



Memorandum

To: ISO Board of Governors and WEM Governing Body
From: Elliot Mainzer, President and Chief Executive Officer
Date: December 9, 2025
Re: CEO report

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

INTRODUCTION

For my final CEO report of 2025, I want to highlight some of the major accomplishments of the past year while also looking ahead to 2026.

ANOTHER HIGHLY PRODUCTIVE YEAR OF SHARED PROGRESS FOR THE CALIFORNIA ISO

This year has been another productive time for the ISO as we continued making significant progress in advancing the key goals in our 2022-2026 Strategic Plan. As I wrote in my annual Year-in-Review Energy Matters report, “By collaborating with our partners in state government and across our markets, the ISO and the grid we manage today are more resilient and better equipped to accommodate extreme conditions and the growing demand for electricity.” That collaboration has been foundational to the many successes we achieved this year.

Highlights in 2025 include:

- Additional progress in our ongoing Control Center Modernization initiative, including an innovative pilot program using artificial intelligence to help manage planned equipment and infrastructure outages and maintenance.
- Another year of solid reliability while successfully onboarding 5,713 megawatts (MW) of additional capacity as of December 1. This includes 4,260 MW of battery storage, which has helped meet summer net peak demand.
- Major interconnection reforms and approval from the Board of Governors of another 31 transmission upgrades, including grid-enhancing technologies such as reconductoring which increased system capacity at lower cost than new lines.
- Significant strides toward next year’s launch of the Extended Day-Ahead Market, including market simulation and advanced training sessions.
- In 2025, we also saw additional cost savings for participants and their customers in the Western Energy Imbalance Market.
- Technical support to the West-wide Governance Pathways initiative, helping advance successful legislation in California that established a framework for independent governance of Western electricity markets.
- Additional enhancements to our stakeholder process and working group design in response to feedback in the 2024 Regional Issues Forum survey. We also hosted a series of informative and well-attended EDAM implementation trainings, including specialized training in September

for the Body of State Regulators, which included participants from California and across the West.

Nothing is more important than maintaining reliability and managing the grid effectively, particularly during extreme conditions. For the third year in a row, despite several heat waves and the persistent threat from wildfires, ISO system operators kept the grid balanced without needing to call any Flex Alerts asking consumers to “flex” electricity usage to help meet demand.

In addition to onboarding 5,713 MW of new resources, we made the following enhancements to our interconnection queue process, removing more friction from the system and making it nimbler and more responsive:

- Implemented a system of scoring and filtering of projects to be studied, reducing the number of applications in Cluster 15 from an unmanageable 541 applications representing 347 gigawatts (GW) to 145 interconnection applications and approximately 68 GW. Those 145 projects received their initial study results in November, on schedule.
- We also designed and implemented an “intra-cluster prioritization” process to enable Cluster 14 and earlier queued projects to proceed to the extent capacity is available, rather than waiting for upgrades that would enable everyone in a cluster to proceed simultaneously.
- A draft final proposal has been posted for refinements based on the ISO’s cluster 15 implementation experience, to be in place for the Cluster 16 opening next fall.

The 2024-2025 Transmission Plan approved by the Board of Governors in May was another highlight of the past year. The plan recommended 31 transmission upgrades for a total estimated infrastructure investment of \$4.8 billion at buildout. The plan is driven in large part by the need to reliably meet the increase in forecasted demand related to electrification, particularly in the Greater San Francisco Bay Area, and to address load growth from data centers and electric vehicle use. The plan also included five reconductoring projects that use advanced conductors to add transmission capacity without incurring the cost of new lines.

We also expect to have the new Sun Zia transmission line turned over to the ISO for operational control this month. The line, using our innovative Subscriber Participating Transmission Owner model, includes a 551-mile, ± 525 kV HVDC and 345kV HVAC transmission system connecting to a 3,600 MW wind project in New Mexico.

Throughout the year, we also continued progress toward next year’s launch of the Extended Day-Ahead Market, including the start of crucial implementation activities such as market simulation and training for scheduling coordinators and other parties.

We received strong validation of the market’s design on August 29 when the Federal Energy Regulatory Commission (FERC) issued three separate EDAM-related orders. Two orders approved tariff changes requested by PacifiCorp and Portland General Electric, allowing them to join EDAM in 2026. The third order approved ISO tariff revisions on congestion revenue allocation in the new market developed through an expedited stakeholder process. While the ISO will continue working with stakeholders on a long-term congestion revenue allocation approach, these approvals provide additional support for the day-ahead market’s 2026 launch. In 2025, FERC also accepted an agreement between the ISO and the Imperial Irrigation District to join the Western Energy Imbalance Market (WEIM) and EDAM in October 2028.

And, in October, NV Energy submitted its formal request to the Public Utilities Commission of Nevada to join EDAM in 2028. As of December 1, 2025, the lineup for entities committing to join the new market is:

- PacifiCorp – 2026
- Portland General Electric – 2026
- Public Service Company of New Mexico – planned entry 2027
- Balancing Authority of Northern California – planned entry 2027
- Los Angeles Department of Water and Power – planned entry 2027
- Turlock Irrigation District – planned entry 2027
- Imperial Irrigation District – planned entry 2028

This year also marked another strong performance by the ISO's Western Energy Imbalance Market, success EDAM will build on. In its third quarter benefits report, the real-time market reported \$412 million in savings for participants, pushing total cost savings since the market's start in 2014 to \$7.82 billion, along with major contributions to reliability during summer and winter extreme weather events.

