

July 14, 2026

Dear CAISO Board of Governors,

Thank you for the opportunity to submit our comments on the Congestion Revenue Rights Enhancements initiative. In addition to our previously submitted feedback, we would like to present the following key recommendations for the Board's consideration:

- **Enhancing Annual Auction Models:** To mitigate underfunding of CRR positions, we strongly encourage the inclusion of more granular details in the auction models. Specifically, incorporating more comprehensive transmission and generator outages, as well as more detailed intertie modeling, which will lead to more representative auction clearing prices that better align with actual day-ahead market outcomes.
- **Implementing More Efficient Settlement Methodologies:** We believe CAISO should implement more efficient settlement methodologies before applying IRU/IRD to the CRR settlement, ensuring that we achieve more accurate and reliable CRR settlement results.
- **Transitioning Monthly Auctions to a "Balance of Period" Format:** To enable CRRs to serve as a more effective hedging tool for Load Serving Entities (LSEs) and generation companies, we strongly suggest transitioning the monthly CRR auction from a single-month product to a "Balance of Period" format. Allowing participants to submit bids from the prompt month through the end of the calendar year would significantly enhance market flexibility and liquidity.
- **Introducing Long-Term Auctions:** Finally, we suggest introducing a long-term CRR auction framework. Establishing a long-term auction covering a three-year horizon would foster greater market certainty. By affecting capital allocation, this framework would allow market hedgers to secure their hedging curves, provide more insurance to the market, boost liquidity, and attract a broader range of new market participants.

We appreciate your time and consideration for our feedback. Please feel free to reach out if you have any questions or require further clarification on these points.

Sincerely,
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