

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

**California Independent System)
Operator Corporation)** **Docket No. ER26-____-000**

**PETITION FOR LIMITED WAIVER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO) respectfully requests a limited waiver of CAISO tariff section 11.29.8.2(b)(v).¹ This section requires scheduling coordinators to dispute a CAISO settlement statement within 22 business days of that statement's issuance. The CAISO requests waiver of this requirement only for recalculation settlement statements issued 70 business days after the trading day (T+70B). The CAISO asks for this waiver to run from September 11, 2026 through December 24, 2026. The effect of granting this waiver would be that disputes for the T+70B recalculation settlement statements for the May 1, 2026 through June 30, 2026 trading days would all be due by December 24, 2026 (rather than 92 business days after the trading day).

This waiver is necessary to ensure CAISO market participants have adequate opportunity to review and dispute the first binding settlement statement

¹ The CAISO files this petition for limited waiver pursuant to Rule 207 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.207. Capitalized terms not otherwise defined herein have the meanings set forth in the CAISO tariff.

(i.e., the T+70B recalculation settlement statement) issued for trading days in the initial two months of the CAISO's Extended Day-Ahead Market (EDAM) and Day-Ahead Market Enhancements (DAME). The CAISO made several significant code changes to its settlement system in the initial period of EDAM/DAME to ensure settlements would match the CAISO's filed rate. After consultation with its stakeholders, the CAISO is now aware this level of activity did not give scheduling coordinators and their vendors enough time to adjust the "shadow settlement systems" participants use to validate their settlement statements. The temporary extension of the dispute deadline created by this waiver would ensure market participants have a full and fair opportunity to review, and potentially dispute, their market settlements for this period.

I. Background

A. CAISO Settlements & Dispute Deadlines

The CAISO financially settles its markets through an iterative process that includes an initial settlement statement nine business days after the trading day (T+9B) followed by several subsequent recalculation settlement statements.² All statements issued after T+9B are called recalculation settlement statements. The T+9B initial settlement statement and the subsequent recalculation settlement statements are meant to reflect the CAISO's calculation of the amount due to or from scheduling coordinators for each CAISO charge code for a trading

² CAISO tariff section 11.29.7.1 outlines the CAISO's full timeline for publishing settlement statements.

day. The CAISO publishes the first recalculation settlement statement at T+70B, which is the only recalculation settlement statement published in the ordinary course of business. After the T+70B statement, the CAISO may publish recalculation settlement statements 11 months after the trading day (T+11M), 21 months after the trading day (T+21M), and 24 months after the trading day (T+24M). The statements after T+70B are optional, meaning they are issued only when necessary to adjust the T+70B settlements. This may be necessary, for example, to reflect the outcome of disputes, Commission orders, meter data updates, or software changes that ensure the market settlements process produces accurate results.

Scheduling coordinators are responsible for validating their settlement statements and submitting disputes if they believe the statement has an error. Participants may dispute any item on the T+9B initial settlement statement or the T+70B recalculation settlement statement. Past the T+70B, disputes are limited to incremental changes from the previous statement.³ Parties have 22 business days to dispute a settlement statement.⁴ The dispute deadline is firm. Participants “will be deemed to have validated each Settlement Statement unless” they have raised a timely dispute.⁵ The dispute deadline was set at 22 business days because under ordinary circumstances, that is adequate time for

³ CAISO tariff Section 11.29.8.2(b)(ii).

⁴ CAISO tariff section 11.29.8.2(b)(v) (disputes “must be submitted no later than twenty-two (22) business days” after the statement is issued).

⁵ CAISO tariff section 11.29.8.2(a).

scheduling coordinators to review their settlement statements and raise any disputes for the CAISO's consideration.

B. Shadow settlements systems

CAISO scheduling coordinators generally rely on "shadow settlement systems" to validate their settlement statements. Shadow settlement systems are software packages that apply CAISO settlement rules to data that participants assemble from sources such as their own trading systems and the CAISO's OASIS site. Shadow settlement systems are, for many scheduling coordinators, a necessary feature to facilitate CAISO market participation. Given the complexity of the settlement rules, the volume of transactions, and that multiple settlement statements are published each calendar day (e.g., one calendar day can be the ninth business day following one trading day and the seventieth business day following a different trading day), manual validation of settlement statements can be extremely difficult.

The CAISO acknowledges the necessity for shadow settlement systems and actively supports the software vendors that develop these systems for market participants. The CAISO does this by providing significant technical documentation to the vendors to facilitate their work. The CAISO understands that depending on the volume or complexity of the changes, software vendors typically take six weeks after they receive new technical documentation from the CAISO to update the software products they provide their customers (i.e., CAISO scheduling coordinators).

C. May 2026 Settlement Statements and DAME/EDAM Implementation

The CAISO implemented EDAM/DAME on May 1, 2026. These combined initiatives mark the largest change to the CAISO markets since the CAISO implemented its nodal markets on April 1, 2009. This major expansion and enhancement of the CAISO's market also introduced 28 new settlement charge codes/pre-calculations. Despite extensive pre-go-live market simulation and testing with its market participants, the CAISO has discovered the need for multiple incremental updates to the settlements software to fully and accurately settle transactions under the new market construct. This included three software patches to the settlements code in the first month, with a fourth patch release in early July. These patches are all retroactive to the May 1, 2026 trading day.

If the typical six-week timeframe for shadow settlement system vendors to update software applied, then these the recent code changes would be reflected in the shadow systems by mid-August 2026. The dispute deadline for the T+70B settlement statement for the May 1 trade date is September 11, 2026.⁶ Shadow system updates by mid-August would provide adequate time for market participants to review the first T+70B settlement statements from EDAM/DAME and submit disputes as warranted.

