



March Meeting

Chair: Gabriel Aguilera

Chair, New Mexico Public Regulation Commission

Vice-Chair: John Hammond

Commissioner, Public Utilities Commission of Idaho

March 13, 2026

1. ROWE & Pathways Updates

- Formation Committee Update - Kathleen Staks, Pathways Formation Committee
- ROWE Nominating Committee Update - John Hammond, BOSR Vice-Chair

2. EDAM RA Update - Robin Arnold, WIEB

3. EDAM Congestion Revenue Allocation (CRA) Initiative, Phase 2

- Briefing on Phase 2 Status - Milos Bosanac, CAISO
- CRA Design Impacts - Chris Zawora, WIEB

4. Update on FERC's Western Interconnection Bilateral Price Cap Decision – Chris Zawora, WIEB

5. Upcoming Meetings – Holly Taylor, CAISO & Chris Zawora, WIEB



BOSR

Body of State Regulators

Pathways/ROWE Update

Kathleen Staks

Pathways Formation Committee



ROWE Nominating Committee

Vice-Chair John Hammond

BOSR Representative to ROWE Nominating Committee



BOSR

Body of State Regulators

EDAM Resource Adequacy Update

Robin Arnold

Director of State, Federal, and International Affairs, WIEB



California ISO

EDAM Congestion Revenue Allocation – Phase 2 Briefing

Body of State Regulators

March 13, 2026

Milos Bosanac

Manager, Policy Development

Overview of *Congestion Revenue Allocation* design for EDAM launch

- As part of Phase 1 of the initiative, the ISO and stakeholders evaluated enhancements to the congestion revenue allocation design supporting EDAM launch.
 - Enhancements sought to support a more complete congestion hedge for transmission customers exercising firm OATT transmission rights.
- In August 2025, FERC approved the Phase 1 design supporting the launch of EDAM in 2026.
- The design for EDAM launch (Phase 1) provides for:
 - Congesting revenue resulting from internal transmission constraint is allocated to the EDAM balancing area where the constraint is located
 - This is design in the WEIM today
 - EDAM balancing area also receives congestion revenue necessary to provide a more complete congestion hedge for transmission customers exercising eligible firm OATT transmission rights.

Congestion Revenue is the difference between the LMP paid to generation and the LMP charged to load/exports

*Difference in the congestion component of LMP

Phase 2: evaluating near term enhancements and a long-term design

The EDAM go-live design for congestion revenue allocation is considered transitional, allowing room for the ISO and stakeholders to consider near-term enhancements and a long-term, durable, design.

Key issues to address when evaluating designs in Phase 2:

- Eliminating or reducing self-schedule incentives and supporting robust economic bidding
- Creating symmetry in allocation of parallel flow congestion revenues for CAISO balancing area (which does not sell OATT transmission products) resulting from Phase 1 of initiative

