



California Independent System Operator Corporation

July 20, 2026

The Honorable Debbie-Anne A. Reese
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Docket No. EL26-71-000**

Informational Report

Dear Secretary Reese:

The California Independent System Operator Corporation (CAISO) submits this informational report in compliance with the Commission's June 18, 2026 Order to Show Cause.¹

As home to Silicon Valley and 33 of the 50 top artificial intelligence companies, California is leading the nation in preparing its electric grid for the next generation of economic growth driven by data centers and other large electric loads.² Through coordinated resource planning, long-term procurement of clean and reliable generation, and an unprecedented expansion of the transmission system, the CAISO and its Participating Transmission Owners are working to ensure that new demand can be served without compromising reliability or affordability. This work entails close, careful coordination with California's principal energy agencies, the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC), and local regulators. California's approach recognizes that generation and transmission are complementary investments: securing adequate generating resources is only valuable if those resources can be delivered where and when they are needed. By planning both in tandem over longer time horizons, California's framework supports continued investment in innovation, electrification, and advanced computing infrastructure while

¹ *California Independent System Operator Corp., et al.*, 195 FERC ¶ 61,214 at PP 120-122 (2026) (Order to Show Cause).

² California Executive Order N-5-26 at https://www.gov.ca.gov/wp-content/uploads/2026/03/3.30-FINAL-Trusted-AI-Procurement-EO-N-5-26_ATTESTED.pdf.

maintaining a reliable, resilient, and increasingly carbon-free electric grid for all customers.

The CAISO shares the Commission's recognition that the CAISO must continue its work to ensure that the electric system can accommodate rapidly growing demand from data centers and other large loads. This will require continued attention to resource adequacy, generation development, transmission expansion, and both load and generator interconnection processes. The CAISO and its Participating Transmission Owners support this effort and are committed to working with the Commission, California regulators, neighboring balancing authorities, utilities, developers, and other stakeholders to identify and remove potential barriers that could delay the deployment of large loads and new resources. Meeting the demands of the digital economy will require sustained collaboration to ensure that sufficient generation is developed, transmission infrastructure keeps pace, and new large loads can interconnect to the grid in a timely, reliable, and cost-effective manner.

I. Ensuring Generation Adequacy in California

A. Overview

As the Commission recognizes in the Order to Show Cause,³ California's integrated resource and transmission planning framework is fundamentally different from many other organized markets that are confronting capacity shortfalls associated with unprecedented data center growth, electrification, and other emerging load growth. For several years, California's statewide planning processes have incorporated expected increases in electricity demand and have proactively identified the resources and infrastructure necessary to maintain reliability.

Under California's integrated planning framework, the CEC develops long-term demand forecasts, the CPUC identifies system needs and directs resource procurement, and the CAISO plans the transmission system and administers the interconnection process to deliver those resources. The CPUC has primary responsibility for regulatory oversight of resource adequacy procurement within the CAISO and plays the principal role in ensuring load-serving entities procure sufficient resources to meet reliability needs.⁴ The CAISO coordinates closely with the CPUC on the resource adequacy program.

California's planning assumptions already reflect substantial anticipated demand growth from transportation electrification, building electrification, industrial development, and emerging large-load customers, including data centers. These assumptions are

³ Order to Show Cause at PP 21 *et seq.*

⁴ See *Meeting the Challenge of Resource Adequacy*, Docket No. AD25-7-000, Statement of Molly Sterkel, CPUC, (May 28, 2025) <https://www.ferc.gov/media/meredith-sterkel-california-public-utilities-commission-director-electric-supply-planning-and>, Statement of Neil Millar, CAISO (May 28, 2025) <https://www.ferc.gov/media/neil-millar-caiso-vice-president-infrastructure-and-operations-planning>.

incorporated into the CEC's demand forecasts and inform the CPUC's Integrated Resource Planning process and procurement requirements. This coordinated approach has enabled procurement and infrastructure development that is specifically designed to timely meet anticipated load growth.

