

# Memorandum

**To:** ISO Board of Governors and WEM Governing Body  
**From:** Elliot Mainzer, President and Chief Executive Officer  
**Date:** April 21, 2026  
**Re:** CEO report

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***This memorandum does not require ISO Board of Governors or WEM Governing Body action.***

## INTRODUCTION

For my April 2026 CEO report, I provide the latest on summer readiness, the May 1 launch of the Extended Day-Ahead Market and progress on the Pathways governance initiative, release of the ISO's 2025-2026 draft transmission plan, the latest regarding seams issues between different market footprints, our new Western Energy Imbalance Market participants, and the launch of our new podcast, Frequency Band.

## SUMMER READINESS – THE WEATHER FORECAST

Our forecast team's latest report indicates that after an abnormally warm winter and a hot start to spring, the outlook for the summer is not looking much different. Long-term climate signals point to the potential for another hot period across California and the broader Western region in summer 2026.

While the entire West is forecasted to experience above-normal temperatures in June, July, and August, the strongest indications are concentrated across the interior West and the Pacific Northwest. At the same time, warm sea surface temperatures along the coast are forecast to increase the likelihood of a hotter-than-usual coastal summer, in contrast to the more moderate conditions observed in recent years.

Despite some areas of above-normal rainfall across the state during the winter months, relatively low snowfall resulted in below-normal snowpack throughout California. This was followed by extreme heat in March, leaving very little snow remaining across the Sierra Nevada, with some locations observing record low snowpack conditions. Although major reservoir levels statewide are currently at or above historical averages for this time of year, the lack of snowpack means there will be minimal snowmelt available to sustain those reservoir levels through the summer.

## READINESS ACTIVITIES AND RESOURCE ADEQUACY

Our summer readiness communication and coordination activities are continuing, including our annual Leadership Roundtable on May 5 and planning tabletop exercises with state partners to ensure everyone is prepared if we have an emergency.

The draft Summer Loads and Resources Assessment indicates a surplus of installed capacity relative to what is needed to meet the 1-in-10 loss-of-load expectation criteria. This analysis is based on installed eligible resource adequacy capacity. The Assessment will also estimate the

reserve margin necessary to meet the 1-in-10 loss of load expectation and compare that to the Planning Reserve Margins adopted by the California Public Utilities Commission and Local Regulatory Authorities. The final Summer Assessment will be published May 4. Starting at the end of May, on a monthly basis, we will also be able to compare results of the Summer Assessment to the actual resource adequacy showings and available contracted capacity data.

The draft Summer Assessment also reports the following:

- Since the 2025 Summer Assessment was published last May, we have more than 7,800 MW of new installed capacity available to the ISO system.
- Last year, the 1-in-2 load forecast was 46,094 MW but actual demand fell short of that level because it was a relatively moderate summer as far as hot weather was concerned.
- The 1-in-2 load forecast for this summer is 46,844 MW, a fairly modest year-over-year increase of 1.6%
- Heading into the summer of 2025, our analysis showed the system with a cushion of 1,451 MW for meeting the 1-in-10 industry standard for loss of load.
- For this summer, the ISO still has access to about 3,329 MW of emergency resources through the State's Strategic Reliability Reserve and emergency assistance on interties.
- Of course, the ISO grid remains exposed to extreme wide-area heating events and wildfires, conditions we will be closely monitoring across the summer.

## **EXTENDED DAY-AHEAD MARKET**

Because this is the last governance meeting and my final CEO Report before we reach our Go-Live target date for the Extended Day-Ahead Market (EDAM) on May 1, I wanted to take a few moments to acknowledge the excellent work that has been done across the organization to reach this moment.

The journey began with our robust, transparent and iterative engagement with Western Energy Imbalance Market (WEIM) participants and many other stakeholders in designing the new market to build on the success of the real-time market and enhance reliability and affordability for consumers across the West. To obtain our tariff approvals from the Federal Energy Regulatory Commission required a tremendous amount of work, and we got through it in good fashion. The breadth and depth of the implementation process and all that entailed has been remarkable. Making sure we had the business requirements right, that we worked effectively through market simulation and parallel operations was another enormous undertaking. Working closely with our partners and stakeholders, we have learned and adjusted along the way to refine any processes where necessary and will continue to do so once the market is live. The extent of our internal implementation work, particularly by our IT team under the leadership of Dr. Khaled Abdul-Rahman, the ISO's vice president and Chief Information and Technology Officer, has been outstanding.

In addition to the many stakeholders who worked so hard to get this done, I also want to acknowledge and thank our partners at PacifiCorp. As we did together with the WEIM, they will help us get this market off to a strong start as we increase the number of participants moving forward later in the year with Portland General Electric and entities that have signed implementation agreements to begin participating in 2027 and beyond. And earlier this

month, the Public Utilities Commission of Nevada took an important step forward by approving NV Energy's planned participation in EDAM.