And of course, 2025 saw dramatic progress on independent governance with the passage in September of Assembly Bill 825. The bill calls for establishment of an independent Regional Organization to oversee Western electricity markets if the Board of Governors finds that certain conditions have been or will be met. An important but transitional step toward regional governance was taken earlier in the year when Step 1 of the West-wide Governance Pathways initiative was triggered with Public Service Company of New Mexico's decision to join EDAM. That moved the primary decisional role on Western Energy Markets to the Western Energy Markets Governing Body.

In support of EDAM implementation, our Stakeholder Engagement and Customer Experience team completed development of a full EDAM training curriculum, including a self-paced computer-based training suite and instructor-led training modules, all of which were well attended. We also have implemented a new EDAM Scheduling Certification process for scheduling coordinators who intend to become EDAM certified.

Also, in September, the ISO delivered customized Western Energy Markets training for the Body of State Regulators, which includes public utility commissioners and commission staff from across the region. The session drew 54 participants and focused on the fundamentals of ISO markets, with practical, relevant content tailored to participants' needs. The training sparked lively discussion and Q&A. Feedback from attendees highlighted that it was time well spent and deeply appreciated.

Over the course of the year, the ISO hosted 142 stakeholder meetings with 12,299 participants. Because there is considerable interest in the work we do, we also hosted 101 tours of the Folsom campus in 2025, including 17 with visitors from foreign countries. In 2025, the ISO also collaborated with the Australian Energy Market Operator and Grid-India to share best practices, explore emerging technologies, and address shared industry challenges. I also participated this year in the GO-15 global initiative, the World Energy Council, and assumed chairmanship of the new International System Operator Network focusing on leading-edge operational research for the system operators with the world's highest concentrations of inverter-based resources.

On the Human Resources front, the ISO conducted a comprehensive employee engagement survey and saw a meaningful increase in engagement levels. The majority of survey items showed improved or stable favorability, reflecting the strength of our culture and the dedication of our workforce. Our commitment to leadership excellence remains a cornerstone of our strategy and throughout 2025 we continued to invest in robust leadership development programs and fostered a culture of continuous feedback and growth. These efforts are designed to empower our leaders and teams to thrive in a dynamic energy landscape.

We welcomed 60 new employees to the ISO in 2025 and are pleased to report that our vacancy and turnover rates remain low, underscoring the ISO's reputation as a destination employer in the industry.

Looking ahead, we are concluding the year with collective bargaining efforts as the ISO's first agreement with the International Brotherhood of Electrical Workers approaches expiration in early 2026. We remain committed to reaching a mutually beneficial agreement that reflects our values and supports our workforce.

Overall, it was another highly productive year across the organization. Most importantly, the ISO's team demonstrated skill and efficiency in managing the grid again in 2025. We kept the power flowing through heat waves and considerable wildfire activity, fulfilling our core responsibility as a grid operator.

The steps we took to continue upgrading the ISO control center, integrate new resources, reform the interconnection process, advance transmission upgrades, enhance our regional markets, and strengthen our partnerships and culture are among actions in 2025 that have helped position the ISO to meet future challenges for the public we serve.

LOOKING AHEAD TO 2026

Our corporate goals for 2026 again set a high bar for what we expect to accomplish. We will continue to emphasize our safety and compliance goals next year. And we will keep modernizing tools our operators use to sustain the highest levels of reliability. Other major themes for 2026 include EDAM implementation and launch, preparing the ISO to partner with the future Regional Organization called for in AB 825, building on recent interconnection enhancements, taking the next steps in our flexible load strategy, and positioning the ISO for an advanced technology future and even more efficient operation of the grid. With the support provided by the ISO Board of Governors and WEM Governing Body and the hard work of our staff, we look forward to another productive year.

We will continue supporting establishment of the new Regional Organization and implementing relevant activities, including close coordination with the West-wide Governance Pathways Formation Committee on a future stakeholder engagement model as part of the transition. Additionally, we will work on and deliver to the Legislature the required study of the bill's impact on jobs in California and the first annual report on AB 825's effect on the bulk electric system, which is due by Feb. 1, 2026. Both of these reports will be produced in close coordination with our state partners and stakeholders.

And we will continue to be laser focused on the scheduled launch of EDAM in May with PacifiCorp and the onboarding of Portland General Electric next fall.

In addition to following through on interconnection queue reform and connecting resources to the grid as quickly as possible, we will continue to position the ISO as an enabler of greater load flexibility and to make sure we are doing all we can—working with state regulatory agencies and the utilities—to stay on top of anticipated large load growth. We will be focusing on artificial intelligence and exploring how it can help operators manage the grid more efficiently and speed up the interconnection study process. And we will keep growing and supporting our leadership and people capabilities to ensure the ISO always has the expertise needed for carrying out our strategic objectives.

Before closing, I wanted to share the exciting news that we have a date for the ISO 2026 Stakeholder Symposium. It will be held Oct. 6, 2026, at the Safe Credit Union Convention Center in downtown Sacramento. A welcome reception will take place the evening prior on Oct. 5. We will provide additional details when they are available once registration begins next Spring.

This has been a highly productive and memorable year. I would like to extend my personal thanks to our Board of Governors and Western Energy Markets Governing Body for your support and guidance in 2025. I would also like to thank our many partners and stakeholders for their engagement and input, making both the ISO and the regional grid stronger and more resilient. And finally, a major shout-out to the people of the ISO for their dedication and hard work on behalf of the public we serve. Wishing you all a safe and peaceful holiday season.