

196 FERC ¶ 61,032
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Laura V. Swett, Chairman;
David Rosner, Lindsay S. See,
Judy W. Chang, and David LaCerte.

Western Seams Coordination

Docket No. AD26-10-000

ORDER DIRECTING JOINT REPORT

(Issued July 16, 2026)

1. In this order, pursuant to sections 304 and 309 of the Federal Power Act,¹ we direct California Independent System Operator Corporation (CAISO) and Southwest Power Pool, Inc. (SPP) to submit a joint report by September 30, 2026 on the status of their work to coordinate operations along their seams in the Western Interconnection. This joint report will provide the Commission, states, market participants, and interested stakeholders with critical information about CAISO's and SPP's ongoing efforts to ensure reliable and efficient operations between and among CAISO, SPP, and affected balancing authorities in the West (including both those that elect to participate in organized markets and those that do not). Public comments in response to the joint report may be submitted within 30 days of the filing of the joint report.

I. Background

2. Over the past fifteen years, the electricity landscape of the West has transformed significantly. Market operators, working with interested stakeholders across the West, have developed new and novel wholesale market options to facilitate voluntary participation in the centralized energy imbalance and day-ahead markets in the Western Interconnection. CAISO's Western Energy Imbalance Market has been live since 2014, and its Extended Day-Ahead Market (EDAM) went live in May 2026. SPP's Western Energy Imbalance Service market went live in 2021, and its Markets+ initiative is expected to go live in October 2027. SPP also expanded its Regional Transmission Organization (RTO) footprint into the Western Interconnection in April 2026. These changes have created a complex, multi-market landscape with evolving boundaries, as individual entities decide whether to participate in these new markets, and if so, in which market to enroll.

¹ 16 U.S.C. §§ 825c, 825h.

3. The net effect of these developments is the creation of new and evolving seams, both between the markets themselves (where they adjoin), and between individual market operators and neighboring balancing authority areas (BAAs) that are not participating in an organized day-ahead market. While the increased deployment of organized markets is intended to bring substantial reliability and economic benefits to the West, the resulting seams create reliability, operational, and market efficiency hurdles that warrant proactive attention. Moreover, CAISO's RC West and SPP's Western RC Services, as the two Reliability Coordinators in the Western Interconnection,² will continue to be responsible for overseeing reliable operation for all BAAs across the West, regardless of whether each BAA participates in a market or not. While CAISO, SPP, and other Western entities have initiated discussions on how to best manage these new seams, as stakeholders have noted,³ this new, complex environment may well require formal seams coordination.

4. Centralized markets have developed differently in the West than in the East, introducing unique structural complexities. Neighboring entities in the West can differ widely in their participation in centralized markets, transmission ownership arrangements, and modeling approaches. Various coordination tools can help Western entities address these seams in a way that supports both reliable operations and more consistent system management. Seams coordination agreements, including Joint Operating Agreements, can provide a structured framework that allows market operators, balancing authorities, and transmission owners to manage the complex operational relationships that arise at the

² The North American Electric Reliability Corporation defines "Reliability Coordinator" as:

The entity that is the highest level of authority who is responsible for the Reliable Operation of the Bulk Electric System, has the Wide Area view of the Bulk Electric System, and has the operating tools, processes and procedures, including the authority to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations. The Reliability Coordinator has the purview that is broad enough to enable the calculation of Interconnection Reliability Operating Limits, which may be based on the operating parameters of transmission systems beyond any Transmission Operator's vision.

North American Electric Reliability Corporation, *Glossary of Terms Used in NERC Reliability Standards*, <https://www.nerc.com/glossary-of-terms> (approved Jan. 21, 2016).

³ See, e.g., *Cal. Indep. Sys. Operator Corp.*, 185 FERC ¶ 61,210, at PP 505-512 (2023); *Sw. Power Pool, Inc.*, 190 FERC ¶ 61,030, at PP 374-386, *order on reh'g*, 191 FERC ¶ 61,177 (2025); *Sw. Power Pool, Inc.*, 190 FERC ¶ 61,169, at PP 80-92 (2025).

seams among markets and between markets and non-market BAAs. As described in a recent Commission staff whitepaper,⁴ these agreements establish formal mechanisms for data sharing, alignment of system models, transmission outage coordination, visibility into interchange schedules, and cost assignment, as well as agreed-upon methods for resolving conflict. Such standardization can enhance situational awareness and support consistent, well-informed operational decisions across neighboring entities, particularly where markets or balancing authorities rely on different procedures or modeling methodologies. As Western markets continue to evolve, seams coordination agreements can be a critical tool for maximizing the economic and reliability benefits of regional cooperation.

