

187 FERC ¶ 61,154
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Willie L. Phillips, Chairman;
Allison Clements and Mark C. Christie.

California Independent System Operator Corporation Docket No. ER24-1746-000

ORDER ACCEPTING TARIFF REVISIONS

(Issued June 11, 2024)

1. On April 12, 2024, pursuant to section 205 of the Federal Power Act (FPA)¹ and part 35 of the Commission’s regulations,² California Independent System Operator Corporation (CAISO) filed proposed revisions to its Open Access Transmission Tariff (Tariff) to implement the Extended Day-Ahead Market (EDAM) access charge.³ As discussed below, we accept CAISO’s proposed Tariff revisions pertaining to: (1) EDAM access charge implementation activities, effective June 12, 2024, as requested; and (2) specific EDAM access charge components, effective on the actual implementation date, as requested. We direct CAISO to notify the Commission of the actual effective date of the Tariff revisions within five business days of their implementation.

I. Background

2. On August 22, 2023, CAISO filed proposed revisions to its Tariff to implement its Day-Ahead Market Enhancements and EDAM proposals. As part of its EDAM proposal, CAISO proposed an EDAM access charge that would have allowed an EDAM transmission owner⁴ to recover three discrete components of forgone revenues,

¹ 16 U.S.C. § 824d.

² 18 C.F.R. pt. 35 (2023).

³ CAISO April 12, 2024 Transmittal at 1 (Transmittal).

⁴ CAISO uses the term “transmission service provider” in its transmittal for consistency and alignment with the Tariff term EDAM Transmission Service Provider but states that it uses “transmission owner” synonymously in this proceeding. *Id.* at 1 n.2. A “transmission service provider” is “an EDAM Entity or other party that owns transmission or has transmission service rights on an EDAM Intertie or within an EDAM Entity Balancing Authority Area, provides transmission service, and that makes transmission service available for use in the Day-Ahead Market through an EDAM

components which it proposes again in the instant proceeding⁵ and we describe below. CAISO stated that the EDAM access charge Tariff provisions were severable from the rest of its EDAM proposal.⁶

3. In an order issued December 20, 2023, the Commission rejected the EDAM access charge without prejudice while accepting the rest of CAISO's EDAM proposal.⁷ The Commission found that CAISO had not demonstrated that the three components of the proposed EDAM access charge were just and reasonable and not unduly discriminatory or preferential. As to the first component, the Commission found that there was ambiguity as to how that component would have functioned in the first year that EDAM is live. The Commission noted that the EDAM access charge was proposed as a permanent, rather than transitional, cost recovery mechanism but that CAISO's explanation of why its proposal was just and reasonable described the role of the access charge as a transitional mechanism.

4. Regarding the second component of the EDAM access charge, the Commission found that, although CAISO explained that it may be appropriate to allow for recovery of a portion of the costs of certain network upgrades that benefit EDAM, CAISO had not demonstrated why it was just and reasonable to allocate those costs through the ratio of a transmission owner's historical revenue shortfalls associated with short-term transmission sales to its annual transmission revenue requirement.

5. Finally, as to the third component of the EDAM access charge, which was designed to allow an EDAM transmission owner to recover wheeling revenues associated with use of its transmission system in excess of an EDAM Entity's⁸ net imports/exports, the Commission found that CAISO had not explained why the non-firm transmission rate was the appropriate transmission rate to use to calculate this component. In addition, the Commission found that CAISO had not explained why it was appropriate to use an

Entity." CAISO, CAISO eTariff, app. A (Definitions) (0.0.0) (defining EDAM Transmission Service Provider).

⁵ Transmittal at 5-6 (describing the EDAM access charge components contained in its earlier August 22, 2023 filing and set forth in the instant proceeding).

⁶ CAISO, Transmittal, Docket No. ER23-2686-000, at 26 (filed Aug. 22, 2023).

⁷ *Cal. Indep. Sys. Operator Corp.*, 185 FERC ¶ 61,210, at PP 460-65 (2023) (EDAM Order).

⁸ Balancing authorities that elect to join EDAM are titled EDAM Entities. CAISO is not an EDAM Entity. CAISO, CAISO eTariff, app. A (Definitions) (0.0.0) (defining EDAM Entity).

EDAM Entity's non-firm transmission service rate and not the transmission rate of the applicable transmission owner in instances where there would be multiple transmission owners operating within an EDAM Entity's balancing authority area (BAA).

