

Comments on Annual Summer ATC Assessment

Department of Market Monitoring

April 14, 2026

Summary

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the ISO's 2026 Annual Summer Available Transfer Capability (ATC) Assessment. The ISO is proposing to retire the annual Path 26 priority wheel-through (PWT) assessment, which evaluates the potential impacts of north-to-south high-priority wheeling reservations from Malin (MALIN500) to Palo Verde (PVWest) on the Path 26 constraint.

The primary purpose of the Path 26 PWT impact assessment is to determine the level of high-priority wheeling reservations the Path 26 constraint can reliably support, taking into account historical flows and credible contingency scenarios. Throughout the Transmission Service and Market Scheduling Priorities (TSMSP) policy development, DMM and other stakeholders highlighted the need to consider the flow impacts on internal CAISO transmission constraints when determining ATC available to high-priority wheel-through transactions. The Final Proposal stopped short of developing an ATC calculation approach that fully evaluates internal flow impacts. However, the ISO did commit to conducting the annual Path 26 PWT impact assessment as one measure of internal flow impacts to be considered when determining ATC. Therefore, in addition to informing the annual ATC determination, the Path 26 PWT impact assessment also plays a broader role in supporting the due diligence commitments made by the ISO in connection with the TSMSP policy initiative.

DMM understands the ISO is proposing retirement of the Path 26 PWT impact assessment based on PWT reservation levels and Path 26 flows from recent summers. The potential need for such analysis should not be determined based on a few years of recent data as the conditions of the past few summers may not be representative of future years. For these reasons, DMM does not support retiring the TSMSP Path 26 assessment.

Comments

The ISO committed to an annual internal constraint assessment as part of the TSMSP policy

As part of the TSMSP Final Proposal, the ISO committed to conducting an annual assessment to evaluate the system's ability to support wheeling-through reservations under a range of conditions.¹ The ISO explicitly noted that this assessment could inform the evolution of the ATC methodology, underscoring its role in evaluating the continuing effectiveness of the TSMSP policy across varying system conditions.

In its transmittal letter to the Federal Energy Regulatory Commission (FERC), the ISO further stated that it "will annually evaluate the sufficiency of internal paths to support Wheeling Through transactions and imports serving CAISO demand."² Similarly, the ISO confirmed to the California Public Utilities

¹ *Transmission Service and Market Scheduling Priorities – Phase 2 Final Proposal*, January 18, 2023, p 33: <https://stakeholdercenter.caiso.com/InitiativeDocuments/FinalProposal-TransmissionService-MarketSchedulingPrioritiesPhase2.pdf>

² FERC Docket No.ER23-2510-000, *Transmission Service and Market Scheduling Priorities Initiative – Framework for Obtaining Wheeling Through Self-Schedule Priorities On a Monthly and Daily Basis*, California Independent System Operator Corporation, filed July 28, 2023, p 62, footnote 201: <https://www.caiso.com/documents/jul28-2023-tariffamendment-wheelingthrough-er23-2510.pdf>

Commission (CPUC) that it would assess internal transmission constraints within CAISO prior to establishing ATC values each year following implementation of TSMSP.³

DMM emphasized throughout the TSMSP policy development and in its comments to FERC that this annual power flow analysis is essential to maintaining the reliability of the CAISO balancing authority area.⁴ Other transmission providers in the Western Interconnection calculate ATC on a point-to-point basis, explicitly accounting for constraints along the path, including internal constraints. Because the ATC calculation for priority wheel-throughs does not directly consider internal transmission limits, the annual Path 26 PWT impact assessment remains the only structured process to identify the risk that wheeling reservations could exacerbate internal congestion. In particular, it provides a safeguard against circumstances in which wheel-through transactions, which have equal priority to load, could crowd out internal resources serving California demand across a constrained Path 26.

Recent summer conditions are not an adequate basis for retiring the Path 26 assessment

During the March 31 Annual Summer ATC Assessment meeting, the ISO concluded that the Path 26 PWT impact assessment is no longer necessary because historical wheeling reservations have remained well below what the system could reliably support, and because the market mitigates the risk of thermal overloads through congestion. DMM does not believe this reasoning justifies retirement of the assessment for a few reasons.

First, DMM's concern, and that of stakeholders, has never been limited to the risk of thermal overload on transmission related to Path 26. Rather, the core issue is that ignoring internal constraints when setting ATC for priority wheel-through reservations can lead to an oversubscription of the CAISO transmission system. Because these reservations have the same priority as CAISO load, they can impede resource adequacy supply from reaching California load during periods of high demand if Path 26 becomes constrained under conditions not considered when setting ATC. While the existing Path 26 assessment focuses on thermal overload scenarios rather than congestion outcomes, DMM views the assessment as an informative proxy; scenarios that show a high risk of overload would also be expected to result in frequent and material congestion in the market.

Second, DMM does not believe it is appropriate to assess the continued value of the Path 26 PWT impact assessment based solely on flow patterns from the past three summers. Although recent historical data can be informative, the TSMSP policy was adopted in response to market issues arising from the extreme load conditions experienced prior to 2023. Summer conditions across the Western Interconnection in recent years have been comparatively mild and have not produced a significant degree of north-to-south separation that may increase demand for high priority wheel-throughs across the CAISO system. There is also no guarantee that the amount of calculated ATC available to support priority wheel-through transactions at the Malin intertie will remain at or below the levels observed in recent years. As a result, these years may not be representative of the stressed conditions that could

³ FERC Docket No. ER23-2510-000, Motion for Leave to File Answer and Answer of the California Independent System Operator Corporation to Comments and Protests, California Independent System Operator Corporation, filed September 5, 2023, p 40: <https://www.aiso.com/documents/sep5-2023-answer-to-comments-protests-wheelingthroughtariffamendment-er23-2510.pdf>

⁴ FERC Docket No. ER23-2510-000, Motion to Intervene and Comments of the Department of Market Monitoring of the California Independent System Operator Corporation, Department of Market Monitoring, filed on August 18, 2023, pp 4-5: <https://www.aiso.com/documents/dmm-comments-on-er23-2510-tsm-sp-phase-2-track-1-aug-18-2023.pdf>

arise in the future and that originally motivated the TSMSP policy. Additionally, the implementation of the Extended Day-Ahead Market (EDAM), along with new and planned transmission projects in Idaho and Nevada, may materially alter power flow patterns. These developments could change the interaction between internal and external constraints affecting flows across Path 26, reinforcing the need for the annual Path 26 PWT impact assessment.

The ISO should retain the annual Path 26 PWT impact assessment

For the reasons discussed above, DMM recommends that the ISO retain the annual Path 26 PWT impact assessment. The assessment is the only means of evaluating the internal flow impacts of priority wheel-through transactions and remains a critical component of the ISO's commitment to due diligence under the TSMSP policy. The assessment is an important tool for identifying reliability and market risks associated with internal transmission constraints before ATC values are established.