5. Seams coordination agreements can strengthen reliability by outlining protocols for emergency operations, energy assistance, reserve sharing, and the management of loop flows. The Staff Whitepaper explains that formalized coordination can enable more consistent treatment of operating limits, faster communication between responsible entities, and clearer procedures for redispatch or curtailment when system conditions call for such action. Coordinated reliability protocols can also harmonize emergency assistance constructs so that needed electricity can flow across market seams without delay, and coordination protocols can clarify curtailment priorities and schedule treatment where firm transmission service rights intersect with market flows.⁵

6. Seams coordination agreements can also play a central role in congestion management. That function will be particularly important in EDAM and Markets+, where the market structures introduce unique operational challenges. A central complexity is that EDAM and Markets+ participants will not transfer functional control of their transmission systems or consolidate BAAs, and entities may hold transmission service rights in a market footprint in which they do not participate (e.g., for wheeling purposes). These features amplify the challenges associated with managing loop flows resulting from schedules cleared in one market that impact transmission facilities outside that market's footprint. Even in RTO/ISO markets, where transmission owners do transfer functional control, unscheduled flows from one market can affect facilities in another.⁶ The complexities associated with transmission rights spanning markets and

⁴ Federal Energy Regulatory Commission Staff, *Seams Coordination in the Western Interconnection* (Nov. 21, 2025), <https://www.ferc.gov/sites/default/files/2025-11/Seams%20Coordination%20in%20the%20Western%20Interconnection.pdf> (Staff Whitepaper).

⁵ *Id.* at 17-19.

⁶ The Staff Whitepaper highlights how, as part of broader seams coordination, congestion management agreements and market-to-market coordination enable operators to identify and relieve congestion more effectively. *Id.* at 19-20. An example of this is

lack of consolidated BAAs could also result in significant re-dispatch in real time to account for multiple markets assuming the same transmission capacity was available in day-ahead market dispatch. In the West, sharing real-time data on network conditions and coordinating redispatch across regional boundaries will therefore be essential to help market operators and balancing authorities mitigate loop flows and avoid inefficient or inconsistent curtailment practices.

7. Beyond reliability and congestion management, as the Staff Whitepaper explains, seams coordination agreements can promote economic efficiency.⁷ First, an agreed-upon set of rules by which market operators will mitigate market-to-market conflict can reduce some of the cost to market participants of navigating multiple market footprints with differing tariff requirements. Second, agreed-upon and known procedures for interchange bidding, scheduling, and settlement allow market participants and operators to better use available transfer capability to take advantage of economic interchange. Tools such as market-to-market coordination have enabled Eastern markets to work to derive economic benefits from cross-border transactions and re-dispatch within markets; although, at times such benefits may have fallen short of expectations.

8. While the West will undoubtedly face unique seams issues and require its own solutions, lessons learned in the East can nonetheless inform seams coordination efforts in the West. Similar coordination, such as in the form of a seams coordination agreement between market operators and similar agreements between balancing authorities and market operators, in the Western Interconnection could improve the economic performance of emerging markets such as CAISO's EDAM and SPP's Markets+ and expanded RTO.

II. Discussion

9. We conclude that entities in the West can derive reliability, congestion management, and economic efficiency benefits by taking proactive steps to coordinate operations across seams as markets develop. Accordingly, to support their collaborative efforts, we direct CAISO and SPP to file a joint report regarding the status of their work to coordinate operations along their seams in the Western Interconnection.

10. As discussed above, the Western Interconnection has seen a significant expansion in organized wholesale market options, including the development and deployment of new day-ahead markets in 2026 and 2027. The Commission has supported and continues to support those efforts, which can deliver significant reliability and economic benefits to the West. However, as stakeholders have noted in relevant proceedings before the

the Congestion Management Process used by SPP and Midcontinent Independent System Operator, Inc. to manage congestion along their seam. *Id.* at 10.

