BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future.	Rulemaking 21-06-017 (Filed June 24, 2021)

COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

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Dated: April 20, 2026

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I. Introduction

The California Independent System Operator Corporation (CAISO) respectfully submits comments on the March 23, 2026 *Assigned Commissioner's Ruling on Track 1 and Track 2 Distributed Energy Resources Orchestration* (Ruling). The Ruling set a deadline of April 13, 2026, for parties' opening comments, and April 20, 2026, for reply comments. These deadlines were subsequently extended to April 20, 2026, and April 30, 2026, respectively.[1] In these comments, the CAISO responds to those rulings and explains the work it is currently undertaking, in partnership with distribution utilities and other entities, in developing a complementary operational framework for operation of the bulk electric system. The CAISO looks forward to attending a future workshop to provide additional details on how these coordination frameworks can work together to advance a holistic framework capable of supporting a High Distributed Energy Resource (DER) Future.

As distributed energy resources increase in scale, diversity, and operational capability, the High DER Future and potential opportunities identified in this proceeding are increasingly materializing. The CAISO recognizes the Ruling as an important step in advancing a state-level framework that enables DERs to be efficiently and reliably leveraged to meet the needs of California's evolving electric grid. The CAISO welcomes the opportunity to continue the process

[1] R.21-06-017, Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future, Email Ruling Granting Request for Extension on Comments and Workshop (Apr. 3, 2026).

to advance the development of a comprehensive, holistic, and coordinated DER Orchestration Framework.

As the bulk electric system operator for the CAISO balancing authority area, the CAISO is responsible for ensuring it balances demand and supply in the operational timeframe. In this role, the CAISO has a responsibility to help ensure that evolving approaches to DER integration support the CAISO's continued ability to operate its system, markets, and transmission planning processes in a coherent, reliable, and efficient manner. Consistent with the direction identified in the Future Grid Study Report in this proceeding, the CAISO has renewed its focus on improving coordination and data exchange across the transmission-distribution (T&D) interface. These efforts build upon the foundational concepts in the Future Grid Study Report by further examining three interrelated areas: 1) DER information availability and visibility; 2) operational forecasting, including demand, DER behavior, and DER-related uncertainty; and 3) enhanced operational coordination across the T&D interface to support reliable and efficient grid operations. The CAISO refers to the set of processes and anticipated data exchanges in support of these objectives as an "operational coordination framework."

The development of the operational coordination framework is occurring in collaboration with distribution utilities within California and across the Western Interconnection, as well as with non-wires operator load-serving entities. The CAISO expects that learnings from the operational coordination framework can complement the effort to develop the DER Orchestration Framework in this proceeding, and supplement it by addressing the operational needs of distribution utilities that are not subject to the California Public Utilities Commission's (Commission) jurisdiction.

The CAISO supports the Ruling's goal of establishing a holistic DER Orchestration Framework that appropriately considers the needs of both the distribution system and the bulk electric system. Fully realizing the reliability and efficiency benefits of DER integration will likely require secure and timely multi-directional data exchanges among the CAISO, distribution utilities, and other responsible entities, including non-wires operator load-serving entities. Through its work on the operational coordination framework, the CAISO has observed that a centralized data platform may provide an effective means of facilitating these multi-directional data exchanges at scale. In addition, the CAISO believes it is important for the DER

Orchestration Framework to recognize and account for the grid services DERs already provide to the bulk electric system.

Finally, the CAISO supports the Ruling's proposed path forward, including the opportunity to convene additional workshops, as appropriate, to further explore and refine the DER Orchestration Framework. The CAISO looks forward to continued engagement with the Commission and stakeholders on the DER Orchestration Framework and to continue to support electric reliability across both the transmission and distribution systems as DERs grow on the distribution system.

II. Discussion

A. The CAISO Recognizes the Ruling as an Important Step Toward Advancing a DER Framework to Support a Reliable and Cost-Effective Grid.

