



# Memorandum

**To:** ISO Board of Governors and WEM Governing Body  
**From:** Elliot Mainzer, President and Chief Executive Officer  
**Date:** October 31, 2024  
**Re:** CEO report

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

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## INTRODUCTION

For my November 2024 report, I will provide an update on the Federal Energy Regulatory Commission's approval of the ISO's interconnection process enhancements, the 10-year anniversary of the Western Energy Imbalance Market (WEIM), the 2024 Stakeholder Symposium, the Extended Day-Ahead Market (EDAM), and improvements made on the first floor of the Folsom headquarters.

## INTERCONNECTION PROCESS ENHANCEMENTS APPROVED

On September 30, we received positive news from the Federal Energy Regulatory Commission (FERC) that its members voted 5-0 for full approval of the ISO's comprehensive interconnection process reforms. As I acknowledged in our news release about the order, the ISO's filing for a reformed interconnection process was complex. Stakeholders had a variety of opinions on some of the details and we are appreciative of the FERC ruling and what it will mean for more efficient planning and onboarding of resources. We are also fully committed to moving forward in partnership with our many stakeholders to effectively and transparently implement the reforms while closely monitoring how well they are working.

FERC ruled that our reforms are "just and reasonable and not unduly discriminatory or preferential." The order also noted that the ISO can now "effectively process the largest queue cluster (of interconnection applications) it has ever received." The reforms took effect October 1 and will enable the ISO to move forward immediately with a fair, open, and transparent process based on proactive resource and transmission planning and project viability, allowing the most advanced generation projects to move more quickly through the interconnection queue. A new screening process central to the reforms is designed to provide interconnection customers, load-serving entities, and the ISO with greater certainty when studies of interconnection applications are complete. This puts the organization on track to ensure continued reliability and achievement of California's clean-energy policy requirements.

The filing followed more than a year of extensive engagement with stakeholders and a wide range of industry and developer representatives who worked together to develop many of the proposal's key concepts. The reforms are also part of a larger set of foundational framework improvements being coordinated between the ISO and California's principal state energy agencies as articulated in the 2022 Memorandum of Understanding between the ISO, the California Public Utilities

Commission and the California Energy Commission. At the same time, we are also enhancing coordination with publicly owned utilities and other load-serving entities.

Under our new process, interconnection requests for projects coming into the ISO during our annual application window will be scored based on commercial interest, project viability, and system need. The projects would then be ranked for their ability to advance to the study process, where they would be evaluated more fully.

The reforms were designed to build on requirements established last July by FERC Order No. 2023, which set new standards for interconnection processes around the country. The Commission approved the ISO's interconnection changes pending review of the ISO's compliance filing for Order No. 2023, which was submitted in May.

To address outstanding interconnection issues that were not part of the current round of reforms, another track of enhancements is underway with stakeholders focused on deliverability allocations and more acute challenges created by recent "superclusters" which have seen unprecedented numbers of interconnection requests

### **THE WEIM's 10-YEAR ANNIVERSARY**

Congratulations to the Western Energy Imbalance Market on its 10<sup>th</sup> anniversary and a strong decade of growth and success. When the ISO and PacifiCorp launched the real-time electricity market in November 2014, the ISO was optimistic about its potential but there were no guarantees it would take off as it has across the Western United States. Today, with 22 market participants spanning 11 states and representing nearly 80 percent of demand along the Western Interconnection, the WEIM has been more successful than anyone imagined back in its first few years of existence.

As the latest WEIM quarterly report shows, we have realized \$6.25 billion in cumulative financial benefits for market participants since 2014, and these benefits continue to grow as more balancing authorities elect to participate in the market. The market has also reduced greenhouse gas emissions across the West and has been a boon to reliability through greater coordination, enhanced visibility between balancing authority areas and easier transfers of energy across the region when parts of the West's bulk power system are strained.

We commemorated the WEIM's 10-year anniversary at our 2024 Stakeholder Symposium by premiering a [short video](#) featuring a number of market partners talking about what the WEIM has meant to their companies and customers. We also prepared a [blog](#) about the anniversary and the video. So, Happy Anniversary WEIM. Congratulations for everything that has been achieved by working together across the region.

### **2024 STAKEHOLDER SYMPOSIUM**

The 2024 Stakeholder Symposium was held October 29 and 30 in downtown Sacramento with about 950 in-person participants and more following online. After a networking reception on October 29, the following day was filled with robust panel discussions on a variety of important energy topics for California and the rest of the West, including the Pathways initiative and the evolving Western grid, new business models for transmission, a one-on-one conversation about the data economy with Brian George who handles federal relations for Google, and the future of load flexibility and virtual power plants. These biennial events are a wonderful showcase for the

ISO and an excellent opportunity to gather with our colleagues and partners across the West to hear about exciting new projects, issues and solutions to challenges many of us face on a daily basis.

A big thanks to Joanne Serina, the ISO's vice president for Stakeholder Engagement and Customer Experience, her team, the CAISO communications group and everyone else who did so much work to make this year's Stakeholder Symposium successful.

### **EXTENDED DAY-AHEAD MARKET**

On October 15, the ISO filed tariff modifications with FERC to extend and enable the inter-scheduling coordinator trades of energy functionality to WEIM and EDAM areas once EDAM launches in 2026. This is a valuable feature that ISO market participants have requested and supported. The proposal to extend the inter-scheduling coordinator trades of energy feature was approved by the ISO Board of Governors and the WEM Governing Body on September 26 and a ruling is expected from FERC by the end of the calendar year. At the same time, our staff has been working hard with PacifiCorp and Portland General Electric on their plans to join the EDAM in 2026.

### **FOLSOM HEADQUARTERS IMPROVEMENTS**

We have made significant progress on the remodeling work underway on the first floor of our Folsom headquarters, resulting in a greatly enhanced training space and other operational benefits as follows:

- **Training Rooms:** We now have two training rooms with a moveable dividing wall, providing flexibility in operations. This space has proven valuable, particularly during our recently completed joint emergency training simulation known as JETS, which included external participants. The training area also includes office space for the system operations training team, integrated for easy accessibility.
- **Simulation Room:** A simulated version of the control center with a full-size video wall has been completed. This improved simulation room includes 17 consoles to train bigger groups of operators and features larger monitors for training before they are rolled out to the operations floor.
- **Emergency Operations Center:** In addition to the training space, we now have a built-out Emergency Operations Center at the Folsom headquarters. This center will be integral to our summer readiness activities and will be used during emergencies. Our recent business continuity exercise effectively utilized this space.
- **Third Control Center:** Work on a third control center for maximum operational flexibility is progressing and is expected to be completed by December 1, 2024, after all the North American Electric Reliability Corporation's Critical Infrastructure Protection documentation requirements are completed and certified.

The new training rooms are being dedicated in memory of Dave Delparte during the ISO's Fall Festival November 1, 2024. Dave worked at the ISO for many years and was a legendary leader in the operations team. His commitment to the training of operators led to the many improvements on the first floor. We look forward to revealing the dedication plaque in his honor with his family and coworkers at the Fall Festival.