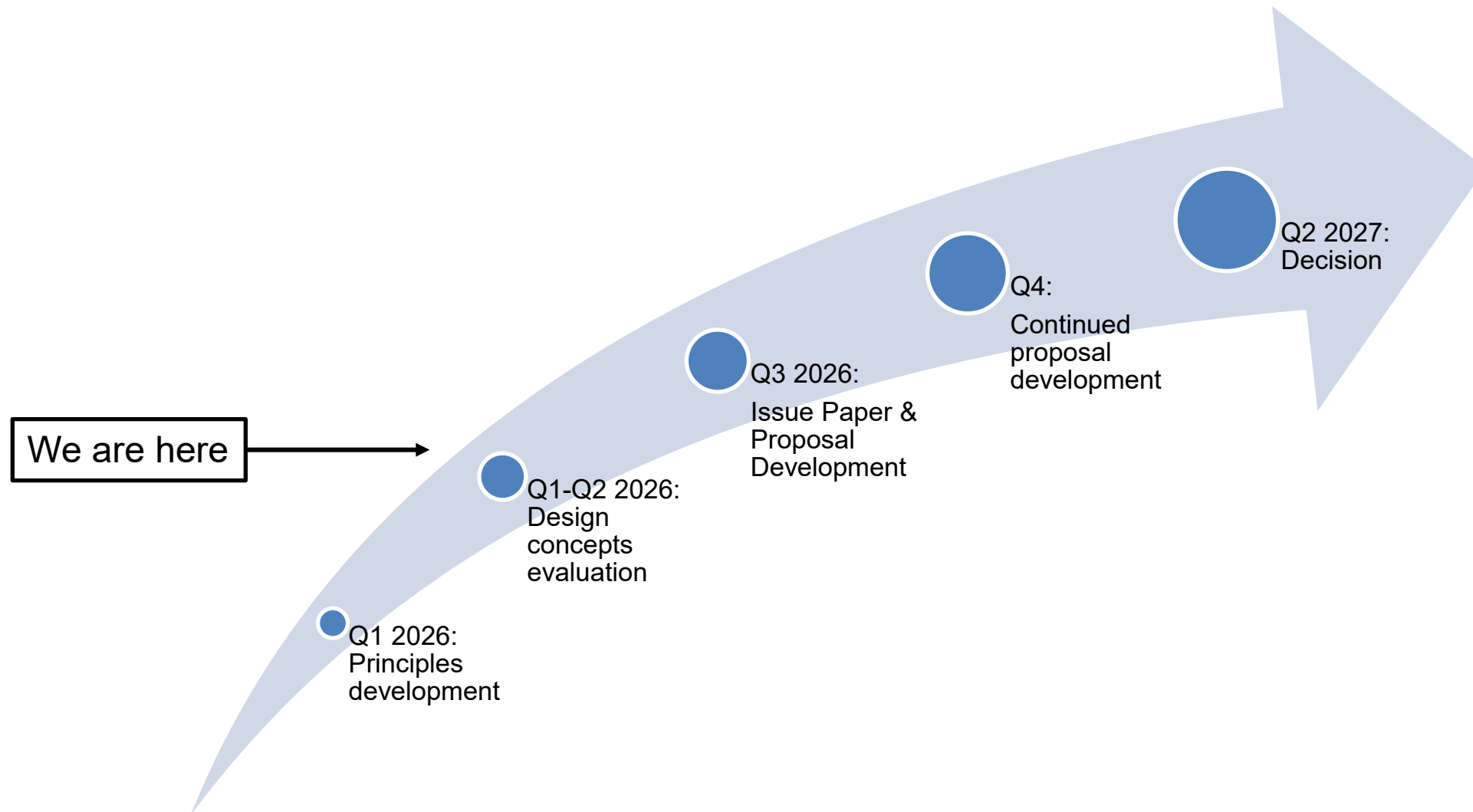
Phase 2 initiative status and progress

- Initiated stakeholder working groups (two sessions thus far).
- Focus areas of stakeholder working groups:
 - Data analysis (Phase 1 design for EDAM launch)
 - Establishing principles to guide design considerations
 - Principles are grounded in equity, establishment of proper market incentives, and ability to manage congestion risk exposure.
- Next stage of stakeholder working groups will focus on evaluation and consideration of different design concepts for congestion revenue allocation.
 - Slated for late March through May

Next Steps and Upcoming Milestones

- Next stage of Phase 2 design focuses on consideration of design concepts and alternatives.
 - Stakeholder are invited to present concepts for discussion within working groups slated March through May
- Design concept alternatives will lead to the publication of an issue paper in Q3 2026 as well as a commencing iterative proposal development.
 - Iterative stakeholder workshops to inform proposal evolution
- Presentation for decision to the Western Energy Markets Governing Body expected by Q2 2027.

Working Group & Decisional Timeline



The congestion revenue allocation design has direct consequences for ratepayers across the EDAM footprint.

Self-scheduling Incentives

- If the design incentivizes self-scheduling, entities schedule resources before the market optimization runs, removing megawatts from the dispatch optimization.
- The ability of EDAM to lower production costs erodes when self-scheduling displaces economic bidding.