II. Filing

6. In the instant filing, CAISO again proposes an EDAM access charge, comprised of three components, to allow for the recovery of an EDAM transmission owner's eligible transmission service revenue shortfalls from other EDAM BAAs. CAISO explains that although participating in the day-ahead market will not affect a transmission owner's transmission revenue requirements, it may affect the allocation of revenues the transmission owner receives for use of its transmission system. To avoid such unintended cost shifts at the margins, CAISO proposes to protect EDAM transmission owners against risk of forgone transmission revenues via an EDAM access charge. CAISO states that if transmission owners release transmission at no cost for use in CAISO's day-ahead market, they will forgo some transmission sales that they would have likely made in the absence of their participation in EDAM (which, for transmission owners with stated rates, would have been accounted for in their rate cases establishing their rates). CAISO explains that stakeholders have raised concerns that these changes in transmission owners' revenues due to transmission owner participation in EDAM may result in unexpected downstream cost shifts for ratepayers.⁹

7. CAISO states that it expects EDAM access charges will be relatively small upon joining EDAM and may potentially decrease as EDAM transmission owners adjust their rates to reflect recovery of their revenue requirements under a model where they use their transmission assets to support participation in EDAM. CAISO states that without the EDAM access charge, EDAM transmission owners would lack a reasonable opportunity for cost recovery from all classes of beneficiaries.¹⁰ In addition, CAISO states that participation in EDAM will, on a going forward basis, affect energy transfers between EDAM BAAs, resulting in new wheeling through volumes. Because these new transfers will make use of existing transmission systems, CAISO proposes to compensate an EDAM BAA when wheeling through volumes in that BAA are greater than its total import and export volumes.¹¹

8. CAISO avers that downstream cost shifts may be most acute at the outset of EDAM and when new EDAM Entities join; however, CAISO argues that the dynamic evolution of EDAM will make the EDAM access charge a necessity for the foreseeable

⁹ Transmittal at 12.

¹⁰ *Id.*

¹¹ *Id.* at 5.

future. CAISO explains that it intends for the EDAM access charge to be effective indefinitely and that the EDAM access charge is only transitional in that it mitigates a transmission owner's transition from bilateral transmission sales to EDAM, a two-day market. CAISO argues that the potential for lost revenues after a transmission owner joins EDAM is ongoing and that each potential transmission owner will need the EDAM access charge when that transmission owner joins EDAM. CAISO states that the EDAM access charge is not intended as a temporary incentive for transmission owners to join as early as possible.¹²

9. CAISO states that it recognizes the EDAM access charge may require enhancements as parties gain experience and more transmission owners join EDAM. CAISO states that it will review the impact of the EDAM access charge annually and will make adjustments whenever necessary to maintain just and reasonable cost allocations, consistent with the commitments CAISO made in its EDAM proposal to monitor and review the ongoing performance of components of the EDAM design and to consult with stakeholders as needed.¹³

10. CAISO argues that the EDAM access charge needs to exist in some form indefinitely. CAISO states that without the EDAM access charge, each EDAM transmission owner would be obligated to recover forgone transmission revenues in its own rate case and a new EDAM transmission owner could only re-allocate its costs among its existing customers. CAISO asserts that, meanwhile, other EDAM transmission owners' ratepayers would benefit from the broader footprint made possible by EDAM participation and would free-ride on those benefits while leaving each EDAM transmission owner with costs it cannot recover from the actual beneficiaries.¹⁴

11. CAISO further argues that the EDAM access charge also mitigates the risk that an EDAM Entity would not join EDAM because it cannot risk re-allocating the costs of its forgone transmission revenues to its other transmission ratepayers, including external transmission customers. CAISO explains that the lack of an EDAM access charge could reduce or inequitably allocate the benefits of EDAM. CAISO states that stakeholders continue to believe the EDAM access charge mechanism and its ability to mitigate cost shifts associated with the transmission availability framework is imperative to EDAM. CAISO argues that acceptance of the proposed EDAM access charge will support a smooth pathway to the expected benefits of a day-ahead market operating in a

¹² *Id.* at 12-13. CAISO also explains that if transmission owners join EDAM at the same pace as they have joined the Western Energy Imbalance Market, then EDAM may see new EDAM participants every year over the course of a decade or longer.

¹³ *Id.* at 13.

