days following their implementation.²⁴ CAISO requests waiver of the Commission's 120-day notice requirement to permit the filing to become effective as of the actual implementation date. CAISO asserts that good cause exists to grant the waiver, because it would allow CAISO to achieve substantial efficiencies in its implementation activities.

III. Notice and Responsive Pleadings

14. Notice of the filing was published in the *Federal Register*, 89 Fed. Reg. 92112 (Nov. 21, 2024), with interventions and protests due on or before December 5, 2024. Balancing Authority of Northern California; Calpine Corporation; Pacific Gas and

²² *Id.* at 23.

²³ *Id.* at 24.

²⁴ *Id.* While CAISO's transmittal letter requests an effective date of May 1, 2026, for the proposed Tariff provisions, the eTariff records submitted by CAISO contain a proposed effective date of 12/31/9998. CAISO explains that the actual implementation date of some rule changes can depend on variables that cannot be fully predicted in advance. Accordingly, CAISO requests authorization to inform the Commission of the actual effective date of the proposed Tariff changes through a subsequent filing within five business days following their implementation.

Electric Company; NV Energy, Inc.; Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; and the City of Santa Clara, California filed timely motions to intervene. California Department of Water Resources State Water Project (CDWR) and Northern California Power Agency (NCPA) filed timely motions to intervene and comments. PacifiCorp filed a motion to intervene and comments out-of-time. On December 13, 2024, CAISO filed a motion for leave to answer and answer to comments filed by NCPA and CDWR.

A. Comments and Answer

15. Commenters support CAISO's implementation of the EDAM access charge within the CAISO BAA. NCPA and CDWR emphasize the importance of a mechanism to credit EDAM access charge revenue through the PTOs' formula rates to ensure the EDAM access charge achieves its purpose of mitigating unintended downstream cost shifts of ratepayers. According to NCPA and CDWR, further filings by the PTOs may be necessary to ensure that EDAM access charge revenues can be properly credited to customers.²⁵ NCPA and CDWR urge CAISO to work with PTOs and stakeholders to ensure that they are ready for the EDAM go-live date (May 1, 2026), and request that the Commission reaffirm that PTOs will need to: (1) make further tariff filings to enable flow-through of EDAM access charge revenues to customers, or (2) demonstrate that no such filing is needed.²⁶ PacifiCorp asserts that the instant filing adequately clarifies that for non-CAISO EDAM entities in the CAISO BAA, CAISO will only allocate out lost wheeling access charge revenues corresponding with EDAM internal interties.²⁷ PacifiCorp also states that it supports proposed cross-references to align the access charges calculated and charged between CAISO and EDAM entities.²⁸

16. CAISO acknowledges the supportive comments from NCPA and CDWR and reaffirms the next steps for implementation. CAISO explains that the PTOs will determine the appropriate EDAM recoverable revenue to be included in their high voltage TRR, unless they demonstrate that a portion of the EDAM recoverable revenue requirement relates to local facilities recoverable through the low voltage TRR.²⁹ CAISO confirms that proposed section 26.2.2 outlines the collaborative process for each PTO to submit inputs to help establish the total EDAM recoverable revenue, which involves

²⁵ NCPA Comments at 5; CDWR Comments at 5.

²⁶ NCPA Comments at 6; CDWR Comments at 6.

²⁷ PacifiCorp Comments at 4.

²⁸ *Id.*

²⁹ CAISO Answer at 2-3.

reviewing data and finalizing inputs based on individual formula rate protocols and review processes.³⁰ CAISO commits to continuous engagement with stakeholders and annual review of the impacts of the EDAM access charge and the EDAM recoverable revenue for the CAISO BAA to assess efficacy and ensure fair cost allocations.³¹

IV. Determination

A. Procedural Matters

17. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2024), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

18. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d), we grant PacifiCorp's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

19. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2024), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept CAISO's answer because it has provided information that assisted us in our decision-making process.

B. Substantive Matters

20. We accept CAISO's proposed Tariff revisions to implement the EDAM access charge framework and find them to be just and reasonable and not unduly discriminatory or preferential. We grant CAISO's request for waiver of the Commission's 120-day notice requirement to permit CAISO's filing to be tendered more than 120 days in advance of the requested effective date for good cause shown³² and accept the proposed Tariff revisions with an effective date of 12/31/9998, as requested. CAISO must make an informational filing notifying the Commission of the actual effective date no less than seven days prior to the date CAISO implements the proposed Tariff revisions. CAISO should use the eTariff Type of Filing Code 150 – Data Response/Supplement the Record.

21. We find CAISO's proposal to assess an EDAM access charge to recover eligible EDAM recoverable revenue associated with PTOs in the CAISO BAA to be just and

³⁰ *Id.* at 3-4.