This coordinated process has enabled the addition of nearly 36,000 MW of new generating capacity to the grid since 2020, as well as unprecedented amounts of battery energy storage, helping to strengthen system reliability during periods of high demand and changing grid conditions.

B. Roles and Responsibilities: Integrated Planning, Procurement, and Infrastructure Development

As described above, the CAISO works in close coordination with the CPUC, the CEC, state agencies, and local regulatory authorities through an established planning framework designed to align electricity demand forecasting, resource planning and procurement, transmission planning, generator interconnection activities, and resource adequacy. This coordination is guided principally through a 2022 Memorandum of Understanding (MOU) among the CPUC, CEC, and CAISO.⁵

The CEC, CPUC, and CAISO regularly exchange planning data and assessments to ensure that forecasted demand growth, resource development needs, transmission requirements, and reliability considerations are reflected consistently throughout California's planning processes for the CAISO's balancing authority area.

1. CEC: Long-Term Demand Forecasting

The CEC serves as the state's lead forecasting agency and develops the state's official long-term electricity demand forecast through its Integrated Energy Policy Report (IEPR) process. The forecast evaluates expected load growth over ten-year and long-term planning horizons, and incorporates factors such as data centers, transportation electrification, building electrification, industrial and agricultural development, economic trends, climate impacts, and California's greenhouse-gas reduction policies. The demand forecast serves as the common planning foundation for California's resource and transmission planning processes. The CPUC relies on the forecast to determine resource planning and procurement needs, while the CAISO uses it for transmission planning activities.

The forecast is updated annually to reflect the latest data, planning assumptions, and forecast methodologies. The CEC produces a baseline forecast and set of scenarios including high, mid, and low variations. As part of each forecasting cycle, the

⁵ Memorandum of Understanding Between the California Public Utilities Commission and the California Energy Commission and the California Independent System Operator Regarding Transmission and Resource Planning and Implementation at https://www.energy.ca.gov/sites/default/files/2023-01/MOU_Dec_2022_CPUC_CEC_ISO_signed_ada.pdf.

CEC, CPUC, and CAISO agree on a single forecast set for use in various planning and procurement processes, including transmission planning, resource adequacy, and integrated resource planning.⁶ In recent years, the CEC has expanded its forecasting efforts to account for emerging large loads, including data centers. Working closely with utilities and other stakeholders, the CEC incorporates information regarding planned projects, expected utilization rates, project development status, and load ramping assumptions into its forecast.⁷ Confidence levels are determined based on the status of load interconnection applications. If projects have signed agreements with the utility for electric service, they are included in the highest confidence group.

The CEC works closely with the utilities and load serving entities to understand project statuses and the likelihood of completion for these projects. Utilities in the Bay Area, with decades of experience planning for new data centers, have shared best practices with the CEC for forecasting demand growth. CEC staff used that information to develop its forecast methodology and will continue to refine its approaches. As of January 2026, the CEC forecasts data center load in the CAISO grid to increase by 1.8 gigawatts (GW) by 2030 and 4.9 GW by 2040.⁸

The CEC also provides geographically specific load information that supports CAISO transmission planning studies. As demand growth projections evolve, including growth associated with data centers and electrification, the updated forecasts are incorporated into statewide planning processes to ensure both resource and transmission needs are identified and addressed.

2. CPUC: Planning and Generation Adequacy

The CPUC is the principal agency for long-term resource planning and resource adequacy within the CAISO balancing authority area. Through its Integrated Resource Planning (IRP) process, the CPUC combines the CEC's demand forecast and load-serving entity portfolio preferences with assumptions about existing and new resources that identify the mix of resources needed to maintain reliability and meet state policy objectives at least cost.