The CAISO appreciates the Commission advancing a comprehensive DER Orchestration Framework. Based on the record established in Track 2 of the current proceeding, DER orchestration "uses real-time data, DER visibility, forecasting, and control signals or scheduling tools to balance supply and demand, mitigate constraints, and enable DERs to deliver additional grid services in a measurable way with cost containment guardrails."[2] By clearly articulating the goals and methods of a DER Orchestration Framework, the Commission establishes a polestar for parties to bring concepts and expertise to help enable the vision articulated in the ruling reliably and cost effectively.

B. The CAISO, Distribution Utilities, and Other Entities are Collaborating to Advance Coordination that Can Complement the Commission's Proposed DER Orchestration Framework.

1. The CAISO, Distribution Utilities, and Other Entities are Collaborating on an Operational Coordination Framework.

As the CAISO identified in opening comments on the Future Grid Study Report, and was reaffirmed in the Ruling, improved coordination and data sharing between distribution utilities and CAISO are necessary to support reliable and cost-effective operations at the T&D interface.[3] Following issuance of the Future Grid Study Report, the CAISO renewed and expanded its coordination efforts to advance improvements in this area. To support this work, the CAISO

[2] Ruling, p. 4.
[3] *See* CAISO Opening Comments on Future Grid Study Report, p. 2; Ruling, p. 10.

initiated engagement with distribution utilities in California and across the Western Interconnection, as well as with non-wires operator load-serving entities. These efforts are intended to enhance coordination among responsible entities to support the bulk electric system and to proactively identify and address operational challenges associated with a High DER Future. The CAISO refers to the set of processes and anticipated data exchanges supporting this collaboration as an "operational coordination framework." The operational coordination framework is intended to enable DERs to provide grid services in a manner that supports both distribution system and bulk electric system needs. By improving coordination and data exchange across the T&D interface, the CAISO, distribution utilities, and other responsible entities are better positioned to facilitate the reliable, efficient, and organized provision of DER-based grid services across both systems.

Consistent with priorities identified in the Future Grid Study Report, the operational coordination framework focuses on "operational rules for sharing grid services across the transmission and distribution systems, and data needs at different nodes of the transmission and distribution systems."[4] The CAISO expects that continued development of the operational coordination framework will support and complement the Commission's development of a DER Orchestration Framework by supporting objectives such as "accurate forecasting, market efficiency, and system reliability."[5]

The CAISO's work on the operational coordination framework focuses on three interrelated areas:

1) DER information and visibility;
2) operational forecasting, including demand, DER behavior, and DER-related uncertainty; and
3) strengthened operational coordination across the T&D interface to support reliable and efficient grid operations.

With respect to information and visibility, the operational coordination framework evaluates which DER-related data are necessary to support grid services at both the bulk electric and distribution levels and how those data should be securely exchanged among responsible entities. In the area of operational forecasting, the operational coordination framework seeks to improve

[4] Gridworks Future Grid Study Report, p. 46.
[5] Ruling, p. 10.

the CAISO's ability to anticipate DER behavior and more effectively incorporate uncertainty into short-term demand and DER forecasts to support reliable system operations and efficient market operation. Enhanced operational coordination further supports improved dispatch and system operations as DER penetration increases.

Development of the operational coordination framework remains in an early phase and is currently focused on assessing existing coordination practices and identifying gaps between current and desired future states. While the Future Grid Study identified high-level coordination gaps at the T&D interface, the CAISO has since undertaken more detailed exploration of these issues with its partners through targeted efforts to examine specific operational needs. The CAISO anticipates completing this current state and gap assessment in May 2026. Building on these findings, the CAISO and distribution utilities will next develop potential solutions to support enhanced DER data sharing. This phase will focus on establishing high-level processes to improve DER information and visibility, determining appropriate levels of data aggregation, and beginning the design of data exchange mechanisms to support enhanced operational coordination. The CAISO expects this solutions-development phase to continue through the end of 2026.

The operational coordination framework is being developed through an iterative process. CAISO and distribution utility staff conduct targeted trials focused on specific coordination challenges at the T&D interface. The CAISO will then review the results and lessons learned with a broader expert working group comprised of distribution utilities in California and across the Western Interconnection, as well as non-wires operator load-serving entities in California. Feedback from this group will inform subsequent trials, with the objective of supporting durable, scalable solutions for DER data sharing.