¹⁴ *Id.*

multi-BAA footprint that can expand as additional BAAs participate, while maintaining an appropriate balance of costs and benefits among the transmission owners that support its operation.¹⁵

A. First Component

12. CAISO states that pursuant to the first component of the EDAM access charge, EDAM transmission owners may include only those transmission service revenue shortfalls expected to result from transitioning from bilateral transmission service to day-ahead market service. CAISO explains that these are potential shortfalls associated with expected revenues from sales of short duration (i.e., monthly or shorter) non-firm and firm point-to-point transmission services, which are the services displaced by EDAM transfers.¹⁶

13. CAISO explains that EDAM transmission owners will first calculate their recoverable transmission service revenue based on the annual average of revenues associated with qualifying eligible short-duration transmission products. The transmission service revenue shortfalls recoverable under the EDAM access charge's first component will consist of the difference between the actual short-term transmission service revenues recovered and the three-year pre-EDAM average short-term transmission service revenues. CAISO explains that EDAM transmission owners will continue to maintain their respective open access transmission tariff (OATT) and sell different transmission products, which will reduce recoverable transmission service revenue shortfalls under the first component. CAISO proposes to make costs related to sales to an EDAM transmission owner's merchant/marketing function ineligible for recovery through the EDAM access charge.¹⁷

14. CAISO states that the first component functions like a stated rate: it determines historical costs and revenues and establishes a baseline for providing cost recovery. CAISO explains that the EDAM access charge also allocates those costs to a set of beneficiaries based on the extent of the benefits received from the transmission owner's EDAM participation. CAISO asserts that both the transmission owner and CAISO have a role in ensuring that the first component of the EDAM access charge allocates costs

¹⁵ *Id.* at 14.

¹⁶ *Id.* at 15.

¹⁷ *Id.* at 15-16.

appropriately and will revise the rate whenever costs, benefits, or allocations change such that the rate is no longer economic.¹⁸

B. Second Component

15. CAISO explains that the second component of the EDAM access charge allows for EDAM transmission owners to recover a portion of costs that are not reflected in the three-year lookback associated with the first component. These costs include revenue shortfalls from foregone sales of non-firm and short-term firm transmission service over certain new network upgrades and associated with the release of transmission capacity resulting from the expiration of EDAM legacy contracts.¹⁹ CAISO explains that the second component is similar to the first component in that it recognizes that some short-term transmission service revenues that otherwise would be recovered through sales from capacity associated with new network upgrades and expiring legacy contracts may not be available as a result of EDAM participation.²⁰

16. CAISO states that EDAM transmission owners can only include in the EDAM access charge forgone transmission service revenues associated with new network upgrades approved for cost recovery by the Commission (or applicable local regulatory authority) that relate to and support EDAM available transmission. CAISO explains that eligible new network upgrades are those that increase transfer capability between EDAM BAAs or between the CAISO BAA and an EDAM BAA, are in service, and are energized after the EDAM Entity begins participation in the day-ahead market. CAISO explains that when EDAM legacy contracts expire, the transmission they encumbered would be made available to EDAM and as such, the unencumbered transmission is similar to new transmission in that it represents new transmission capacity that would be made available to EDAM, but for which associated forgone transmission service revenues would not be captured in the first component.²¹

17. CAISO explains that an EDAM transmission owner cannot shift all of its eligible new network upgrade costs or expiring legacy transmission contract costs into the EDAM access charge. CAISO states that the EDAM access charge can only include a percentage of the projected transmission service revenues from the new network upgrades equal to the ratio of: (1) the non-firm and short-term firm point-to-point three-year historical

¹⁸ *Id.* at 16.

¹⁹ EDAM legacy contracts are contracts that pre-date the EDAM transmission owner's OATT or not otherwise governed by the terms of the OATT.

²⁰ *Id.* at 16-17.

²¹ *Id.* at 17.

average EDAM recoverable transmission service revenues for the EDAM transmission owner to; (2) the EDAM transmission owner's total revenue requirement.²² CAISO argues that capping the allocation of the second component costs through the ratio described above is just and reasonable because CAISO will not be the regional transmission planner in the EDAM area, and neither determines nor approves new network upgrades outside of the CAISO BAA. CAISO states that each EDAM transmission owner remains responsible for planning its transmission system, including identification of project needs and allocation of associated costs. CAISO explains that the second component will mitigate the risk of rate shock from any new network upgrades and will deter transmission owners from attempting to construct new network upgrades so they can fully allocate the project costs to the EDAM access charge.²³