These IRP planning portfolios support procurement requirements imposed on CPUC-jurisdictional load-serving entities and serve as a key input into the CAISO's transmission planning process. The CPUC also shares information regarding the expected location and timing of new resources, enabling CAISO to evaluate transmission needs and resource deliverability. Through the CPUC's resource mapping

⁶ 2025 IEPR forecast - Single Forecast Set Agreement - Updated 20260415 at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=269506>.

⁷ See CEC 2026 data center forecast assumptions here at https://www.energy.ca.gov/sites/default/files/2026-04/Data_Center_Methodology_Memo_ada.pdf.

⁸ California Energy Demand 2025 Hourly Forecast - CAISO – Planning Scenario at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=268127&DocumentContentId=105135>.

efforts, known as busbar mapping, the CPUC accounts for various factors, including where new resources could be needed to reliably serve load. The CAISO uses the most recent CPUC portfolio to analyze whether additional transmission is needed to access the resources needed to reliably serve load. This enables, for example, the CAISO to plan to interconnect generation resources to serve forecasted data center demand in Pacific Gas & Electric Company's (PG&E) service territory.⁹

The CAISO supports the CPUC's planning and procurement activities through operational expertise, reliability assessments, transmission analysis, and information regarding system needs and resource deliverability. This coordination helps ensure that procurement decisions reflect anticipated system conditions and that resources selected through CPUC processes can be effectively integrated into the transmission system.

The 2025-2026 Transmission Plan approved by the CAISO Board is based on state projections provided to the CAISO in 2025 that California load will grow by 15 GW by 2035 and 20 GW by 2040. During that period, installed resource capacity will need to increase by more than 74 GW and 107 GW, respectively.¹⁰ These installations will meet demand growth for loads large and small, replace end-of-life resources, and satisfy public policy goals submitted into the transmission planning process.

The CPUC's planning assumptions for 2025-2026 anticipated significant additions of generation and energy storage resources to support projected load growth and maintain resource adequacy over the coming decades. The CPUC has ordered load serving entities to procure 24.8 GW of mostly new net qualifying capacity (NQC)¹¹ between 2021 and 2032 to meet reliability needs, and the CPUC regularly reviews the need for additional resources considering changing demand forecast and resource availability. The CPUC is authorized to order additional procurement as needed. The CPUC requested 14.8 GW NQC to come online between 2021 and 2026; and over 22 GW of new net qualifying capacity has come online during this period.¹²

⁹ See Decision Requiring 2029-2032 Electric Resource Procurement and Transmitting Portfolios for 2026-2027 Transmission Planning Process at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M601/K777/601777006.PDF>.

¹⁰ See Board Approved 2025-2026 Transmission Plan at <https://stakeholdercenter.aiso.com/InitiativeDocuments/Board-Approved-2025-2026-Transmission-Plan.pdf>. Capacity figures here represent nameplate capacity.

¹¹ Net qualifying capacity represents the actual value a specific generator is qualified to deliver in resource adequacy capacity. Net qualifying capacity accounts for the resource's technology and fuel type, and its specific transmission deliverability constraints.

¹² The amount of new resources serving CAISO load appears to exceed recent CPUC orders for a variety of reasons, including some resources may serve non-CPUC jurisdictional load, some resources are repowers that may not qualify for compliance with CPUC orders, some differences between resource accreditation methodologies, and some resources were in development prior to the 2019 CPUC IRP Procurement order.

3. CAISO: Transmission Planning and Resource Interconnection

The CAISO has primary responsibility for transmission planning within its balancing authority area pursuant to its FERC-approved Transmission Planning Process.

Consistent with the MOU, CAISO's planning process incorporates the CEC's demand forecast and the CPUC's resource portfolios to evaluate whether new transmission facilities or upgrades are needed to maintain reliability, support resource development, and meet state policy objectives. This coordinated planning process promotes proactive transmission development that aligns with anticipated resource procurement and demand growth.