⁷ *Id.* at 20-22.

Commission,⁸ effective seams management is essential to the successful operation of these markets and the realization of the reliability and economic benefits they offer. Furthermore, seams management between market and non-market areas is critical for those BAAs that elect *not* to participate, to ensure reliable system operations throughout the Western Interconnection.

11. We recognize and appreciate the leadership that CAISO and SPP have demonstrated in working collaboratively with state regulators, market participants, and other interested stakeholders to develop these new markets. As those markets enter operations and expand, that leadership and collaboration must continue to ensure customers realize their benefits. At this point in the ongoing evolution of Western wholesale markets, CAISO and SPP are uniquely positioned to resolve anticipated seams issues by working effectively together and with stakeholders across the West, including those balancing authorities that elect not to participate in the new day-ahead market options. We recognize that CAISO and SPP have initiated separate stakeholder processes, as well as joint discussions, to explore and address seams issues resulting from market developments in the West. Today's order is intended to further those efforts by providing a forum through which (1) CAISO and SPP can chart their progress and lay out their proposed path forward, and (2) states and other interested stakeholders can share their views on whether those efforts will adequately and timely address known and anticipated seams issues.

12. Accordingly, we direct CAISO and SPP to prepare a joint report regarding their seams and market coordination efforts. Submission of a joint report, rather than separate reports, will help provide a shared overview of both the work conducted to date and the work yet to come. Specifically, we direct CAISO and SPP to respond to the following questions and issues:

- 1) What efforts have CAISO and SPP undertaken to date on seams and market coordination? Which other entities (e.g., market participants, adjoining BAAs that have not enrolled in a day-ahead market, etc.) have CAISO and SPP engaged in discussions on these issues?
- 2) Identify specific seams and market coordination issues created by the ongoing development of organized wholesale markets in the West, including (but not limited to):
 - a. EDAM and Markets+ have different market rules governing transmission commitment and scheduling, which creates the possibility that both markets could schedule the same transmission capacity in the day-ahead and real-time markets. Explain how

⁸ *Supra* at n.3.

CAISO and SPP will resolve potential operational and communication challenges regarding transmission commitment, reservation, and use, given their differing market rules.

- b. The West has historically relied on contract path-based processes to mitigate known congestion and reliability issues. Explain how congestion management will work between (1) the three markets (EDAM, Markets+, and SPP's expanded RTO) and (2) the market operators and the bilateral markets.
 - c. Before coordinated market-to-market mechanics existed in the Eastern RTOs, energy scheduled in one RTO frequently resulted in loop flows between markets with little to no formal acknowledgment of those loop flows. This triggered legal disputes over uncompensated transmission usage and who should pay for the resulting power line wear and grid congestion. While EDAM and Markets+ will use contract paths within and between the markets, loop flows nonetheless remain a concern regardless of the contract path approach of designating transmission capabilities. Explain how CAISO and SPP will manage loop flow issues between the markets.
- 3) Submit a plan and schedule for addressing each of the issues in question (2) based upon the relative prioritization of those issues for both importance and timing. Describe (1) the basis for that prioritization and (2) where the protocols or procedures governing each issue will be located (e.g., manuals, a potential joint operating agreement between CAISO and SPP, bilateral agreements with specific market participants or adjoining BAAs, etc.). Where CAISO and SPP anticipate making a filing with the Commission to address an issue, the report should include an anticipated timeline for submitting the relevant filing.
- 4) Identify any areas in which the market operators are not yet aligned on a path forward.

13. Public comments in response to the joint report may be submitted within 30 days of the filing of the joint report. Responsive comments should be limited to seams management and market coordination efforts addressed in the joint report and should not seek to revisit underlying market design decisions.

The Commission orders:

(A) CAISO and SPP are hereby directed to submit a joint report by September 30, 2026, as discussed in the body of this order.

(B) Public comments in response to the joint report may be submitted within 30 days of the filing of the joint report, as discussed in the body of this order.

By the Commission.

(S E A L)

Debbie-Anne A. Reese,
Secretary.