UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation	))	**Docket No. ER26-3305**

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 involving the CAISO's annual congestion revenue rights (CRR) modeling process.

I. COMMENTS

In this filing, the CAISO seeks to make "…modeling improvements under the existing tariff and expanded ISO authority to model loop flow in the annual CRR process."[1] The expanded loop flow modeling "will consist of targeted, manual adjustments to some high-market-impact constraints based on historical loop flow information."[2]

DMM supports the CAISO's effort to improve alignment between the CRR model and the day-ahead market. We appreciate that loop flows are a major source of these

[1] *Congestion Revenue Rights Enhancements: Phase 1 Final Proposal*, July 6, 2026, p 3
[2] Ibid., p 10

potential differences, in addition to outages and other biasing of constraints in the day-ahead market. However, we note that the proposed changes are very limited in scope, and we do not expect these changes to have significant effects on auction efficiency and reducing ratepayer losses from the CRR auction, which DMM has long viewed as a top priority.

DMM is not aware of any extensive analysis that has been performed by the ISO of actual loop flows — and the ISO's ability to accurately model and predict loop flows in advance — as will be required to effectively incorporate these into the annual CRR model. Data on loop flows that DMM has had access to suggest that loop flows may be difficult to accurately predict and represent in the level of granularity of the CRR model (i.e., 16-hour blocks by season and month). For instance, loop flows may vary significantly over the 16 peak hours, with loop flows during the peak solar hours being much different than during the peak net load hours (18-22).

Consequently, DMM has recommended that prior to incorporating any loop flows into the CRR model, the CAISO conduct and provide analysis to stakeholders for review and discussion. DMM has concerns that the CAISO may not be able to carry out analysis needed to effectively implement such modeling in time for the 2027 annual CRR auction.

DMM also asked the CAISO to clarify if the proposed loop flow modeling will be made in addition to or partially in place of the current holding back of 35 percent of estimated transmission capacity in the annual process. If loop flow estimates are inaccurate, these changes could have limited effects on revenue inadequacy or even have detrimental impacts, including a reduction in CRRs available to load serving entities in the allocation process.

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

III. 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/ Roger Avalos_

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Independent Market Monitor for the
California Independent System Operator

Dated: August 17, 2026

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 17th day of August, 2026.

/s/ Aprille Girardot
Aprille Girardot