18. CAISO argues that the second component's ratio serves as a just and reasonable proxy for determining the extent to which any new network upgrades or transmission capacity made available from expired legacy contracts could benefit the larger EDAM footprint, as it is no more than the previous network upgrades that supported bilateral short-term transmission sales. CAISO states that without the second component, a transmission owner contemplating joining EDAM but constructing new transmission upgrades (or facing the expiration of a legacy contract) may consider waiting to join EDAM until it can recover the related short-term transmission sales revenues, enabling it to include those revenues in the first component. CAISO asserts that the second component and the use of the prior short-term sales ratio avoid that problem, as the transmission owner can take immediate advantage of EDAM because it can recover those revenues without waiting years to establish a baseline for the first component. CAISO explains that EDAM participants also benefit from the new transmission owner and the new network upgrades that increase transfer capability as soon as possible.²⁴

19. CAISO avers that the proposed Tariff also includes a provision requiring CAISO to include in the applicable business practice manual examples of network upgrades that increase transfer capability between EDAM BAAs (including the CAISO BAA). CAISO states that network upgrades increase transfer capability if they increase total transfer capability, create new interfaces, increase the simultaneous import limits at existing interfaces, result from an interregional transmission project to increase transfer capability, or are identified through the Western Electricity Coordinating Council path rating process to do the same. CAISO asserts that absent these Tariff provisions, transmission customers of EDAM transmission owners could free-ride on new network upgrades,

²² *Id.*

²³ *Id.* at 17-18.

²⁴ *Id.* at 18.

unduly shifting costs to other ratepayer classes in violation of the FPA. CAISO explains that the second component does not affect Western transmission owners' rules and processes for planning, approving, and constructing transmission as these rules are contained in each of their OATTs. CAISO states that new transmission costs from the second component could only come after an upgrade and its cost recovery have been approved by the applicable planning entities and regulatory authorities, including the Commission.²⁵

C. Third Component

20. CAISO explains that the third component of the EDAM access charge will allow EDAM transmission owners to recover 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 states that this component allocates costs based on the transmission used for wheeling completely through a transmission owner's system.²⁶ CAISO further states that in periods where this excess occurs, the EDAM Entity, on behalf of the EDAM transmission owner, will be compensated for the transmission use that supports the excess wheeling at the EDAM transmission owner's non-firm hourly point-to-point transmission rate or the CAISO participating transmission owner will be compensated for excess wheeling through transmission use at the applicable wheeling access charge transmission rate.²⁷

21. CAISO notes that recovering these eligible revenue shortfalls through the EDAM access charge will mitigate potential rate differences among ratepayers of EDAM transmission owners due to any loss of expected revenues. In addition, some transmission owners may experience relatively more wheeling through transfers than others due to their location. CAISO claims that the third component ensures equitable treatment for those BAAs that may not otherwise be similarly situated but are equally obligated.²⁸

22. CAISO claims that using the non-firm hourly point-to-point transmission rate in the third component is appropriate because it is the conventional rate for analogous transfers and that using the same rate keeps the costs and benefits of these transfers consistent in EDAM. In addition, CAISO states that firm point-to-point and non-firm point-to-point rates are generally the same in each Western transmission owner OATT

²⁵ *Id.* at 18-19.

²⁶ *Id.* at 19.

²⁷ *Id.*

²⁸ *Id.* at 20.

and that many Western transmission owners only offer a non-firm product, which is a *pro forma* product. For these reasons, CAISO claims that the use of non-firm hourly point-to-point transmission rate is just and reasonable.²⁹

23. Finally, CAISO asserts that there should not be overlap between the first two components and this third component. Specifically, CAISO explains that unlike the first two components, which are based on historical short-term firm and non-firm transmission service sales, the third component is forward looking, reflecting the impact of day-ahead energy schedules and the resulting energy transfers between EDAM BAAs.³⁰ According to CAISO, the third component reflects benefits that are distinct from and supplemental to the benefits captured by the first two components, namely, transmission used for wheeling completely through an EDAM transmission owner's transmission system, which allows for the optimized use of the transmission system in the EDAM footprint to support EDAM Transfers.³¹

D. Rates, Assessment, and Allocation

24. CAISO explains that for each EDAM Entity, it will calculate an EDAM access charge rate that will be assessed to that EDAM Entity's gross load. CAISO proposes to calculate the rate using the aggregate projected annual transmission revenue shortfalls for each of the three EDAM access charge components of all other EDAM transmission owners, pro-rated to each EDAM BAA by its gross load ratio. As such, CAISO states no EDAM Entity will be assessed its own projected recoverable revenue shortfalls. CAISO explains that accounting for the EDAM transmission owner's gross load in relation to the overall EDAM gross load helps ensure EDAM access charges do not allocate costs beyond potential benefits, because the EDAM transmission owner's impact on the EDAM access charge will be proportional to its own share of gross load in the EDAM area.³² Finally, CAISO states that there will be an annual true-up to ensure any over- or under-recoveries are accounted for in the following year's EDAM access charge.³³

25. CAISO asserts that in order to ensure complete transparency over the EDAM access charges, it proposes to require EDAM transmission owners to provide CAISO with all documentation necessary to determine each component of the EDAM access

²⁹ *Id.*

³⁰ *Id.* at 5 n.14.

