



California ISO

WESTERN ENERGY MARKETS

Day-ahead market enhancements configurable parameters

Guillermo Bautista Alderete

Director, Market Performance and Advanced Analytics

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

- **Set of enforced constraints.** What constraints are used to assess deliverability of imbalance reserves in deployment scenarios.
- **Bid cap.** Maximum bid price allowed for imbalance reserves.
- **Default bid price.** Price used for imbalance reserves and reliability capacity in market power mitigation assessments.
- **Deployment factor.** What determines percentage of imbalance reserve is assumed to be deployable as energy for transmission feasibility.
- **Envelope constraint multiplier.** What determines percentage of the storage resource's imbalance reserve award is supported by state of charge.

The working group schedule was aligned with the master implementation timeline for the day-ahead market enhancements

- The ISO launched an implementation working group to assess the parameter values.
- The stakeholder process included ten working group sessions.
- The ISO discussed with the Market Surveillance Committee the ongoing effort of this working group in the February 6, 2026, meeting.
- The final recommendation for go-live was presented at the April 16, 2026, working group meeting.

Plan for go-live

- The day-ahead market enhancements implementation involves uncertainties that cannot be fully quantified prior to go-live due to limited operational-level data.
- The ISO proposes a two-phase implementation approach to allow for a phased-in transitional period.
 - **Phase 1 go-live:** Start with a moderate configuration to limit early impacts.
 - **Phase 2 post-go-live:** Based on operational experience, adjust any parameters if market outcomes warrant the need for it.

All parameter changes will be assessed and discussed in a public working group session.

Two-phase plan for go-live

| Parameter | Two-phase plan | |
|---|--|--|
| | First phase (Go-live, May 2026) | Second Phase (Flexible) |
| Set of enforced constraints for imbalance reserve scenarios | Enforce only flowgates and nomograms | Assess if all constraints can be enforced |
| Bid cap at \$55 | Value at \$55 per tariff | Adjust as needed (Requires Tariff changes) |
| Default bid at \$55 | Value at \$55 per tariff | Adjust as needed (Requires Tariff changes) |
| Deployment factor | Value at 45% | Adjust as needed |
| Envelope constraint multiplier | Value at 45% for imbalance reserves Value at 100 % for reliability capacity | Adjust as needed |
| Imbalance reserve requirements | Value at 90 th /10 th percentiles | Adjust as needed |

Participants' positions

- Each of the 10 working groups provided an opportunity to gather written feedback.
- All participants' feedback has been instrumental in refining the scope of this effort.
- Participants generally support the ISO's final recommendation
 - the two-phase implementation approach,
 - the recommended parameter setup for go-live.
- One stakeholder has suggested using even lower parameter values at go-live.