⁶ The complete schedule for disputes is available on the 2026 ISO settlements calendar at <https://www.caiso.com/documents/california-iso-payments-calendar-2026.pdf>.

Multiple scheduling coordinators, however, have advised the CAISO the volume of settlements code updates in such a compressed timeframe has made it infeasible for their vendors to deliver updated software before the dispute deadline passes for some of the initial T+70B settlement statements for EDAM/DAME. Without updated software in hand by early September, CAISO market participants face the risk of not being able to validate their settlement statements for the initial period of EDAM/DAME. This possibility poses a risk to the commercial interests of individual market participants because they may lose the opportunity to dispute errors to their detriment. Not all settlement disputes involve issues that impact a participant negatively. Market participants also submit settlement disputes when they believe an error was to their benefit (e.g., they were under-charged or over-paid). Such disputes are one way the CAISO identifies systematic errors that pose the risk of incorrectly increasing costs from the market. In both scenarios, delayed delivery of updated shadow settlements software risks impairing trust in the overall accuracy of market settlements from the initial go-live period of EDAM/DAME.

II. Petition for Waiver

A. Description of Waiver Request

To address the potential negative consequences of delayed delivery of updated shadow settlements software created by the four settlement code updates made in quick succession, the CAISO respectfully requests a limited waiver of the requirement under CAISO tariff section 11.29.8.2(b) for market participants to dispute a CAISO settlement statement within 22 business days

from the calendar date the CAISO issues a T+70B recalculation settlement statement. The CAISO asks for this waiver to run from September 11, 2026 through December 24, 2026 and apply only to T+70B recalculation settlement statements issued for the May 1, 2026 through June 30, 2026 trading days.

The result of granting this waiver is that all disputes of T+70B recalculation settlement statements issued for trading days in May 2026 and June 2026 would be due December 24, 2026. The end of the waiver is 30 business days beyond the standard 22-business-day dispute deadline for the final trading day in June. Based on discussions with scheduling coordinators, the CAISO believes this extension will provide enough opportunity to review settlement statements from May and June trading days. The CAISO emphasizes December 24 would serve only as a deadline and still encourages scheduling coordinators to submit disputes as they identify the need. Doing so will aid CAISO staff in more orderly processing of these disputes and avoid an abundance of disputes all being submitted on a single day.

B. Meeting the Four Traditional Waiver Criteria

The Commission has granted requests for tariff waivers where: (1) the applicant acted in good faith; (2) the waiver was of limited scope; (3) the waiver addressed a concrete problem; and (4) the waiver did not have undesirable consequences, such as harming third parties. This waiver petition meets all four conditions.

The CAISO and the market participants have acted in *good faith*. The CAISO and its market participants engaged in extensive validation and market

simulation efforts before May 1 to ensure readiness. Despite these efforts, the CAISO and its market participants identified issues with the settlement code after May 1 that required the four code updates in May and July. The CAISO also understands that its scheduling coordinators and their software vendors have made reasonable efforts to digest those updates and reflect them in shadow settlement systems as soon as possible. Unfortunately, it is not reasonably likely software vendors will be able to deliver the needed updates sufficiently before September 11, 2026. The CAISO has also acted in good faith by raising this concern to the Commission's attention over two months before the waiver would take effect and well before the first T+70B statements for EDAM/DAME are issued on August 11, 2026.⁷

The waiver request is of *limited scope* because it covers only two months of trading days and applies only to one of potentially five settlement statements issued for 61 trading days covered by the waiver. No other relevant deadlines based on the disputes deadlines would be waived.⁸ Moreover, the waiver would not impact the dispute deadlines for other settlement statements issued for trading days in May 2026 and June 2026. Neither would it impact dispute deadlines falling on calendar days September 11, 2026 through December 24,

⁷ For these same reasons, this waiver is not an impermissible retroactive waiver. If this waiver were granted, all relief would be prospective.

⁸ While the CAISO's timeline for determining the outcome of a dispute is based on the dispute date, the delay of this date should not prevent CAISO from determining the outcome of disputes for the May trading dates before the next scheduled recalculation settlement statements at T+11M.

2026 for settlement statements that are not T+70B recalculation settlement statements.

The waiver addresses a *concrete problem*. Without this waiver, CAISO scheduling coordinators will not have a full and fair opportunity to validate, and potentially dispute, their settlement statements from the first month of EDAM/DAME. This limitation in the disputes process means that participants may not identify CAISO errors within the allowable dispute deadline. These can be CAISO errors that are either to the scheduling coordinator's detriment or benefit. This outcome poses harm to the interests of individual participants to the extent errors are to their detriment and to the market overall to the extent disputed statements involve errors to the benefit of the disputing scheduling coordinator.

Finally, the waiver request avoids *undesirable consequences*. No party's interests will be harmed by this waiver. All members of the CAISO's market participant community share a common stake in correct market settlement. This waiver promotes that shared interest by ensuring market participants have a reasonable chance to confirm their settlement statements for the initial month of EDAM/DAME. Without this waiver, that common goal of accurate market clearing would be frustrated.

III. Conclusion

The Commission should find that good cause exists to grant the CAISO's request for a limited tariff waiver of CAISO tariff section 11.29.8.2(b)(v) for T+70B

recalculation settlement statements issued for the May 1, 2026 through June 30, 2026 trading days.

Respectfully submitted,

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