2. The Operational Coordination Framework Can Both Complement and Supplement the Commission's Proposed DER Orchestration Framework.

The CAISO expects the operational coordination framework can complement the Commission's proposed DER Orchestration Framework by providing information that can inform its development and support enhanced coordination between transmission system operators (TSOs) and distribution system operators (DSOs). In addition, the operational

coordination framework can supplement the DER Orchestration Framework by accommodating distribution utilities that are not subject to the Commission's jurisdiction.

First, the operational coordination framework can provide information that may be useful in the development of the DER Orchestration Framework. As discussed below, the need for secure and timely multi-directional data flows supports the Commission's stated objective of establishing a holistic framework capable of addressing identified operational needs, including "DER Visibility to DSO, DER Visibility to CAISO, DER dispatchability/control, Open access to distribution system, and Reliability coordination at the [T&D] interface."[6] For example, the operational coordination framework is intended to support data flows from market-participating DERs located on the distribution system to distribution operators, which can help mitigate dispatchability concerns by ensuring those resources are able to respond to CAISO market dispatches.

Second, the operational coordination framework, including its associated assessment of current-state conditions and coordination gaps, can further support the DER Orchestration Framework objective to enable TSO-DSO coordination. Increased visibility into where operational roles, responsibilities, and data exchanges may require clarification can assist the Commission and parties in identifying appropriate areas for further development within the DER Orchestration Framework. The CAISO looks forward to sharing additional information regarding its operational coordination efforts with the Commission, distribution utilities, and other parties during the upcoming workshops.

The operational coordination framework can also supplement the DER Orchestration Framework by accommodating distribution utilities that are not subject to the Commission's jurisdiction. Distribution utilities outside the Commission's jurisdiction face challenges and opportunities similar to those confronting Commission-jurisdictional distribution utilities in a high DER future. Accordingly, the CAISO anticipates the operational coordination framework to include common coordination procedures and mechanisms that could be applied across jurisdictional and non-jurisdictional entities. Shared development of such procedures and mechanisms may create efficiencies and reduce overall costs relative to the development of any entity-specific approaches, yielding potential ratepayer benefits.

[6] *Id.*, p. 3.

C. The CAISO Supports a Holistic DER Orchestration Framework that Addresses Reliability Needs Across Both the Distribution System and the Bulk Electric System.

The proposed DER Orchestration Framework identifies five priority operational needs that span both the distribution and transmission systems and are intended to function together as part of a "holistic framework that integrates elements of all five operational needs."[7] The CAISO supports this holistic approach to considering interactions across all identified operational areas.

One of the priority areas identified in the Ruling is reliability coordination at the T&D interface. The CAISO agrees that reliability coordination is a foundational element of any holistic DER Orchestration Framework. Effective implementation will require careful consideration of reliability needs at both the distribution system and the bulk electric system levels. As discussed above, DERs already provide services to the bulk electric system, and continued growth in DER participation is expected. Considering bulk electric system services alongside distribution-level services within the DER Orchestration Framework will help ensure that DER integration supports reliable grid operations and enables the full range of potential system benefits to be realized.

In support of these objectives, the CAISO suggests four areas for further discussion during the upcoming Commission workshops on shared priorities for DER integration and grid operations under a High DER Future.

1. DER Orchestration Will Likely Require Multi-Directional Data Flows to Support Reliable DER Integration and Maximize Benefits.

The Ruling establishes a workshop focused on "coordination between DSOs and CAISO," with the objective of strengthening coordination between the CAISO and distribution utilities.[8] To advance this objective, the Ruling appropriately highlights the importance of "clarifying roles, responsibilities, and data-sharing protocols so that DERMS development aligns with CAISO's operational needs."[9]

The CAISO appreciates that the Ruling's framing of these issues enables consideration of the roles of other responsible entities in addition to the CAISO and distribution utilities. Other responsible entities include community choice aggregators, aggregators, and providers of

[7] *Id.*, p. 3.
[8] *Id.*, p. 6.
[9] *Id.*, p. 10.

reliability load flexibility programs that operate mostly or entirely outside of the CAISO market, such as the Demand Side Grid Support program or programs administered by non-jurisdictional entities. This approach also provides an opportunity to consider data-sharing protocols among these entities, the CAISO, and the distribution utilities.

