

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System)
Operator Corporation)**

Docket No. ER25-3491-000

**MOTION TO INTERVENE AND COMMENTS
OF THE DEPARTMENT OF MARKET MONITORING
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§385.212, 385.214, the Department of Market Monitoring (“DMM”), acting in its capacity as the Independent Market Monitor for the California Independent System Operator Corporation (“CAISO”), submits this motion to intervene and comment in the above-captioned proceeding.

I. SUMMARY

In this filing, CAISO proposes a tariff amendment to extend the Assistance Energy Transfer (AET) functionality in the Western Energy Imbalance Market (WEIM) by removing the December 31, 2025 sunset date. DMM supports extending the AET functionality, as the monitoring DMM has done since the AET program was implemented in 2023 has yet to identify concerns of systematic leaning or extensive reliance on assistance energy transfers during tight conditions. DMM believes the issue of transfers occurring as the result of economic displacement while opted into AET could be addressed in a future enhancement, but does not present a concern that requires immediate attention.

II. COMMENTS

Background

The WEIM AET program allows balancing areas that fail the upward resource sufficiency evaluation (RSE) to pay a surcharge in order to access additional supply through WEIM transfers that may not be available when the balancing area's transfers are limited due to an RSE failure. Prior to the implementation of the WEIM AET program, areas that failed the RSE would be unable to access additional supply through WEIM transfers. When a balancing area fails an upward RSE, their WEIM transfers are limited by the greater of the base transfer or the transfer from the last 15-minute market interval. In 2023, the ISO implemented the current AET program that allows balancing areas that fail the RSE to pay a surcharge to access additional WEIM transfers.

DMM supported the current AET program as it balances the ability for areas that fail the RSE to access supply from other balancing areas while still disincentivizing balancing areas from leaning on the WEIM footprint for capacity.¹ When the ISO implemented the AET functionality, it included a sunset date of December 31, 2025. The ISO is now proposing to extend this functionality indefinitely without any major changes, with the exception of not applying surcharges onto transfers that are directly attributable to actions taken at the direction of the Reliability Coordinator.

¹ *Comments on WEIM Resource Sufficiency Evaluation Enhancements Phase 2 Revised Final Proposal*, Department of Market Monitoring, November 16, 2022: <https://www.caiso.com/documents/dmm-comments-weim-resource-sufficiency-evaluation-enhancements-phase2-revised-final-proposal-2022-11-16.pdf>

DMM supports extension of the AET functionality

DMM supports the proposal to extend AET functionality past December 31, 2025. DMM had previously noted two potential issues with the AET program design: (1) the potential for balancing areas to inappropriately lean on the WEIM footprint for capacity, and (2) the possibility for surcharges to apply to WEIM transfers that are not the direct result of the balancing area opting into the AET program.² However, DMM has not seen evidence suggesting either of these issues create serious concerns requiring immediate action.

Since the implementation of AET functionality in July 2023, DMM has regularly monitored AET utilization and published the results in quarterly WEIM resource sufficiency evaluation reports.³ In the past two years, DMM has yet to find evidence of a particular balancing area systematically relying on the AET functionality. In addition, DMM identified very few intervals where two or more balancing areas simultaneously failed the RSE test while opting into AET, which would indicate extensive reliance on AET during tight west-wide conditions by multiple balancing areas.

DMM's monitoring and reporting on AET also shows that AET transfers occur relatively infrequently, and at relatively low volumes with low associated cost when they do occur. Therefore, the issue of transfers occurring as the result of economic displacement while a balancing area is opted into AET is also not one that DMM believes

² *Supplemental Comments on WEIM Resource Sufficiency Evaluation Enhancements Phase 2 – Revised Draft Final Proposal*, Department of Market Monitoring, September 27, 2022: <https://www.caiso.com/Documents/DMM-Comments-WEIM-Resource-Sufficiency-Evaluation-Enhancements-Phase2-Draft-Final-Proposal-Sep-27-2022.pdf>

³ DMM WEIM Resource Sufficiency Evaluation Reports: <https://www.caiso.com/market-operations/market-monitoring/reports-and-presentations#weim-resource>

requires immediate action. However, this issue could be addressed in a future enhancement.⁴

Under the current AET program, the surcharge associated with AET is calculated by multiplying the applicable energy bid cap by the lesser of the dynamic WEIM transfers or the amount by which the balancing area failed the RSE. Determining the transfers to which the surcharge applies is challenging, as it is not easy to identify whether transfers occur due to a balancing area opting into the AET program or due to economic displacement once a balancing area's supply is optimized with available supply across the WEIM footprint. In the most recent stakeholder process on AET, the ISO provided analysis estimating surcharges on transfers due to economic displacement. This analysis suggests that such transfers do occur, but does not clearly demonstrate an urgent need to address this issue.⁵ DMM believes that limiting the surcharges to the RSE shortfall helps mitigate concerns of excessive surcharges on economic transfers.

III. MOTION TO INTERVENE

DMM respectfully requests that the Commission afford due consideration to these comments and motion to intervene, and afford DMM full rights as a party to this proceeding. Pursuant to the Commission's Order 719, the CAISO tariff states "DMM shall review existing and proposed market rules, tariff provisions, and market design elements and recommend proposed rule and tariff changes to the CAISO, the CAISO Governing

⁴ *Comments on WEIM Assistance Energy Transfer Extension*, Department of Market Monitoring, April 30, 2025: <https://www.caiso.com/documents/dmm-comments-on-weim-assistance-energy-transfer-program-extension-apr-16-2025-meeting-apr-30-2025.pdf>

⁵ *WEIM – Assistance Energy Transfer – Extension*, California ISO, April 16, 2025: https://stakeholdercenter.caiso.com/InitiativeDocuments/WEIM_AET_04162025.pdf

Board, FERC staff, the California Public Utilities Commission, Market Participants, and other interested entities.”⁶ As this proceeding involves CAISO tariff provisions that would affect the efficiency of CAISO markets, it implicates matters within DMM’s purview.

IV. CONCLUSION

DMM respectfully requests that the Commission afford due consideration to these comments as it evaluates the proposed tariff provisions before it.

Respectfully submitted,

By: /s/ Nicole Selling

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Dated: October 14, 2025

⁶ CAISO Tariff Appendix P, Section 5.1.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 14th day of October, 2025.

/s/ Aprille Girardot
Aprille Girardot