

Stakeholder Comments Template

Congestion Revenue Rights (CRR) Modeling and Settlement in the Extended Day-Ahead Market (EDAM) Stakeholder Meeting (June 12, 2025)

This template has been created for submission of stakeholder comments on Congestion Revenue Rights (CRR) Modeling and Settlement in the Extended Day-Ahead Market (EDAM) Stakeholder Meeting, which took place on June 12, 2025. The meeting presentations have been posted to the miscellaneous stakeholder meetings [webpage](#) and the Congestion Revenue Rights [page](#). The meeting recording will also be posted in both these locations.

Upon completion of this template, please submit it to ISOStakeholderAffairs@caiso.com. Submissions are requested by close of business on **July 3, 2025**.

Submitted by	Organization	Date Submitted
<i>Bonnie Blair</i> 202-215-8703	<i>Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California ("Six Cities")</i>	<i>July 3, 2025</i>

Please provide your organization's comments on the following issues and questions.

1. Please provide your feedback on CRR modeling considerations supporting EDAM launch as described in the "Briefing on CRR Implementation for EDAM" presentation.

Six Cities' Comments: The Six Cities understand from the discussion at the June 12th meeting that the CAISO does not plan to reflect the impacts of parallel flows from OATT transactions in EDAM BAAs in CRR modeling, even though the market optimization model will include constraints in external BAAs. The Six Cities request further explanation and justification as to why the CRR model should not reflect the impacts of external constraints that are included in market optimization when it appears widely recognized that parallel flows arising from external constraints may affect the simultaneous feasibility of CRRs and, therefore, effectiveness of CRRs in hedging congestion costs.

2. Please provide your feedback on the settlement of CRRs (CRR1B) in EDAM as described in the "CRR Settlement in the Extended Day Ahead Market" presentation.

Six Cities' Comments: From the presentations at the June 12th meeting and the discussion, the Six Cities do not have a clear and comprehensive understanding of how the proposed approach for settling CRRs at the inception of the EDAM differs from the current settlement process under the CRR Enhancements 1B methodology.

Based on further review of the presentation materials, however, it appears to the Six Cities that the CRR settlement methodology contemplated under the EDAM may be fundamentally inconsistent with the 1B CRR Enhancements and, in fact, would reverse the effect of the CRR 1B Enhancements.

Two essential features of the CRR 1B methodology are (i) constraint-specific comparisons of congestion revenues collected as a result of flows impacting specified constraints with notional payments to holders of CRRs for the same specified constraints, and (ii) when congestion revenues collected for a specified constraint are insufficient to satisfy the full notional payments to CRR holders for the constraint, proportional reduction of payments to all CRR holders for the constraint. The current CRR 1B methodology does not offset congestion revenue deficiencies for one constraint with congestion revenue surpluses associated with other constraints or with other types of revenues. In addition, the CRR 1B methodology treats all holders of CRRs on a specific constraint in a consistent manner, regardless of how the CRRs were acquired (*i.e.*, allocated to a load-serving entity or procured through a CRR auction).

In contrast, based particularly on the twelfth and thirteenth slides in Mr. Lynn's presentation for the June 12th meeting, the CAISO now appears to propose daily and monthly netting of revenue shortfalls and surpluses and including revenue shortfalls for specific constraints in a pool with a wide variety of other revenues and costs to create a congestion-related balancing account to be allocated to CAISO Measured Demand. This would appear to eliminate the consistency of treatment among CRR holders and to require CAISO load to bear the full burden of parallel flow impacts from OATT transactions in EDAM BAAs. CRRs held by load-serving entities could be devalued as compared with CRRs held by financial entities and at minimum would be exposed to higher levels of risk.

The Six Cities request clarification as to whether the understanding of the CAISO's proposed approach to settlement of CRRs under EDAM as described above is correct. If that is the case, the CAISO has not justified such disparate treatment of CRR holders nor provided sufficient analysis to support such a sweeping revision of the CRR settlement methodology. The Six Cities therefore request further clarification of the anticipated impacts of the changes proposed by the CAISO as well as any policy explanations for imposing greater risks and potential burdens on load-serving CRR holders as compared with other types of CRR holders.

3. Please provide any additional feedback regarding the Congestion Revenue Rights (CRR) Modeling and Settlement in the Extended Day-Ahead Market (EDAM) stakeholder workshop discussion on June 12, 2025.

Six Cities' Comments: The Six Cities request an explanation and justification for the CAISO's *ad hoc* approach to the stakeholder process on the topics addressed in the June 12th meeting. Stakeholders have become familiar with the established frameworks for the stakeholder initiative and BPM change management processes as well as the methods for accessing relevant documents. There is less transparency when important dates and related documents are not included in the stakeholder initiative or BPM Change Management web pages and when comments submitted by

other stakeholders may or may not be accessible. It is not clear to the Six Cities why a third, separately documented approach for gathering stakeholder input is necessary or desirable. Given the complexity of the issues being discussed as a part of this process, at a minimum, the CAISO's proposed approaches would be best discussed in detail in a white paper or proposal document, instead of solely communicated through presentation slides.