Based on its experience in developing an operational coordination framework, the CAISO believes that effective DER orchestration will likely require secure and timely multi-directional data flows between the CAISO, distribution utilities, and other responsible entities. Multi-directional data exchanges allow relevant operational information to be shared with the entities that need it to support reliable grid operations and maximize the benefits associated with increasing DER participation.

Multi-directional data flows are particularly important because different entities may possess information that is useful to both distribution operators and the CAISO. For example, distribution operators may benefit from visibility into schedules for CAISO market-participating resources interconnected to the distribution system via Wholesale Distributions Access Tariffs (WDAT). Access to such information can support evaluations of power flows, assessments of the operational impacts of DERs, and determinations of available DER capacity to provide additional grid services.

DER orchestration should also account for the roles of other responsible entities. For example, a distribution operator may need information identifying which customer DERs are participating in a non-market load flexibility program, so that it doesn't call on that same DER capacity to provide other grid services.

By incorporating this multi-directional flow of information from a variety of responsible entities, a DER Orchestration Framework can reliably integrate DERs in a way that maximizes benefits. A DER Orchestration Framework that makes distribution operators aware of schedules of market-participating DERs has the potential to provide distribution operators the confidence to rely on non-scheduled DERs to perform grid services. It also has the potential to provide distribution operators the information needed to investigate system issues and proactively plan for DERs behaviors to more efficiently operate the system.

2. A Centralized Data Platform May be an Effective Approach to Facilitate Coordination.

Based on its work developing an operational coordination framework, the CAISO has observed that a centralized data platform may warrant further evaluation as a means to support the efficient and coordinated use of the DERs providing services at the distribution and bulk electric system levels.

As discussed above, a High DER Future will likely require secure and timely multi-directional information flows between distribution utilities and the CAISO. Existing communication channels, such as spreadsheet exchanges, PI tag-based telemetry systems, registration of resources into CAISO's Master File, and other manual processes were not designed to support operational conditions in which DER data meaningfully affects operations at both distribution and bulk electric system levels. While certain purpose-built platforms may be adapted to accommodate new use cases, a centralized data platform capable of integrating inputs from multiple entities may better support scalable and consistent the multi-directional data exchanges among the CAISO, distribution utilities, other responsible entities, and customers.

The CAISO encourages further evaluation of the relative costs and benefits of available data sharing approaches, including enhancements to existing platforms, development of new data channels, or implementation of a centralized data platform.

3. A Reliable DER Orchestration Framework Should Consider the Interaction Between Bulk Electric System and Distribution Grid Services.

The Ruling explains the proposed DER Orchestration Framework would support several critical grid services, including "reliability support, outage mitigation, infrastructure deferral, and facilitating energization for electrification."[10] These services would augment the grid services that DERs already provide to the bulk electric system.

The CAISO understands the Commission intends for the DER Orchestration Framework to consider bulk electric system services currently provided by market-participating DERs. DERs participate directly in CAISO markets and provide a variety of grid services, including economic dispatch of energy, frequency regulation, and spinning and non-spinning reserves. The CAISO

[10] *Id.,* p. 4.

market dispatches both larger WDAT resources and smaller DERs aggregated into market-participating demand response resources to provide bulk system grid services.

To support reliable grid operations, a DER Orchestration Framework should consider the interaction between bulk electric system grid services and distribution level services. In particular, the framework should prioritize reliability services and avoid situations in which the same DER capacity is committed to perform services at both levels simultaneously.

The Commission previously considered interactions between bulk electric system and distribution level services in Rulemaking (R.) 15-03-011, which focused on storage resources interconnected to the distribution system. A DER Orchestration Framework that reflects prioritization principles similar to those considered in R.15-03-011 could support the reliable and cost-effective operation of both systems. For example, the Commission may wish to consider whether the prioritization rules for storage resources interconnected to the distribution system established in Decision (D.) 18-01-003 could be extended, as appropriate, to DERs more broadly.[11] If the Commission elects to do so, the DER Orchestration Framework could help operationalize such principles by ensuring the reliability services are prioritized over non-reliability services and by reducing the risk of conflicting DER commitments across system levels.