³¹ *Id.* at 5.

³² 18 C.F.R. § 35.1(a)(1) (2024).

reasonable. We find CAISO's proposal to be consistent with the EDAM Access Charge Order and cost causation principles because it will ensure the EDAM entity BAAs compensate PTOs in the CAISO BAA where EDAM entity BAAs benefit from use of the PTOs' systems.³³

22. Likewise, we find CAISO's proposed three-component rate structure to enable the PTOs to establish their EDAM recoverable revenue requirements within their applicable TRR to be just and reasonable. We find that CAISO's proposal is appropriately tailored to the unique circumstances of the PTOs, which differ from that of EDAM transmission owners. For instance, because the specific types of transmission service that component 1 revenues are intended to capture do not exist in CAISO, we find reasonable CAISO's proposal to enable each PTO to include within component 1 of its EDAM recoverable revenue requirement the appropriate portion of the historical wheeling access charge revenue forgone for each scheduling point that corresponds with an EDAM internal intertie. As CAISO explains, the PTOs will no longer collect wheeling access charge revenues for transactions occurring at scheduling points when they become EDAM internal interties.

23. We also find CAISO's proposal to sub-allocate EDAM access charges assessed to the CAISO BAA to CAISO scheduling coordinators based on their represented share of gross load to be just and reasonable. We find that the proposed approach allocates costs at least roughly commensurate with estimated benefits, because it allocates EDAM transmission costs to beneficiaries within the CAISO BAA in proportion to their benefit from EDAM.³⁴ In addition, CAISO's proposal is consistent with its current practice of sub-allocating similar charges such as the regional access charge and wheeling access charge to load.³⁵

³³ See EDAM Access Charge Order, 187 FERC ¶ 61,154 at P 38 (finding that "it is reasonable for voluntary EDAM participants to pay an EDAM access charge because they benefit from the use of the unscheduled transmission capacity that EDAM transmission owners make available to EDAM, which facilitates EDAM transfers and, in turn, the market efficiency benefits that those transfers provide.").

³⁴ See Transmittal at 22 ("Sub-allocating the CAISO EDAM Access Charges to Scheduling Coordinators for Gross Load in the CAISO Balancing Authority Area appropriately allocates EDAM transmission costs to those beneficiaries in proportion to how much they benefit from EDAM. Thus, it satisfies the principle of allocating costs at least roughly commensurate with estimated benefits.").

³⁵ See CAISO, CAISO eTariff, § 26 Transmission Rates and Charges (0.0.0); *id.* app. F Rate Schedules (30.0.0), sch. 3.

24. CDWR and NCPA ask the Commission to reaffirm that PTOs will need to make further filings to enable the flow-through of EDAM access charge revenues to customers or demonstrate that no such filing is needed. Although these comments pertain to the individual PTOs' tariffs and are therefore outside the scope of this proceeding, we acknowledge that PTOs may need to make their own tariff filings prior to the EDAM go-live date to incorporate the EDAM access charge.³⁶

The Commission orders:

(A) CAISO's proposed Tariff revisions are hereby accepted, effective as of the actual implementation date, as discussed in the body of this order.

(B) CAISO is hereby directed to notify the Commission of the actual effective date of the revisions date no less than seven days prior to the date CAISO implements the proposed Tariff revisions, in an eTariff submittal using Type of Filing Code 150 – Data Response/Supplement the Record.

By the Commission.

(S E A L)

Carlos D. Clay,
Deputy Secretary.

³⁶ In the EDAM Access Charge Order, the Commission found that, “[s]imilar to the implementation filings for EDAM participation, EDAM transmission owners will have to revise their OATTs to incorporate the EDAM access charge or demonstrate that their formula rate already does so, prior to EDAM participation.” EDAM Access Charge Order, 187 FERC ¶ 61,154 at P 42. For PTOs within the CAISO BAA, the Commission noted that this would amount to Tariff provisions in CAISO's implementation filing. *Id.* P 42 n.62. However, as discussed in the body of this order, the PTOs may also make their own tariff filings, as necessary, to ensure full implementation of CAISO's EDAM access charge framework in the CAISO BAA.

Appendix

Tariff Records Filed

California Independent System Operator Corporation

CAISO eTariff

[26.2, CAISO BAA EDAM Recoverable Revenue and EDAM Access Charges \(3.0.0\)](#)

[26.2.1, CAISO Participation as a BAA in the EDAM Area \(1.0.0\)](#)

[26.2.2, Calculation of EDAM Recoverable Revenue for the CAISO BAA \(1.0.0\)](#)

[26.2.3, CAISO EDAM Access Charges \(0.0.0\)](#)

[33.26, Historical Revenue Recovery And Charges \(3.0.0\)](#)