³¹ *Id.* at 19.

³² *Id.* at 20-21.

³³ *Id.* at 22.

charge. CAISO states that at a minimum, EDAM entities' documentation will include: (a) the final order from the Commission or the local regulatory authority effecting the approved transmission rates, including any informational filings or postings under formula rates; (b) the sums for each recoverable revenue component and true up; and (c) an authorized affidavit from each EDAM transmission owner attesting to the accuracy of the data provided, and that the EDAM transmission owner will make reasonable efforts to ensure any recovery through the EDAM access charge will not result in any double recovery of costs.³⁴

26. CAISO states that it will also include other requirements in its business practice manuals, such as: (1) publication of the inputs to the EDAM access charges with supporting documentation for stakeholder review; (2) an opportunity for stakeholders to present information requests to CAISO and/or EDAM transmission owners providing the inputs; and (3) an appropriate timeline that supports an opportunity to contest these inputs through CAISO's alternative dispute resolution process after the period for information requests has passed. CAISO explains that the individual EDAM access charges of the transmission owners within each BAA would not be separately filed for acceptance by the Commission. CAISO states that settlement of the EDAM access charge by CAISO would result in additional revenues and costs that would necessarily circle back through the associated transmission owner's future transmission rate cases, whether filed with the Commission or approved by a local regulatory authority. According to CAISO, this iterative process of: (1) transmission rate case, to (2) EDAM access charge, back to (3) transmission rate case, will ensure the requisite checks and balances for the EDAM access charge administered by CAISO. CAISO states that for each EDAM transmission owner, it will maintain on its website the current sum of each recoverable revenue component, the total true-up, and total eligible recovery, as well as each of the EDAM access charges. CAISO proposes to memorialize in the Tariff that it will conduct a holistic review of the EDAM access charge after three years of use.³⁵

27. CAISO proposes to specify in its Tariff how an EDAM Entity would collect and be assessed EDAM access charges if the EDAM Entity elects to terminate its participation in EDAM. CAISO explains that the termination period to exit EDAM is a minimum of six months after an EDAM Entity notifies CAISO of its intention to exit and that because the EDAM access charge is collected over a calendar year, an EDAM Entity's departure before the end of the year could disrupt the collection and assessment for its transmission owners and the transmission owners remaining in EDAM. CAISO therefore proposes to clarify that if an EDAM Entity withdraws from EDAM, it will continue to collect and be assessed EDAM access charges during the six-month interim

³⁴ *Id.* at 22-23.

³⁵ *Id.* at 23-25.

notice period before withdrawing from EDAM and that the EDAM Entity will not collect, be assessed, or true-up any costs or revenues through the EDAM access charge after it has exited EDAM, except for true-up costs or revenues to correct from the previous year's projections. CAISO explains that if an EDAM Entity owed or was owed any true-up amount from the previous calendar year before it provided its notice to terminate participating in EDAM, and the EDAM Entity withdraws before the end of the calendar year such that some true-up amount remains outstanding, then either: (a) the EDAM Entity will pay CAISO the remaining true-up balance it owed upon the end of the interim period, and CAISO will distribute that balance through the EDAM access charges over the rest of the calendar year; or (b) CAISO will continue to collect the remaining true-up amount owed the EDAM Entity through the EDAM access charges throughout the rest of the calendar year, and will pay that true-up amount to the EDAM Entity thereafter.³⁶

28. CAISO requests that the Commission accept the EDAM access charge provisions for implementation activities effective 61 days after the date of its filing, i.e., June 12, 2024. CAISO also requests authorization to inform the Commission of the actual effective date of the proposed May 1, 2026 Tariff changes through a subsequent filing within five business days following their implementation.³⁷ CAISO states that each of the three EDAM access charge components are severable from each other.³⁸

III. Notice and Responsive Pleadings

29. Notice of the filing was published in the *Federal Register*, 89 Fed. Reg. 27,754 (Apr. 18, 2024), with interventions and protests due on or before May 3, 2024. Calpine Corporation; NV Energy, Inc.; Seattle City Light; California Municipal Utilities Association; Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside California; Modesto Irrigation District; Truckee Donner Public Utility District; Southern California Edison Company; Northern California Power Agency; California Department

³⁶ *Id.* at 25-26. While CAISO's transmittal letter requests an effective date of May 1, 2026, for proposed Tariff provisions not associated with EDAM access charge implementation activities, the eTariff records submitted by CAISO contain an 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 May 1, 2026 Tariff changes through a subsequent filing within five business days following their implementation. *Id.* at 27.