4. Mechanisms for Coordination and Minimum Viable Data Exchange May Require Flexibility.

The Ruling states that the TSO-DSO workshop will focus on "mechanisms for coordination and minimum viable data exchange."[12] The CAISO understands this to mean that the workshop will seek to develop methods or platforms for how distribution utilities provide data to CAISO and what data should be provided. The CAISO appreciates the Commission's efforts to consider additional ways for how distribution utilities can support CAISO's market and operations.

The CAISO encourages the Commission to remain flexible when considering establishing mechanisms for coordination and minimum viable data exchanges. This could mean, for example, establishing guiding principles for operational coordination and data exchange or additional workshops focused on operational coordination.

[11] *See* D. 18-01-003, Appendix A, p. 1.
[12] Ruling, p. 11.

Maintaining a flexible approach is a no-regrets solution that will allow the Commission to take near-term action while also avoiding the need for duplicative action. A flexible approach supports CAISO's coordination with additional entities in the state that are not subject to the Commission's jurisdiction.

D. The CAISO Supports the Ruling's Proposed Path Forward, Including the Opportunity to Hold Additional Workshops, if Needed.

The CAISO appreciates the Commission's efforts to facilitate discussions on T&D coordination. The CAISO understands the Commission's goal to hold "Commission-sponsored workshops" to mean that the forthcoming TSO-DSO workshop is an intermediate step, but not the final stage, in fostering collaboration via CAISO-distribution utility coordination.[13]

The CAISO supports the Commission holding additional workshops if needed. Additional workshops may be a useful venue for the CAISO to share learnings and progress from its ongoing operational coordination framework effort.

III. Responses to Questions for Parties

A. Responses to Questions regarding IOU DSO-led DER Orchestration Initiation

Question 1: What should some of the primary objectives of IOU DSO-led DER orchestration be?

The primary objectives of DER orchestration should be to support system reliability and cost-effective grid operations. Ensuring reliable delivery of electric service remains a core responsibility of the CAISO, and DER orchestration efforts should advance that objective in a manner that is efficient and cost-effective for customers.

As discussed in section II.C above, DER orchestration has the potential to enable DERs to provide grid services at both distribution system level and the bulk electric system level. When appropriately designed and implemented, these services can contribute to improved reliability and operational efficiency across the grid. Consequently, DER orchestration should be structured to support the coordinated provision of these services in ways that align with both distribution system requirements and bulk electric system needs.

[13] *Id.*, p. 10.

Question 2: What are the primary grid constraints that could be solved, or operational improvements that could be created, through implementation of a utility DSO-led DER orchestration?

DER orchestration, when paired with an operational coordination framework that is interoperable with the CAISO's operations and markets has the potential to support several operational improvements, including enhanced demand forecasting and more resilient, forward-looking grid operations.

As the CAISO explained in comments on the Future Grid Study Report, "(a)ccurate load forecasting allows the CAISO to effectively predict shifts in load, and then dispatch the lowest-cost resources to meet CAISO load, supporting reliability and market efficiency."[14] Improved visibility into and confidence in DER operations through coordinated data sharing can further enhance the accuracy of short-term and operation forecasts as DER penetration increases.

DER orchestration, when aligned with CAISO market and operational processes, can also support the development of operational practices that are better suited to addressing future system conditions. For example, access to schedules or operational information for market-participating resources interconnected to the distribution system may assist distribution operators in assessing power flows, evaluating the impacts of DER operations, and determining the availability of DER capacity to provide additional grid services. Designing operational processes and systems with these future requirements in mind can help mitigate reliability risks and support efficient grid operations over the longer term.

Question 4: Should the Commission adopt the following set of guiding principles to shape the proposed IOUs' DER orchestration framework applications?

- **Ratepayer benefit and protection**
- **Technology-neutral, performance-based**
- **Locational and temporal value recognition**
- **Efficient operation of the grid**
- **Open access and Interoperability**
- **Transparent participation pathways and compensation**
- **Incremental, evidence-based implementation**
- **Equity and customer protection**
- **Cyber-secure and resilient**
- **Preventing double compensation**

Should the Commission remove, modify, or clarify any of these guiding principles? Should the Commission add additional guiding principles? If the Commission adopts these guiding

[14] CAISO Opening Comments on Future Grid Study Report, p. 2.

principles, should there be an opportunity to refine them in any proceeding reviewing IOU applications?