Distribution of Congestion Costs

- In determining how congestion revenue is allocated, the design also determines how congestion costs are distributed across BAAs.
- Because parallel flow impacts are not symmetric across BAAs, the allocation methodology affects which ratepayers bear congestion costs and which benefit from congestion relief.

Western Interconnection Bilateral Price Cap

- On February 19, 2026, FERC eliminated the soft price cap that applied to all spot market energy sales in the Western Interconnection bilateral market.
- The soft price cap required sellers to submit cost-justification filings to FERC for bilateral spot transactions exceeding \$1,000/MWh. Above-cap sales that could not be cost-justified were subject to refunds.
- The soft price cap was in place since 2002. In 2024, the D.C. Circuit Court ruled that FERC's refund orders of above-cap sales violated the *Mobile-Sierra* presumption that freely negotiated bilateral contract rates are just and reasonable and can only be modified if they seriously harm the public interest.
- FERC initiated a Section 206 investigation in July 2025 to determine if the soft price cap was still just and reasonable.
- CAISO & DMM both filed comments to FERC
 - CAISO emphasized the historical importance of consistent price caps between organized and bilateral markets.
 - DMM argued that the cap has been effective as a deterrent and the transparency that it provides would be important during the nascent stages of the West's implementation of organized day-ahead markets.

- FERC eliminated the soft price cap in February 2026 citing:
 - the evolution of Western wholesale markets
 - FERC's more robust legal authority and monitoring capabilities relative to 2002 to address misconduct
 - the filing burden to market participants relative to the limited monitoring benefits the cap provides


Impact on WEM prices and ratepayers: Uncapped spot prices in already thin bilateral markets have the potential to raise costs for WEM entities.

- Maximum Import Bid Price (MIBP) – MIBP caps the price of non-WEM imports into the CAISO BAA.
 - Calculated using Mid-Columbia and Palo Verde hub prices.
 - If MIBP exceeds \$1,000, non-RA imports can bid up to \$2,000.
 - Market prices may rise when non-WEM imports into the CAISO BAA are marginal.
- Default Energy Bids (DEBs) – cost-based bids estimated by CAISO and used to cap generator bids when above \$1,000.
 - Storage DEB uses the MIBP as an input.
 - Hydro DEB references bilateral index prices.
- Resource Sufficiency Evaluation (RSE) – WEIM/EDAM BAAs seeking to pass the RSE may face higher bilateral spot prices.

2026 ISO market policy initiative catalog and roadmap process

January	2026 kickoff stakeholder meeting
February	Stakeholders submit market policy initiative proposals to Catalog
 March 16	Regional Issues Forum (RIF) Roundtable
April	Stakeholder workshop
	Briefing to BOSR
Mid-April to Mid-May	RIF Roundtable Report
	Stakeholder prioritization survey
June	Updated 2026 Market Policy Roadmap released
	2026 Market Policy Catalog released
October	Draft Market Policy Roadmap released for stakeholder comment
	Briefing to RIF + RIF feedback
	Briefing to BOSR + BOSR feedback
December	Final Market Policy Roadmap released

Regional Organization for Western Energy: start-up funding proposal

Feb. 5	Post straw proposal
Feb. 12	Stakeholder meeting
Feb. 26	Stakeholder comments due
 Mar. 12	Post draft final proposal
Mar. 19	2nd Stakeholder meeting
Apr. 2	Stakeholder comments due
Apr. 28-29	Board of Governors & WEM Governing Body
Early May 2026	FERC filing

[Financial planning initiatives webpage \(including ROWE start-up funding\).](#)

Upcoming Meetings

March 16: Regional Issues Forum (RIF) Roundtable in Folsom, CA

March 27: Pathways Stakeholder Meeting

April 10: BOSR Monthly Meeting

May 12-14: Spring Joint CREPC-WIRAB Meeting in San Diego, CA