Comments on the Intertie Schedule Modeling Evolution Stakeholder Workshop - June 15, 2026

Department of Market Monitoring

June 29, 2026

Summary

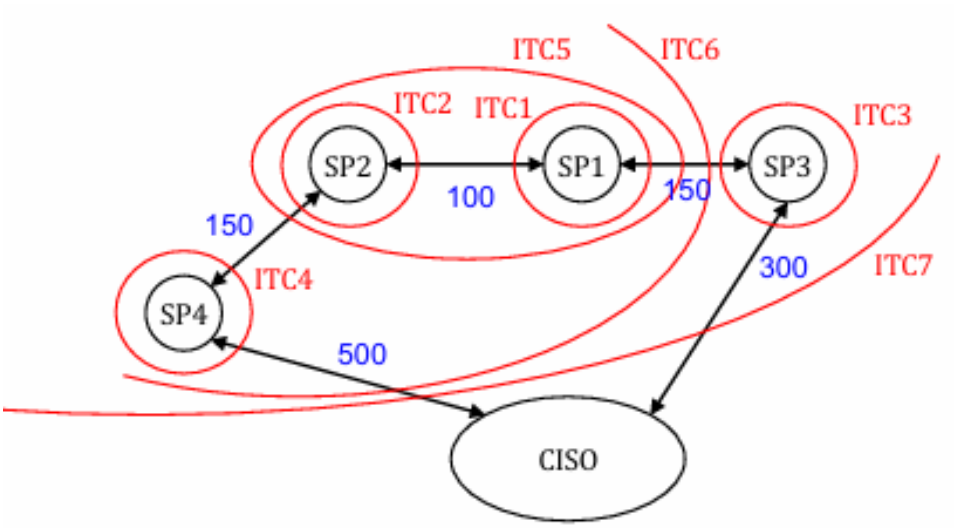
DMM appreciates the opportunity to comment on the June 15, 2026 *Intertie Schedule Modeling Enhancements Stakeholder Workshop*.[1] Given DMM's understanding of the issue based on materials presented in the stakeholder workshop, DMM is concerned that the proposed solution to non-optimal tagging on CAISO ITC rights—the enhanced scheduling limit constraints—has the potential to unnecessarily limit imports and exports. DMM asks the ISO to provide additional details on the issue and clarify why it could not instead be solved with a post-market procedure that ensures optimal tagging.

Comments

Potential for the "enhanced scheduling limit constraints" to limit the available import supply

As DMM understands the proposal, the current ITCs—which are the sum of the scheduling path limits—would be replaced with "enhanced scheduling limit constraints" for each 'point-to-point' limit along the scheduling path. As an example, consider Figure 1 from page 33 of the presentation:

Figure 1. ITCs and scheduling paths



[1] *Intertie Schedule Modeling Enhancements - Stakeholder Workshop*, June 15, 2026: https://stakeholdercenter.caiso.com/InitiativeDocuments/Presentation-Intertie-Schedule-Modeling-Enhancements-Jun-15-2026.pdf

In this example, import bids at SP1 would currently be constrained by ITC1 with a limit of 250 MW (100 MW from path SP1 to SP2, plus 150 MW from path SP1 to SP3). Imports would also be constrained by ITCs 5, 6, and 7. But under the new approach, imports could choose to bid at one of two paths to get from SP1 to CISO:

1) SP1-SP3-CISO, which would be subject to limits SP1-SP3 of 150 MW, and SP3-CISO of 300 MW; or
2) SP1-SP2-SP4-CISO which would be subject to limits of 100, 150, and 500 MW.

If 400 MW of imports are offered at SP1, a total of 250 MW could be supported by the scheduling rights. But under the new approach, importers would have to choose one of the paths to offer on before the market runs. If the imports all chose the SP1-SP3-CISO path, then they will be limited by the 150 MW SP1-SP3 constraint, and only 150 MW of imports will clear when the scheduling rights could support up to 250 MW.

DMM asks the ISO to confirm this understanding of how the new modeling would work. If so, it appears this could unnecessarily limit the supply of imports based on which scheduling paths the importers guess they should be submitting offers on.[2] This splitting of offers at ITCs into different paths could also create situations where higher cost imports clear on one path while lower cost imports remain uncleared on the other path.

What is causing the imports to not be optimally tagged over ISO scheduling rights?

As the ISO states, the total amount of imports cleared under current ITC limits can be supported by the ISO's scheduling rights if the schedules are optimally tagged. But the ISO states that the assumption of optimal tagging does not always hold. DMM asks the ISO to clarify why this does not always hold. Why are the tags not created to conform to the scheduling rights available when it is feasible to tag within the available rights? Who is creating these tags for ISO scheduling rights: the ISO or market participants?

For example, assume one bid clears all 250 MW of the ITC1 limit at SP1. If the import is all tagged along the SP1-SP3-CISO path it would violate the 150 MW SP1-SP3 limit, causing the problem the ISO described. But why would the import be tagged this way? Why can't the import be tagged as 150 MW taking the SP1-SP3-CISO path and 100 MW taking the SP1-SP2-SP4-CISO path?

DMM asks the ISO to explain why this problem cannot be solved with a post-market tagging procedure that does not violate any path scheduling limits (i.e., that ensures optimal tagging) rather than changing how imports bid into the market—which might unintentionally limit imports and exports or lead to inefficient clearing of intertie transactions.

[2] The opposite might also be true. The ability to export from CISO could also potentially be unnecessarily limited.