The CAISO supports the guiding principles, including Ratepayer Benefit, Interoperability, and Efficient Operation of the Grid.

The CAISO encourages the Commission to include "Reliable" as a guiding principle. Ensuring reliable electric service in a high DER future is foundational and enables the effective realization of other principles identified in the Ruling. A DER Orchestration Framework that did not adequately support system reliability would limit the ability to achieve Ratepayer Benefits, Interoperability, and Efficient Operation of the Grid.

B. Responses to Questions regarding TSO-DSO Coordination Workshop Scope and Objectives

Question 1: What issues should be addressed in the TSO-DSO workshop related to DER visibility and coordination under a DER orchestration framework?

The CAISO recommends the TSO-DSO workshop focus on four main topics related to DER visibility and coordination, as outlined below.

1) Identify the benefits of enhanced coordination at the T&D interface

Objective: Establishing a common understanding of the benefits of operational coordination will provide a shared foundation for subsequent discussions. As described in response to Question 1, the CAISO believes that improved operational coordination can support system reliability and cost-effective grid operations. Clarifying the value proposition of coordination at the T&D interface will help align expectations and priorities.

2) Describe the current state of operational coordination

Objective: Developing a shared understanding of current operational coordination practices is essential to assessing potential gaps and identifying areas for improvement. This discussion would include, among other topics:

- DER visibility: The current level of visibility that the CAISO and distribution utilities have into both market-participating and non-market DERs including capacity, location, characteristics, schedules, and program participation.

- Information exchange and data aggregation: How DER information is currently exchanged among DER owners, distribution utilities, the CAISO, and other responsible entities, including the levels of aggregation used.
- Roles and responsibilities: Existing roles and responsibilities of entities involved in coordination at the T&D interface, including the CAISO, distribution utilities in their roles as both distribution operators and transmission operators, scheduling coordinators for CAISO market-participating resources, and providers of non-market load flexibility.
- Forecasting integration: How DER technologies and behaviors are currently incorporated into operational forecasting at the CAISO and distribution utilities.

3) Identify gaps between current practices and desired future state

Objective: Prior to considering potential solutions, it is important to clearly define gaps between current operational practices and desired future state that achieves the identified coordination benefits. This topic would focus on articulating where existing processes, data availability, or roles and responsibilities may require further development.

4) Discuss next steps for continued collaboration on operational coordination

Objective: Given the complexity of DER integration and the number of entities involved, identifying clear next steps for continued collaboration will be a valuable outcome of the workshop. Depending on the progress made towards developing consensus around the above-described current state and gaps in operational coordination, this section of the workshop may also discuss recommendations.

Question 2: Should operational requirements and wholesale market participation be considered?

As discussed in section II.B.1, the CAISO expects that its current state and gaps in operational coordination being developed in collaboration with distribution utilities and other entities will be completed in May 2026. The CAISO looks forward to sharing the initial findings in these areas in the first scheduled TSO-DSO workshop if that occurs after May 2026.

The initial findings of the current state and gaps in operational coordination are expected to focus on the identification of challenges and opportunities but may not yet include final

recommendations. The CAISO believes these findings could be useful for the workshop to support establishing consensus around the challenges and opportunities and potentially inform discussions of recommendations. To the extent that potential recommendations may ultimately involve operational requirements on distribution utilities or other responsible entities, the TSO-DSO workshop presents an opportunity for parties to begin a broader discussion around operational requirements.

The CAISO also believes that DER wholesale market participation is appropriate to be considered as part of this effort, as this will be an important component of describing the current state of operational coordination. The CAISO expects that new use cases for how DERs participate in wholesale markets will continue to emerge as DERs proliferate. The forthcoming workshops will provide valuable opportunities to discuss how to incorporate these use cases into system and market operations.

IV. Conclusion

The CAISO appreciates the opportunity to provide comments on the Ruling.

Respectfully submitted

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Dated: April 20, 2026