



California ISO

WESTERN ENERGY MARKETS

Day-Ahead market enhancement configurable parameters

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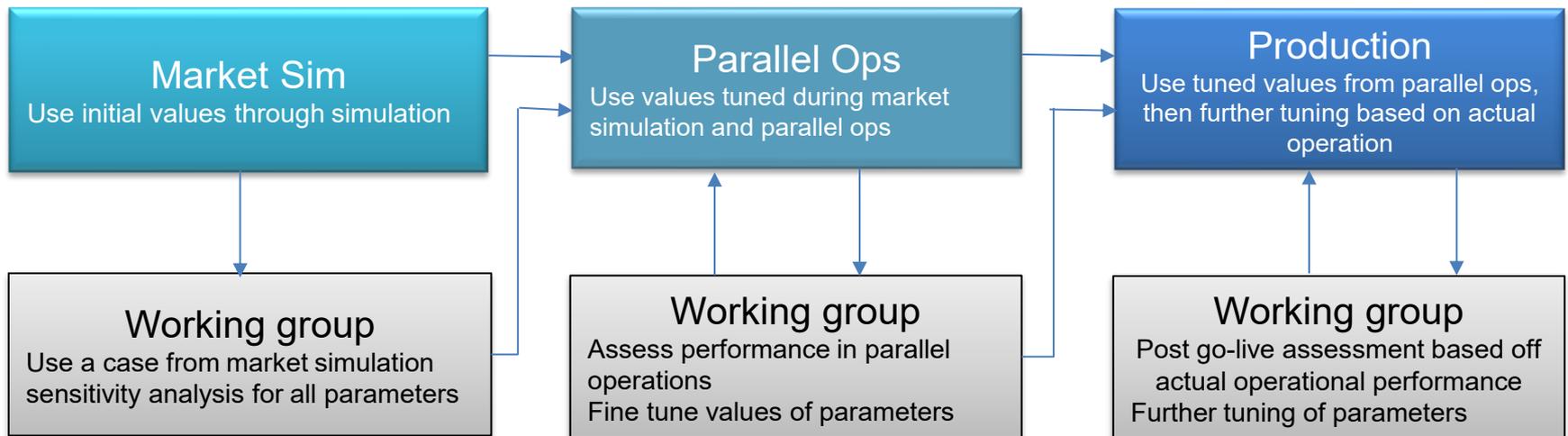
The ISO committed to working with market participants to evaluate the setting of five key market parameters



The implementation working group schedule aligns with the master implementation schedule for DAME and EDAM

- The ISO launched an implementation working group effort to assess the parameter values.
- This stakeholder effort includes 10 working group sessions:
 - Feb - Apr 2026. Parallel operations. Three working group sessions.
 - Oct 2025 – Jan 2026. Market simulation. Four working group sessions.
 - Aug 2025. Kick-off working group session.
 - Dec 2024. Second planning session with revised scope.
 - August 2024. First planning session.
- Each working group provides an opportunity to receive written feedback, which has proven valuable in refining the scope and content of the effort.

Setting configurable parameters takes place in two stages and will be completed prior to go-live



- Results from the first stage are based on simulated data that does not reflect actual operational conditions.
- Results from the second stage will approximate operational conditions.

Scope of the first stage

- Developed a benchmark case from market simulation.
- Derived sensitivity scenarios from the benchmark case:
 - Assessed different values for each parameter.
 - Used low- and high-demand scenarios.
- Used the benchmark case to analyze market functionality and interplays between configurable parameters.
- Solution quality is predicated on the quality of input data available
 - Imbalance reserve bids not readily available.
- Miscellaneous requests from participants to expand the scope beyond the parameter assessment were not feasible within available time and data.

Summary of results from first stage

Envelope multipliers for imbalance reserves

- Significant impacts to market outcomes. Metric specified only in Business Practice Manual, merits consideration of adjustments from current 85%.

Proportion of deployed reserves in congestion scenarios

- Moderate impact to overall congestion pricing. Metric specified only in the Business Practice Manual, merits consideration of lower values from original 100%.

Set of enforced constraints

- Determined mainly by computational considerations. Assessment during parallel operations and production.

\$55 bid cap for imbalance reserves

- Significant impact on imbalance reserves prices but tempered by demand curve. Value set in the tariff.

\$55 default availability bid

- Limited impact to market solutions. Value set in the tariff.

Plan for parallel operations

1. **Set of enforced constraints.** Start parallel operations with enforcement of base flow gates and nomograms. Assess enforcement of contingencies with sensitivity scenarios.
2. **Bid cap of \$55.** Defined in the tariff. Continue to use the \$55. No additional analysis in parallel operations.
3. **Default bid price of \$55.** Defined in the tariff. Continue to use the \$55. No additional analysis in parallel operations.
4. **Enveloped constraint multipliers.** High impact. Start parallel operations with 85%. Assess adjustment in parallel operations with sensitivity scenarios.
5. **Deployed reserves factor.** Low impact. Start parallel operations with 100%. Assess adjustment in parallel operations with sensitivity scenarios.

Plan for go-live

- The EDAM/DAME implementation poses uncertainties that cannot be quantified due to the lack of sufficient actual operational-level data prior to go-live.
- Like other implementation efforts, propose a two-phase implementation strategy to allow for a phased-in learning period .
 - **Phase 1 go-live**. Start with a moderate configuration to limit early impacts.
 - **Phase 2 post-go-live**. After a ramp-up period, the ISO will undertake a more robust setting as operational experience is gained.
- The ISO will closely assess the market performance and the parameters impacts using actual data from first months of operation.
- The specifics of this two-phase approach will be developed and discussed in the upcoming working groups prior to go-live.