³⁷ CAISO requests waiver of the 120-day notice requirement to allow the May 1, 2026 effective date. *Id.* at 3 n.7.

³⁸ *Id.* at 26-28.

of Water Resources State Water Project; and City of Santa Clara, California filed timely motions to intervene.

30. Utah Municipal Power Agency filed a motion to intervene out-of-time.

31. Idaho Power Company (Idaho Power); Western Area Power Administration (WAPA); Pacific Gas and Electric Company (PG&E); PacifiCorp; Sacramento Municipal Utility District (SMUD); City of Redding, California (City of Redding); and Balancing Authority of Northern California (BANC) filed timely motions to intervene and comments.

32. Portland General Electric Company (Portland General) and Public Power Council filed motions to intervene and comments out-of-time.

A. Comments

33. Commenters generally state that the proposal is just and reasonable,³⁹ would allow transmission owners to recover transmission revenues that might otherwise be lost as a result of EDAM participation,⁴⁰ avoids harmful cost shifts,⁴¹ allocates costs consistent with the benefit of EDAM,⁴² encourages participation in EDAM,⁴³ and ensures market efficiency by avoiding the need for per transaction transmission charges.⁴⁴ Idaho Power and PacifiCorp express support for the second component as otherwise there will be some level of transmission revenues associated with new network upgrades that benefit EDAM, but would not be collected through the first component.⁴⁵ Some commenters state that CAISO's proposal has addressed the concerns the Commission raised in the

³⁹ PacifiCorp Comments at 1; BANC Comments at 3; SMUD Comments at 3.

⁴⁰ BANC Comments at 3-4; Idaho Power Comments at 2-3; Public Power Council Comments at 4; Portland General Comments at 3; SMUD Comments at 3.

⁴¹ BANC Comments at 4; City of Redding Comments at 3; Idaho Power Comments at 2-3; PacifiCorp Comments at 3; Public Power Council Comments at 3-4; Portland General Comments at 3; SMUD Comments at 4.

⁴² Public Power Council Comments at 4; Portland General Comments at 4.

⁴³ SMUD Comments at 3.

⁴⁴ BANC Comments at 4; City of Redding Comments at 3; Idaho Power Comments at 2-4.

⁴⁵ Idaho Power Comments at 4; PacifiCorp Comments at 3-4.

EDAM Order.⁴⁶ SMUD asserts that the EDAM access charge provisions for a participant withdrawing from EDAM are just and reasonable.⁴⁷ Commenters request that the Commission approve the proposal,⁴⁸ and some commenters emphasize that approval of the EDAM access charge is critical to making the decision to participate in EDAM.⁴⁹

34. PacifiCorp states that CAISO's formulation of EDAM access charges resulting from the CAISO BAA to PacifiCorp and other EDAM participants remains subject to additional filings. PacifiCorp explains that CAISO agreed to adopt certain other features and clarifications to ensure that each EDAM Entity pays through the EDAM access charge only those legitimately lost revenues from CAISO's actual forgone sales of short-term firm and non-firm transmission services resulting from the operation of EDAM. PacifiCorp explains that in the normal course of EDAM operations, CAISO may experience year-to-year fluctuations in wheeling revenues resulting from changing market conditions, such as fluctuations in hydro conditions and weather patterns, and that the access charge is not designed for EDAM Entities outside the CAISO BAA to be financially responsible for such fluctuations. PacifiCorp states that to ensure that only the lost wheeling revenue attributable to EDAM participation is included in the EDAM access charge, CAISO has agreed to calculate only the lost wheeling revenue over interties between the CAISO BAA and EDAM BAAs. PacifiCorp states that CAISO will refile associated Tariff language in the near future.⁵⁰

⁴⁶ SMUD Comments at 3; PG&E Comments at 2-3.

⁴⁷ SMUD Comments at 4.

