

Memorandum

To: ISO Board of Governors and WEM Governing Body
From: Elliot Mainzer, President and Chief Executive Officer
Date: October 13, 2026
Re: CEO report

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

INTRODUCTION

For my October 2026 CEO report, I provide an update on summer reliability, continuing positive momentum for the Extended Day-Ahead Market (EDAM), the ISO's large loads proposal, our seams report with the Southwest Power Pool (SPP), the SWIP-North transmission link, our 2026 Stakeholder Symposium, and the upcoming International System Operators Network meeting in Australia.

CONGRATULATIONS REBECCA WAGNER AND DEBORAH SMITH

Before I go through my update, I want to congratulate Deborah Smith and Rebecca Wagner for being named to the inaugural Regional Organization for Western Energy Board of Directors. Both Rebecca and Deborah have served our Western Energy Markets Governing Body and Western energy interests with distinction. It is good to know their expertise and leadership will continue on the ROWE Board on behalf of the entire West. We look forward to working with Rebecca and Deborah and the other ROWE board members as we transition towards fully independent regional governance of our markets. I also want to thank members of the Pathways Formation Committee and everyone associated with the West-wide Governance Pathways Initiative for their excellent work in advancing this important development.

SUMMER RELIABILITY

After an exceptional operational summer and success in maintaining reliability through the heat events of July and August, our operators and entire control center and RC West teams did another outstanding job keeping the power flowing during extreme weather events and other operational challenges in September and into October.

Some key highlights include:

- On September 9, the ISO load reached 50,335 megawatts (MW), second highest total behind the 52,061 record set in September 2022.
- On October 5, the ISO balancing authority set a new October demand record, with load reaching 46,786 megawatts. This exceeded the previous October high by more than 3,000 MW.

- Southern California drove the September peak. Southern California Edison and San Diego Gas & Electric accounted for much of the increase, while Pacific Gas & Electric remained below its historical peak range.
- Persistent overnight heat was a defining feature. During each major California event, record warm minimum temperatures outnumbered record daytime highs, increasing cumulative heat exposure and sustaining load.
- Western heat occurred in distinct regional waves. The Pacific Northwest, Intermountain West, Idaho, and Desert Southwest experienced multiple periods of temperatures 5–25°F above normal, but their highest-load days generally did not coincide with California's September peak.

During the same week as our Symposium, the combination of reduced generation and transmission capacity, higher loads, and fire threats prompted several Western balancing authorities to issue Restricted Maintenance Operations declarations. Additionally, the Bouquet fire burning near Santa Clarita in Los Angeles County during the heat event in early October threatened the transmission corridor connecting Northern and Southern California, prompting the ISO balancing authority to call for activation of the State's Strategic Reserve fleet to provide Southern California additional generation capacity, if needed. The Strategic Reserve units ended up not being needed, but they were started as a hedge against any additional contingencies.

Because of the increased capacity on the grid, solid imports, skilled work by our system operators and coordination with our state partners, we got through the summer and the early Fall heat events in good shape. We also experienced our fourth consecutive summer without any Flex Alerts. Kudos to the teams for their impressive work.

MORE POSITIVE MOMENTUM FOR THE EXTENDED DAY-AHEAD MARKET

The Extended Day-Ahead Market (EDAM) is continuing to expand and perform well. Since our last governance meetings, Portland General Electric had a very smooth go-live cutover at midnight October 1 as scheduled and is now participating in the day-ahead market. NV Energy signed its implementation agreement to join EDAM in 2028, and we are already starting to work on implementation with the four entities that will be joining EDAM in 2027 – Los Angeles Department of Water and Power, Balancing Authority of Northern California, Public Service Company of New Mexico, and Turlock Irrigation District.

On September 28, we published the first EDAM market performance report under sustained summer conditions, and it told a good story. After the successful May launch and first several months of positive results, we were eager to see how EDAM would perform under some of the more extreme weather experienced in parts of the region. The report verified that EDAM is continuing to operate reliably and largely as expected.

Higher temperatures and stronger regional demand drove most of the notable differences between July and August and the May-June implementation period, including higher prices, changing transfer patterns, greater reliance on imports during peak periods. Despite these more challenging conditions, EDAM continues to do what it was designed to do. Market

outcomes generally became more stable over the first three months of operation, reliability products functioned effectively during periods of elevated demand, and interregional transfers helped balance supply and demand across the Western footprint. Transfers between areas provided operational and economic benefits, and market integration across the Western Interconnection continued to provide significant operational and economic value during summer conditions.

The ISO relied increasingly on imports to meet peak demand while also supporting neighboring regions through substantial exports during periods of strong solar production. August saw increased net imports into the ISO relative to earlier months as regional demand strengthened and the economic value of imports increased. Overall, transfers, storage and thermal resources, and renewable generation worked together to maintain reliability while efficiently serving load during the summer's highest-demand period.

LARGE LOADS PROPOSAL

The ISO has been collaborating with stakeholders on proposals to inform our compliance filing in response to the Federal Energy Regulatory Commission's (FERC) Show Cause Order on Large Loads. The ISO will bring our final proposal to the Board of Governors for a decision on October 28.

Our proposal focuses on proactive planning for large load growth, establishing consistent and transparent study processes, protecting customers from unreasonable cost shifting, enabling flexible large load interconnections, and maintaining reliable grid operations. The proposal also establishes forecasting, visibility, communication, and operational requirements necessary to reliably integrate large loads that align with ongoing standards development efforts by the North American Electric Reliability Corporation (NERC). The ISO is continuing to coordinate closely with participating transmission owners on complementary tariff updates and implementation details and, assuming Board of Governors approval, we intend to submit a filing to FERC under Federal Power Act Section 205 on November 16, 2026.

