

# Comments on Day-Ahead Market Enhancements Configurable Parameters Working Group Presentation on April 16, 2026

Department of Market Monitoring

April 30, 2026

## Summary

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Day-Ahead Market Enhancements - Configurable Parameters Implementation Working Group* presentation on April 16, 2026.<sup>1</sup> DMM continues to support the use of the lowest possible values for imbalance reserve (IR) requirements, envelope multipliers, and the deployment reserve factor at go-live to help minimize the risk associated with implementing new products in a new market structure. DMM recommends the ISO be prepared to lower any of these parameters if market results indicate inefficiently high imbalance reserve or reliability capacity prices.

DMM supports the ISO's proposal to use reduced imbalance reserve (IR) requirements by using a lower percentile of net load uncertainty. DMM continues to recommend the ISO be prepared to use a net load uncertainty value lower than the 90<sup>th</sup> percentile to determine IR requirements in the integrated forward market (IFM) if early market results indicate inefficient outcomes. DMM acknowledges that IR requirements are also part of the day-ahead resource sufficiency evaluation, which may have different implications for non-CAISO balancing areas that do not have resource adequacy programs with must-offer obligations. DMM recommends the ISO allow different percentiles of net load uncertainty to be used across market runs and balancing authority areas.

DMM does not oppose the ISO increasing the envelope multiplier in the residual unit commitment (RUC) process. However, it is unclear whether changing the envelope multiplier will have significant impact in RUC given the way state-of-charge is considered when awarding reliability capacity to storage resources. Further, a higher envelope multiplier may be unnecessary in RUC due to the lack of evidence that this parameter improves real-time deliverability. While the potential for adverse market impacts resulting from a higher envelope multiplier in RUC may be less than in IFM, DMM recommends the ISO consider lowering this parameter if market results indicate issues from the envelope multiplier being too high in RUC.

## Comments

***While DMM supports the parameter values the ISO has selected for go-live, DMM recommends the ISO be prepared to quickly lower any of these parameter values based on market results***

DMM continues to support the use of the lowest possible values for the IR requirements, envelope multipliers, and deployment reserve factor. While DMM supports the parameter values the ISO has selected for go-live, DMM recommends the ISO be prepared to lower any of these parameter values if market results indicate inefficiently high imbalance reserve or reliability capacity prices. DMM also recommends the ISO only consider increasing these parameter values if operational data demonstrates a

---

<sup>1</sup> *Day-Ahead Market Enhancements: Configurable Parameters Implementation Working Group* presentation, California ISO, April 16, 2026: <https://stakeholdercenter.caiso.com/InitiativeDocuments/Presentation-Day-Ahead-Market-Enhancements-DAME-Configurable-Parameters-Implementation-Working-Group-Apr-16-2026.pdf>

clear need for procuring additional IR capacity or improving real-time deliverability that justifies any increase in IR procurement cost.

***DMM supports the ISO using a reduced net load uncertainty percentile to establish the imbalance reserve requirement and recommends the ISO consider reducing it further depending on market results***

DMM continues to support using a lower level of net load uncertainty percentile in order to lower IR requirements in the IFM. While DMM supports the use of the 90<sup>th</sup> percentile of net load uncertainty at go-live, using a lower requirement at go-live could help further mitigate market risk and allow the ISO to gain operational experience procuring IR without much additional operational risk.<sup>2</sup>

The ISO's results comparing imbalance reserve requirements across the 90<sup>th</sup> and 97.5<sup>th</sup> percentile indicate that using the 90<sup>th</sup> percentile does significantly reduce IR requirements across all balancing areas.<sup>3</sup> However, the results also suggest that even with the 90<sup>th</sup> percentile, IR prices may be higher than the true value of the product. DMM continues to recommend the ISO start with the lowest feasible IR requirement in order to minimize market risk, and recommends the ISO be prepared to further reduce the IR requirements if market results after go-live indicate inefficient market outcomes or inefficiently high IR prices. DMM continues to also recommend the ISO only consider increasing IR requirements if market results demonstrate a clear need to do so.

DMM's comments on the imbalance reserve requirement here and in previous comments are focused on the IFM procurement of imbalance reserves. However, DMM acknowledges that IR requirements are also part of the day-ahead resource sufficiency evaluation, which may have different implications for non-CAISO balancing areas that do not have resource adequacy programs with must-offer obligations. DMM recommends the ISO allow different percentiles of net load uncertainty to be used across market runs if market results indicate that inefficiently high IR requirements are leading to adverse outcomes in the IFM. The ISO could also allow different net load uncertainty percentiles to be used across balancing areas. This added flexibility could help guard against unnecessarily high IR requirements in the IFM while still allowing a sufficiently high percentile of uncertainty in the resource sufficiency evaluation to support the reliability needs of non-CAISO balancing areas.

***DMM does not oppose increasing the envelope multiplier in RUC, but this change may be unnecessary and may not have a substantial impact on the real-time availability of reliability capacity awarded to storage resources***

DMM does not agree that a higher envelope multiplier is necessary in RUC. As previously noted, the envelope constraint multiplier does not guarantee availability of storage resources in real-time as there is no mechanism in the real-time market to preserve state-of-charge to deliver imbalance reserve or reliability capacity awards. However, due to how storage resources receive reliability capacity awards, it is unclear whether changing the envelope multiplier in RUC will have a meaningful impact. DMM's understanding is that storage resources will only be awarded reliability capacity awards based on their modeled state-of-charge (SOC) in the IFM. If RUC takes SOC as given from the IFM and does not award charging or discharging awards to position batteries' SOC to meet future reliability capacity awards, then the pricing

---

<sup>2</sup> *Comments on Day-Ahead Market Enhancements Configurable Parameters Working Group Presentation on March 24, 2026*, Department of Market Monitoring, April 7, 2024: <https://www.caiso.com/documents/dmm-comments-on-dame-configurable-parameters-mar-24-2026-working-group-presentation-apr-07-2026.pdf>

<sup>3</sup> *Day-Ahead Market Enhancements: Configurable Parameters Implementation Working Group presentation*, California ISO, April 16, 2026, pp 22-27: <https://stakeholdercenter.caiso.com/InitiativeDocuments/Presentation-Day-Ahead-Market-Enhancements-DAME-Configurable-Parameters-Implementation-Working-Group-Apr-16-2026.pdf>

effects of a higher envelope multiplier in RUC are likely to be more limited than the effects of a higher envelope multiplier for imbalance reserves. While DMM does not oppose the ISO using a higher envelope multiplier in RUC at go-live, DMM recommends the ISO consider adjusting this parameter if market results indicate it may be too high.