

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System	)	Docket No. ER26-3305-000
Operator Corporation	)	

**ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO THE DEPARTMENT OF MARKET
MONITORING COMMENTS**

The California Independent System Operator Corporation (CAISO) submits this answer to the comments filed in this docket on August 17, 2026 by the CAISO's Department of Market Monitoring (DMM), which recommend the CAISO undertake additional assessments and stakeholder outreach. The Commission should accept the CAISO's tariff amendment as proposed, without additional conditions. Ongoing assessment and stakeholder engagement are part of all CAISO processes. However, conditioning approval of the CAISO's tariff amendment on specific points of analysis and discussion would constrain the CAISO's implementation of the proposed new authority unnecessarily.

As explained in its July 28, 2026 filing, the CAISO proposes to add the expected impact of loop flow to the list of factors identified in section 36.4.1.2 of the CAISO tariff that the CAISO uses to determine Seasonal Available CRR Capacity.¹ The existing

¹ The Seasonal Available CRR Capacity is a forward-looking estimate of the total network capacity expected to be available during the period for which CRRs will be settled. It is defined in Appendix A of the CAISO tariff as: "The upper limit of network capacity that will be used in the annual CRR Allocation and annual CRR Auction calculated by effectively reducing TTC for Transmission Ownership Rights as if all lines will be in service for the relevant year in accordance with Section 36.4."

language in tariff section 36.4.1.2 states that further detail about how the CAISO considers the listed factors is “discussed in the applicable Business Practice Manual.” DMM’s comments recommend “that prior to incorporating any loop flows into the CRR model, the CAISO conduct and provide analysis to stakeholders for review and discussion.”² DMM also asks for the CAISO to clarify “if the proposed loop flow modeling will be made in addition to or partially in place of the current holding back of 35 percent of estimated transmission capacity in the annual process.”³

The CAISO appreciates DMM’s continued engagement on CRR issues and agrees it is important to provide transparency regarding implementation of amended tariff section 36.4.1.2. The CAISO is committed to providing stakeholders visibility into how it will administer the revisions to this section, consistent with its broader practice of engaging stakeholders on tariff implementation matters. That process of engagement has already begun with a meeting of the CAISO’s CRR Customer Partnership Group on August 25, 2026.⁴ During that meeting, the CAISO explained what modeling changes it plans to make to reflect loop flow in the annual process, opened a comment window for feedback, and informed participants that it will delay the start of the annual process by approximately two weeks to reflect any potential stakeholder feedback. The CAISO also confirmed that the expected impact of loop flow, like the other factors identified in section 36.4.1.2, will be considered in determining Seasonal Available CRR Capacity.

² DMM Comments, at 2.

³ *Id.*

⁴ A copy of the Customer Partnership Group presentation is available here:

<https://www.caiso.com/documents/presentation-congestion-revenue-rights-customer-partnership-group-aug-25-2026.pdf>.

Once the CAISO establishes that value, section 36.4.1.3 will continue to govern the amount of that capacity made available in the annual CRR allocation process. Specifically, the annual process will make available 65 percent of the determined Seasonal Available CRR Capacity.

The CAISO also intends to provide more information and opportunities for stakeholder input before and during the CRR process through future Customer Partnership Group meetings, Business Practice Manual revision processes, CRR full network model releases, and other appropriate stakeholder forums. These established stakeholder touchpoints will allow market participants and other interested parties to ask questions, raise concerns, and gain additional insight into the CAISO's implementation of both the existing provisions of tariff section 36.4.1.2 and the additional factor proposed in this filing. Through this engagement, the CAISO will continue to evaluate stakeholder feedback and provide transparency regarding its implementation approach.

The CAISO respectfully submits it is unnecessary for the Commission to condition approval of the proposed tariff amendment on any specific analytical or reporting requirements. The CAISO's existing stakeholder processes provide a proper and flexible forum for addressing implementation issues as they arise and for making sure stakeholders remain informed regarding the administration of the tariff provisions at issue.

The CAISO appreciates DMM's engagement on CRR issues and looks forward to further collaboration as the CAISO's CRR stakeholder initiative continues to evaluate broader CRR reforms.

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Dated: August 27, 2026

CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 27th day of August, 2026.

/s/ Ariana Rebancos

Ariana Rebancos
An employee of the California ISO