

WESTERN ENERGY MARKETS

Spotlight briefing: EDAM congestion revenue allocation initiative

Milos Bosanac
Manager, Policy Development

WEM Governing Body Meeting
General Session
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Stakeholder engagement

December 2025

Ongoing



- 4 stakeholder working group meetings.
- 49 comments received.
- 117 average number of attendees at working group meetings.
- 1 stakeholder-led presentation of conceptual design ideas.
- A formal proposal has not yet been published, but will be informed by the stakeholder working group discussions and EDAM operational experience.

Evolution in EDAM congestion revenue allocation

- In June 2025 WEM Governing Body and ISO Board of Governors approved the phase 1 EDAM congestion revenue allocation design.
 - Established the EDAM go-live design for congestion revenue allocation.
 - Congestion revenues are allocated to the EDAM balancing area where the congestion occurs and additional congestion revenue to provide a congestion hedge for exercise of firm transmission rights.
- In December 2025 the ISO launched phase 2 of the EDAM congestion revenue allocation initiative.
 - Evaluates further enhancements and long-term design.
 - Seeks to address potential self-scheduling incentives associated with phase 1 design and symmetry in allocation with CAISO balancing area.

Phase 2: Status of activities

- Working group discussions launched in December 2025.
- Working groups established consensus on common principles guiding initial design considerations.
- In April 2026, working group discussion focus shifted toward identification and evaluation of substantive design concepts for congestion revenue allocation.
- Currently, stakeholders and the ISO are sharing and discussing potential design concepts in stakeholder working groups.

Phase 2: Design concepts under evaluation

- Several design concepts are currently being discussed and evaluated through the stakeholder working groups:
 - **Concept #1: Enhanced allocation based on cleared schedules**
 - Builds on phase 1 design that allocates congestion revenues, including those associated with parallel flows, based on cleared market schedules.
 - Expands eligibility beyond balanced self-schedules to include economically bid and cleared schedules.
 - Reciprocal treatment for ISO balancing area.
 - **Concept #2: Historical baseline rights framework**
 - Establishes a historical baseline of transmission rights in EDAM area, and congestion revenue rights in the ISO balancing area.
 - Rights within the historical baseline are eligible for expanded congestion hedge (i.e. parallel flow) associated with financial entitlement.
 - **Concept #3: Ongoing simultaneous feasibility framework**
 - Assign financial entitlements to congestion revenue based on ongoing simultaneous feasibility assessment of transmission rights in EDAM areas and congestion revenue rights in the ISO area.
 - Supports a more dynamic for forward looking framework using annual and monthly feasibility tests to establish the financial entitlements to congestion revenues.

Stakeholder presentations

- Stakeholders will speak to their perspectives regarding the direction of the discussion and the concepts being considered for congestion revenue allocation phase 2 and the longer-term direction.
- Presenters:
 - Lindsey Schleckeway, Market Policy Director, NV Energy
 - Kerstin Rock, Senior Director, Western Market Policy & Analytics, PacifiCorp
 - Caitlin Liotiris representing Western Power Trading Forum
 - Jeff Nelson, Director, FERC Rates and Market Integration, Southern California Edison

LINDSEY SCHLECKEWAY, MARKET POLICY DIRECTOR, NV ENERGY

**KERSTIN ROCK, SENIOR DIRECTOR,
WESTERN MARKET POLICY &
ANALYTICS, PACIFICORP**

CAITLIN LIOTIRIS REPRESENTING WESTERN POWER TRADING FORUM

JEFF NELSON, DIRECTOR, FERC RATES AND MARKET INTEGRATION, SOUTHERN CALIFORNIA EDISON

Next steps

- Continued stakeholder working group discussions evaluating potential design concepts and shaping viability of one or more designs.
- Additional analysis on the current EDAM operational design and analysis supporting consideration of potential design concepts and their effects.
- Targeted project milestones:
 - Q4 2026 – Q1 2027: Proposal development and iteration
 - Q2 2027: Presentation for decision to WEM Governing Body