⁴⁸ BANC Comments at 4; City of Redding Comments at 1; Idaho Power Comments at 2-4; PacifiCorp Comments at 1; PG&E Comments at 1-3; Portland General Comments at 5; SMUD Comments at 4; WAPA Comments at 4.

⁴⁹ WAPA Comments at 3; Idaho Power Comments at 3.

⁵⁰ PacifiCorp Comments at 4-6. PacifiCorp notes that, in the order addressing the CAISO BAA's participation in EDAM, the Commission rejected without prejudice proposed Tariff language reflecting CAISO's agreement to calculate only the lost wheeling revenue over interties between the CAISO BAA and EDAM Entity BAAs. *See Cal. Indep. Sys. Operator Corp.*, 186 FERC ¶ 61,170, at P 26 (2024) ("Because CAISO's proposed revisions relating to EDAM historical revenue recovery provisions in Tariff section 26.2 are dependent upon the acceptance of Tariff section 33.26 that the Commission rejected in the EDAM Order, we reject the instant proposal without prejudice.").

IV. Determination

A. Procedural Matters

35. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2023), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

36. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d), we grant Utah Municipal Power Agency's, Portland General's, and Public Power Council's late-filed motions to intervene given their interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

B. Substantive Matters

37. We find, based on the record before us, that CAISO's proposed EDAM access charge is just and reasonable and not unduly discriminatory or preferential. We accept CAISO's proposed Tariff provisions related to EDAM access charge implementation activities, effective June 12, 2024, as requested.⁵¹ We also accept the remaining EDAM access charge proposal, effective as of the actual implementation date, subject to CAISO notifying the Commission of the effective date within five business days after the actual implementation date.⁵²

38. We agree with CAISO and commenters that the EDAM access charge is a just and reasonable mechanism to avoid unintended cost shifts among ratepayers. On joining EDAM, transmission owners will voluntarily make unscheduled transmission capacity—which could otherwise be sold as short-term firm or non-firm point-to-point transmission service—available to EDAM at no cost, thus forgoing the opportunity to sell that transmission capacity. Because the revenues from such sales are typically credited back to the transmission owner's native and network load and long-term firm point-to-point transmission service customers, without a mechanism like the EDAM access charge, EDAM participation may shift costs and allow EDAM participants to benefit from the use of EDAM transmission owners' transmission systems through access to a larger market without contributing to the costs of that transmission. Consistent with court precedent, evaluating compliance with the cost causation principle involves comparing the costs assessed against a party to the burdens imposed or benefits drawn by

⁵¹ CAISO, CAISO eTariff, § 33.2.5 (Implementation Activities) (2.0.0), § 33.2.5(K); *id.* app. A Definitions (0.0.0) (defining EDAM Access Charge (2.0.0)).

⁵² CAISO must submit its subsequent filing to confirm the actual effective date for the Tariff revisions using Type of Filing Code 150 – Report.

that party.⁵³ We thus find 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.

39. Specifically, we find that CAISO has demonstrated that the first component⁵⁴ of the proposed EDAM access charge is just and reasonable and not unduly discriminatory or preferential in the context of the EDAM transmission framework. As CAISO explains, the first component of the EDAM access charge will both avoid cost shifts that could result from an EDAM transmission owner's participation in EDAM and reflect the benefits that accrue to EDAM participants from EDAM transmission owners making their unscheduled transmission capacity available for use in EDAM. For the same reasons, we also find that the second component⁵⁵ of the proposed EDAM access charge is just and reasonable and not unduly discriminatory or preferential. Without the second component, there would be no mechanism to account for foregone revenue from sales of short-term firm and non-firm point-to-point transmission service using new network upgrades that increase transfer capability among EDAM BAAs or transmission capacity made available from expired legacy contracts, even though such new capacity may be made available for use in EDAM and thus provide benefits to EDAM participants. The second component ensures that a transmission owner contemplating joining EDAM while it is constructing new network upgrades (or facing the expiration of a legacy contract) does not delay joining EDAM so that it can recover related foregone revenue from short-term sales through the first component.

40. We also find that the third component⁵⁶ is just and reasonable and not unduly discriminatory or preferential as it allows EDAM transmission owners to recover through the EDAM access charge a portion of the transmission service revenue shortfalls arising from wheeling through an EDAM BAA, or the CAISO BAA, in excess of the total net EDAM transfers of the BAA. As CAISO explains, the benefits captured by the third component are distinct from and supplemental to those reflected in the first and second components. While the first and second components encompass forgone sales of

⁵³ *Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361, 1368 (D.C. Cir. 2004); *see also K N Energy, Inc. v. FERC*, 968 F.2d 1295, 1300 (D.C. Cir. 1992) (“[A]ll approved rates [must] reflect to some degree the costs actually caused by the customer who must pay them.”).