EDAM is built on infrastructure that has been proven and performed well in real time, but it also includes new features and market products to drive down costs and leverage diversity. These include much more data exchange, interactions between the day-ahead and real-time markets, settlements, complex coordination between vendors, the ISO and market participants. There has also been considerable focus on training and readiness for market participants so things go smoothly once the market has been activated, and we will have a rapid response team in place to address any issues that may materialize after we are live.

On the governance side of the equation, the Regional Organization for Western Energy (ROWE) is making good progress. The Pathways Formation Committee has filed incorporation documents and is in the process of selecting a new independent board to provide oversight of the market rules for WEIM and EDAM. We are working with the Formation Committee to support development of the ROWE, thinking through tariff, policy, legal and stakeholder issues while also taking steps internally to make sure we can continue to provide effective balancing authority and transmission planning services to California while operating the broader energy market under independent governance. We have taken steps to functionally separate our balancing authority and market operations to provide stakeholders with that additional level of assurance that the market will be operated consistent with independent and equitable governance.

I look forward to your consideration at this meeting of the important decisional item regarding the ISO proposing to step up in response to a request from the Pathways initiative to facilitate a mechanism for participants in the markets to financially support the launch of the ROWE.

On April 8, we received important good news when FERC accepted our tariff revisions to support implementation of EDAM and our day-ahead market enhancements. FERC found that these elements are just and reasonable and not unduly discriminatory or preferential, and that the revisions will help support implementation by introducing new features and adjusting existing tariff provisions to better align with the EDAM market design and provide additional clarity in the tariff for market participants.

Lastly, related to our proposal regarding interties, the FERC order found that our tariff revisions recognize continued reliance on established business practices and scheduling arrangements and will give market participants time to gain familiarity with the EDAM design and adjust commercial arrangements that may rely on current scheduling approaches for intertie resources. FERC's order also ruled that this proposal will help avoid adverse market or reliability outcomes that could result from disrupting existing contractual arrangements while the ISO continues stakeholder discussions.

With rapid load growth, extreme weather, and serious urgency around reliability and affordability for electricity customers across the country, maintaining and strengthening a wide-area market footprint is more important than ever. We feel good about the progress that's been made with the EDAM launch now just a matter of days away.

## **2025-2026 DRAFT TRANSMISSION PLAN**

Earlier this month, the ISO released its draft 2025-2026 Transmission Plan, which the Board of Governors will consider at its general session meeting on May 19. This year's plan is driven by the need to accommodate growing demand for electricity and help meet the state's clean energy goals. It recommends 38 transmission upgrades at an estimated cost of \$7 billion at full buildout over the next decade. This year's transmission plan is based on the state's projections provided to the ISO in 2025 that California's load will grow by 15 gigawatts (GW) by 2035 and 20 GW by 2040 while the installed resource capacity will need to increase by more than 74 GW and 107 GW, respectively for those same timeframes.

We are highly sensitive to the concerns around electricity affordability and are committed in our annual transmission planning process to find ways to meet system needs efficiently and cost-effectively while also providing the best customer value over the long term. As part of that commitment, the plan analyzed where reconductoring and grid-enhancing technologies could be used to increase transmission capacity without having to construct new lines. The draft recommends 12 projects that include reconductoring, three of which are using advanced conductors as the most efficient and cost-effective solution to meeting capacity needs.

Our transmission and infrastructure planning team also consistently evaluates where congestion is expected on the grid resulting in the need to dispatch higher-priced generation to serve load because of transmission limitations in accessing lower-cost generation. Our planners do this by using production cost modeling that considers evolving load and generation patterns, and planned transmission system development. Their analysis compares the cost of building new transmission to relieve congestion to the savings in energy costs that result from reducing or eliminating that congestion. This helps determine when it is more economical to reinforce the system rather than continue operating with recurring bottlenecks.

In the new draft plan, our team determined the need for a new high-voltage 500 kilovolt line to relieve congestion on the Path 15 corridor, one of the state's major north-south transmission corridors. The recommended alternative needs additional engineering refinement, which our Transmission Planning & Infrastructure Development team will conduct in next year's planning cycle prior to recommending approval of the solution. The Board will hear more about this in Management's presentation on the plan at its May 19 general session meeting. We will continue to drive for reliable and efficient transmission solutions that deploy leading-edge technologies and analytical techniques.