The CAISO's annual transmission planning process evaluates system needs associated with increasing electrification, large-load growth, and the continued deployment of clean energy resources. Recent transmission plans have included projects designed to support growing demand in areas experiencing significant data center development and other load growth. By linking resource planning and transmission planning more closely, the agencies and the CAISO seek to ensure that transmission development occurs proactively, aligned with anticipated resource procurement needs rather than relying solely on individual generator-driven interconnection requests.

Working with its Participating Transmission Owners, the CAISO also has primary responsibility for administering the generator interconnection process pursuant to FERC open-access requirements. Through this process, the CAISO validates and scores interconnection requests, then works with its Participating Transmission Owners to study system impacts, identify required network upgrades, and determine the transmission facilities necessary to safely and reliably connect new resources to the grid. The CAISO also performs deliverability assessments to ensure resource adequacy capacity can deliver energy to load centers during peak conditions.

To support timely resource development, the CAISO works closely with the CPUC and CEC to improve alignment between state procurement priorities, transmission planning decision, and generator interconnection activities. This coordination helps ensure that resources identified through state planning processes can proceed through the interconnection process and become operational when needed to support reliability.

In addition to this close coordination and process alignment with the state energy agencies, the CAISO works closely with other local regulatory authorities to incorporate their resource needs into the transmission planning process, ensuring resource sufficiency throughout the CAISO footprint.

C. Resource Adequacy: Shared Responsibilities

Resource adequacy is a construct designed to ensure that load serving entities in the CAISO balancing authority area have secured and shown sufficient electric supply in a forward operational planning horizon to provide reliable electric service in real-time based on certain planning assumptions and accounting for the specific characteristics of the generation fleet. As the resource mix in California is changing to one comprised increasingly of variable and energy-limited resources, the resource adequacy framework in California is focused on ensuring that load serving entities procure sufficient resources to meet peak demand and demand across all hours of the day, while maintaining affordable rates.

The CPUC, in consultation with the CAISO, establishes resource adequacy requirements for CPUC jurisdictional load serving entities. CPUC-jurisdictional load serving entities represent approximately 91% of the load in the CAISO's service territory. Other local regulatory authorities within California, like municipal utilities, establish these requirements for load serving entities under their authority. The CAISO only sets default resource adequacy requirements if a local regulatory authority elects not to establish their own.

The resource adequacy framework relies on coordinated activities by the CEC, CPUC, and CAISO. The CEC develops the statewide demand forecast used to establish resource adequacy requirements. The CPUC establishes procurement requirements for jurisdictional load-serving entities and administers its resource adequacy program. The CAISO validates resource adequacy showings, administers operational requirements, and ensures that resource adequacy commitments translate into operational reliability.¹³

The CPUC's resource adequacy program establishes year-ahead and month-ahead procurement requirements designed to ensure that sufficient capacity is available to meet forecasted demand and reliability needs. The CPUC utilizes the CEC's IEPR single forecast set, which includes assumptions about data center loads, during the CPUC's year-ahead load forecast process to develop resource adequacy requirements on one-to-three-year system and local timeframes. The CPUC has continued to refine the program in response to changes in California's resource mix, including increased reliance on renewable generation and energy-limited resources such as battery storage. The CPUC's resource adequacy program has evolved to include a 24-hour "slice-of-day" framework, which directly addresses energy sufficiency by requiring individual load-serving entities to procure sufficient capacity and reserve margin for all hours of the day, not solely during system peak periods.¹⁴

¹³ The CPUC can levy penalties against load-serving entities that fail to demonstrate adequate compliance with procurement directives.

¹⁴ See <https://stakeholdercenter.caiso.com/InitiativeDocuments/White-Paper-ResourceAdequacyProcesses-CPUC-Slice-of-Day-Jan09-2024.pdf>.