While we have taken important steps to stay ahead of the curve on reliably integrating large loads into the system and ensuring sufficient generation to serve these loads, we also recognize that the large load landscape is evolving and will require that we re-examine other processes. We remain committed to collaborating with stakeholders, participating transmission owners, state energy agencies, and others to enhance frameworks that support the reliable integration of large loads. These include refining operational and technical requirements, considering market participation pathways, assessing provisions for loads and generation that are located in separate but proximate locations, and implementing recent data center legislation. Our ongoing efforts to reliably incorporate large loads onto the system also include the ISO exploring a risk mitigation tool for capacity constraints. We will work with local regulatory authorities, load-serving entities, utility distribution companies, metered sub-systems, and participating transmission owners to develop a framework for curtailing large loads under tight grid conditions before a reliability event, and will explore these topics in future stakeholder processes.

JOINT SEAMS REPORT

The ISO and SPP submitted a joint report to FERC on our approach to seams issues on September 30, 2026, as FERC directed. The report outlines a coordinated approach to

addressing future market seams issues as organized electricity markets continue to evolve across the Western Interconnection. The joint report also reflects extensive collaboration between the two market operators and input gathered through a series of public workshops involving regulators, transmission providers, balancing authorities, market participants, and other stakeholders throughout the West.

In our joint report, the ISO and SPP identified six near-term objectives that reflect our shared priorities. They include improving data exchange, enhancing model alignment, expanding education and training efforts, supporting implementation of the Western Interconnection Loading Relief and Enhanced Curtailment Calculator initiatives, developing processes to address transmission constraints that are affected by multiple market areas, and a commitment to develop and publish a longer-term plan that evaluates opportunities for further enhancements to seams coordination.

Looking ahead, the ISO and SPP intend to formalize many of our shared commitments through a coordination agreement and to continue working closely with each other and stakeholders across the West to advance the priorities identified in the report. As Western electricity markets continue to expand, both organizations remain committed to collaborative solutions that support reliable grid operations, transparent market outcomes, and the long-term success of the Western Interconnection.

There is a 30-day comment period at FERC for the report and the ISO and SPP have scheduled a fourth joint workshop for Oct. 22, 2026, with in-person attendance at the Western Electricity Coordinating Council's headquarters in Salt Lake City. We held three well-attended prior workshops, two of which were presented jointly with SPP.

SWIP-NORTH GROUNDBREAKING

I was in Ely, Nevada on September 3 to participate in the groundbreaking for the start of construction on the important SWIP-North transmission link, which was approved by the Board of Governors in December 2023. This is the final piece of the Southwest Intertie Project, a transmission corridor first conceived in the 1980s. When SWIP-North is completed in 2028, the transmission corridor will cover 576 miles, connecting Idaho's Magic Valley near Twin Falls to the El Dorado Valley south of Las Vegas, where it ties into the ISO-managed grid.

SWIP-North will deliver more than 1,000 MW of energy from Idaho to California, supporting the California Public Utilities Commission's Integrated Resource Planning portfolio that informed the ISO's 2022-2023 Transmission Plan. SWIP-North will also expand Idaho Power's ability to access and import into its system up to 500 MW of lower-cost energy from the Desert Southwest. The project improves reliability by leveraging the West's resource diversity and the fact that different parts of the region serve peak demand at different times of the day. By creating a stronger connection across California, Nevada, Idaho, and the broader Western grid, SWIP-North also gives operators greater flexibility to move power where it is needed most, improve access to diverse energy resources, and enhance operators' ability to respond to changing system conditions and extreme weather events.

The project is also noteworthy for all the different entities that worked together in bringing it to fruition. It has involved the private developer LS Power and its affiliate, Great Basin Transmission, NV Energy, Idaho Power, and the ISO.

2026 STAKEHOLDER SYMPOSIUM

This year's Stakeholder Symposium was a tremendous success, with nearly 1,000 people registering and attending in person or online, and it was wonderful to see so many of our Board and Governing Body members in attendance. A big thanks to Joe Eto and Andy Campbell, who got everything framed just right with their welcoming remarks.

The entire event was truly seamless, engaging, and first class. The feedback we received from attendees across the board and on social media has been overwhelmingly positive. The Symposium was professional, polished, and thoughtfully executed, from the kickoff social event the evening before through every moment of the program the following day. The panel conversations all went well, and we presented attendees with a lot of substantive information about the Western energy transition we are all engaged in.

What attendees did not see were the months of planning, problem-solving, coordination, and teamwork that made it all possible. I am very appreciative of everyone whose hard work behind the scenes created an experience that felt effortless to everyone who attended and created another positive moment for the California ISO and our many partners.

INTERNATIONAL SYSTEM OPERATORS NETWORK (ISON) ANNUAL MEETING

Over the past several years, we have been doing more to engage with our peers around the world through international organizations like GO 15, which represents the world's largest grid operators, the Electric Power Research Institute (EPRI), and the International System Operators Network. We are a co-founding member of ISON and in my capacity as the ISO's CEO, I am serving as this year's chair. The network was established in 2024 to enable rapid knowledge sharing and deployment of best practices and innovations to support the global network towards the renewable energy transition. In addition to the ISO, members include the Australian Energy Market Operator (AEMO), EirGrid from Ireland, Denmark's Energinet, ERCOT, and the National Energy System Operator (NESO) from Great Britain. I am looking forward to attending this year's annual ISON meeting in Australia in November, where we will plan for the year ahead and share our experiences and learnings from 2026.