## **MARKET SEAMS**

With the emergence of multiple day-ahead markets in the Western Interconnection, the seams issue has been gaining increasing interest among market participants, policy makers and regulators. I published a piece on the [ISO's Energy Matters blog](#) in February where I reminded western stakeholders of our shared success in efficiently managing the real-time Western Energy Imbalance Market and the ISO's strong belief that keeping the broad geographical footprint intact as much as possible will be key to enhancing reliability and affordability in the West. At the same time, I acknowledged that new seams are emerging with the Southwest Power Pool (SPP) expanding its regional transmission organization into the West and that some balancing

authorities have made decisions to join Markets+. This will introduce complex new seams in day-ahead and real-time operations.

At the same time, the ISO continues to be a productive and responsible steward of the grid, participating in constructive efforts to manage the seams issue as effectively as possible. The blog touched on eight principles that were developed with our partners and shared with SPP last year and discussed how those principles should guide the conversation under the three broad themes of reliability, respect, and mutual benefits.

Earlier this month, several ISO executives and I traveled to SPP's Denver offices for our third round of conversations with the senior executive team at SPP and we will continue with that dialogue in the weeks and months ahead. We also continue to follow up on our commitment to address the issue as transparently and as intellectually and honestly as possible, scheduling an initial Market Seams Workshop for July 31, 2026. The workshop is planned as one in a 4-part series on market-to-market seams that will explore key issues with industry experts and interested parties. This inaugural meeting is hybrid with in-person participation in Seattle. The July meeting will provide an overview of Western market seams, characterization of seams issues from a panel of industry experts, and perspectives on seams from state regulators who will be participating in the workshop. Over the series of meetings, we plan to address principles, problem statements, and technical exploration of market-to-market seams issues and welcome stakeholders from across the West to join the discussion.

As these conversations move forward, we will continue to highlight the tremendous progress that has been made in the West by working together to optimize operations across the Western energy footprint and how day-ahead market development is a natural extension of that success. Shrinking real-time footprints that add complex new seams runs the risk of reversing hard-won gains. It is important to set expectations that make it clear that no seams arrangement will overcome the inefficiencies inherent in multiple markets working on their own to optimize separate portions of one interconnected grid. We know from experience that a path of further integration rather than fragmentation will most effectively address the pressing reliability and affordability challenges facing our region.

### **NEW WESTERN ENERGY IMBALANCE MARKET PARTICIPANTS**

May is a pivotal month for energy in California and the West with the start of EDAM May 1 and the continued growth of the WEIM, which will welcome two new participants on May 6. Black Hills Power Inc. and Cheyenne Light, Fuel and Power Company, which both do business as Black Hills Energy, are joining the real-time electricity market on the same day as BHE Montana, a Montana energy producer and grid operator owned by Berkshire Hathaway Energy. In addition to bringing more diverse resources into the WEIM, adding Black Hills Energy expands the geographic diversity of the market footprint by extending it into South Dakota as the market's 12<sup>th</sup> Western state. This will further support grid reliability and economic efficiency because a geographically broader market deepens market liquidity and increases transmission connectivity. Black Hills Energy is based in Rapid City, South Dakota and serves 1.37 million natural gas and electricity customers in eight Western states.

BHE Montana, which has its real-time operations center in Great Falls, MT, will be the second generation-only balancing authority to participate in the WEIM. We are excited to welcome our

new partners into the WEIM and look forward to working with them to deliver financial and reliability benefits to them and their customers. We are also excited that BHE Montana has said it is planning to join EDAM in 2028.

### **THE ISO'S NEW "FREQUENCY BAND" PODCAST**

On April 21, the ISO inaugurated an exciting new communications vehicle with the launch of its [podcast, Frequency Band](#). It will be hosted by two of our market subject matter experts, Becky Robinson and Paul Dockery, and will feature lively conversations with energy experts from around the world on how the physics, economics, and governance of energy grids come together to keep the system in sync.

The podcast presents another effective and engaging way to focus on some of the important issues facing the grid and electric industry. We intend to use our ability to convene recognized experts to explore perspectives and insights on interesting electricity market topics that have an impact on the grid here in California and throughout the West and beyond.

Co-host Becky Robinson is the ISO's Director for Market Policy Development. Her podcast partner, Paul Dockery, is the ISO's Market Strategy and Governance Manager. Paul is also a past host of the Public Power Underground podcast that had a strong following before he came to the ISO last year.

The initial episode features a timely conversation on transmission and how to get the most from it in the short and long term, which is particularly relevant with the release of our new draft transmission plan earlier in the month. We hope you can find time to listen, subscribe and share your impressions with your contacts as we build an audience we think will be interested in these conversations. Frequency Band is planning monthly episodes. If you have topic ideas or guest requests, please send them to the podcast and communications team at [frequencyband@caiso.com](mailto:frequencyband@caiso.com).