⁵⁴ CAISO, CAISO eTariff, § 33.26.2 (Calculation of EDAM Recoverable Revenue) (1.0.0) § 33.26.2.1.

⁵⁵ *Id.* § 33.26.2.2.

⁵⁶ *Id.* § 33.26.2.3.

short-term and non-firm transmission service and, as such, historical transfers between BAAs (including wheeling through transactions), the third component will capture the increase in wheeling through transfers that is expected to occur with EDAM implementation. We further find that it is just and reasonable for EDAM participants to pay such a charge because it reflects their use of the transmission system in the EDAM footprint to support EDAM transfers.

41. We also find that CAISO's proposed revisions to calculate the rate for the EDAM access charge and the proposed assessment to EDAM gross load in each EDAM BAA are just and reasonable and not unduly discriminatory or preferential as they help to ensure that the EDAM access charge is assessed in a manner that is at least roughly proportionate to the benefit that each EDAM Entity receives.⁵⁷ Finally, we find that CAISO's proposed exit provisions⁵⁸ are just and reasonable and not unduly discriminatory or preferential, because they provide clarity on how the withdrawing EDAM member will be assessed, and in turn collect, the EDAM access charge during its withdrawal period. With regard to PacifiCorp's concern that, under the EDAM access charge, EDAM Entities could potentially be responsible for reductions in CAISO's wheeling access charge revenues that are unrelated to EDAM participation, we note that the proposed EDAM access charge Tariff provisions state that the Tariff language pertaining to the calculation and assessment of the EDAM access charge for the CAISO BAA will be provided in section 26 of the CAISO Tariff, which is not currently before us.⁵⁹ To the extent PacifiCorp, or any other party, has concerns about CAISO's implementation of the EDAM access charge, those concerns should be raised in the appropriate proceeding.⁶⁰

⁵⁷ *Id.* § 33.26.3 (Assessing Access Charges and Allocating Revenues in the EDAM) (1.0.0).

⁵⁸ *Id.* § 33.26.5 Exit from EDAM (1.0.0).

⁵⁹ *See id.* § 33.26 (Historical Revenue Recovery and Charges) (2.0.0) ("Access Charges for Day-Ahead Market transactions serving Load within the CAISO Balancing Authority Area that use the CAISO Controlled Grid are governed by Section 26 CAISO will adopt provisions in Section 26 to implement the EDAM Access Charge that are consistent with the provisions in this Section 33.26."). We note that the heading for section 33.26.2.1 might cause some confusion as it refers to Wheeling Access Charge Revenues that are otherwise not addressed in the section.

⁶⁰ We note that PacifiCorp and CAISO appear to have already reached agreement on a potential solution to the concerns raised by PacifiCorp. *See* PacifiCorp Comments at 6.

42. Similar to the implementation filings for EDAM participation,⁶¹ 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.⁶² In accepting CAISO's proposal here, we are not prejudging an EDAM transmission owner's future filing to revise its OATT. These entities will still need to demonstrate that any proposed OATT revisions are consistent with or superior to the *pro forma* OATT.⁶³

The Commission orders:

(A) CAISO's proposed Tariff revisions pertaining to EDAM access charge implementation activities are hereby accepted, effective June 12, 2024, as requested, as discussed in the body of this order.

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

(C) CAISO is hereby directed to notify the Commission of the actual effective date of the revisions within five business days after the actual implementation date, in an eTariff submittal using Type of Filing Code 150 – Report.

By the Commission.

(S E A L)

Debbie-Anne A. Reese,
Acting Secretary.

⁶¹ EDAM Order, 185 FERC ¶ 61,210 at P 308.

⁶² For transmission owners within the CAISO BAA, this would amount to Tariff provisions in CAISO's implementation filing.

⁶³ *Id.* In Order No. 890, the Commission allowed transmission owners to propose non-rate terms and conditions that differ from those in Order No. 890 if those provisions are consistent with or superior to the *pro forma* OATT. See *Preventing Undue Discrimination & Preference in Transmission Serv.*, Order No. 890, 118 FERC ¶ 61,119, at P 135, *order on reh'g*, Order No. 890-A, 127 FERC 61,297 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).