As part of this integrated framework, the CPUC establishes resource accreditation methodologies and counting rules used to determine the qualifying capacity of resource types participating in the resource adequacy program. The CAISO's role is to translate resource adequacy commitments into operational reliability. Each year and month, resource adequacy capacity secured by load-serving entities is submitted to the CAISO and evaluated under CAISO market and reliability rules. The CAISO administers requirements related to resource availability, deliverability, market participation, and system reliability. The CAISO also maintains backstop procurement authorities to address reliability risks when needed.

In addition, the CAISO performs seasonal reliability assessments, including its summer loads and resources assessment, to evaluate whether available resources are sufficient to meet forecasted demand under expected operating conditions. The CAISO also has a "risk of retirement" process to identify plants still needed to maintain reliability, or that require replacement capacity.

The CPUC and CAISO also coordinate on the implementation of system, local, and flexible resource adequacy requirements. While the CPUC establishes procurement obligations for jurisdictional load-serving entities, the CAISO provides the technical analyses used to determine local and flexible reliability requirements, and administers the operational rules necessary to ensure those requirements support real-time grid reliability.

D. Coordination to Support Timely Resource Development and Reliability

The CAISO coordinates closely with the CPUC, CEC, and the Governor's Office of Business and Economic Development (GO-Biz) to identify and address issues that could delay new resources meeting in-service dates and contributing to system reliability needs.¹⁵ In addition to engagement with state entities, the CAISO also coordinates closely with industry partners, such as participating transmission owners and interconnection customers, to understand project-specific challenges and identify systemic challenges.

As part of these efforts, the CAISO and CPUC work with transmission owners to host semiannual Transmission Development Forums, which provide transparency regarding the status of transmission projects, particularly upgrades approved through previous CAISO transmission plans and upgrades needed to support resources with executed interconnection agreements.¹⁶ The CAISO's transmission plan likewise provides progress reports on each previously approved upgrade, including up-to-date

¹⁵ See The Tracking Energy Development (TED) Task Force, California Governor's Office of Business and Economic Development at <https://business.ca.gov/industries/climate-and-clean-energy/the-tracking-energy-development-ted-task-force/>.

¹⁶ See <https://www.aiso.com/meetings-events/topics/transmission-development-forum>.

in-service dates, and any approved project changes or cancellations due to changing topology, load forecasts, or procurement targets.¹⁷

As a foundational step to the CAISO's generator interconnection process, the CAISO annually provides updated information regarding available transmission capacity on the system.¹⁸ Consistent with Order No. 2023, the CAISO provides data in the form of an interconnection heatmap and point-of-interconnection constraint map prior to the opening of a new interconnection application window. The CAISO also posts data on available transmission plan deliverability behind each constraint and the associated point of interconnection. The data helps load-serving entities and resource developers identify opportunities to facilitate timely resource development and support procurement strategies aligned with reliability needs.

In 2025, the CAISO adopted a process to accelerate as much generation as possible within an interconnection cluster, enabling certain projects to come online to utilize existing headroom on the system while other projects await completion of Reliability Network Upgrades. This process enabled 2,720 MW (8 projects) to advance their completion dates by two or more years as the remaining projects in the cluster await completion of the long lead-time downstream network upgrades. These accelerated projects were in addition to the other thousands of megawatts of new capacity described in Section I.E.1, below.

In addition, the CAISO coordinates with the CPUC regarding load-serving entity procurement activities and the development status of procured resources to assess whether those resources are progressing in a timeframe sufficient to meet near- and mid-term reliability requirements. Through these ongoing coordination efforts, the organizations can identify emerging risks, improve planning and implementation, and support the timely development of resources needed to maintain reliability while advancing California's clean energy objectives.

E. Sufficient Generation and Transmission to Meet Large Load Growth

Current planning assessments do not indicate a systemic generation adequacy shortfall comparable to those in other regions. Instead, the principal mandate in California is ensuring the timely development, interconnection, and commercial operation of the substantial quantity of resources already identified through state planning processes. The CAISO's most recent transmission plan likewise identifies those transmission grid upgrades necessary to accommodate large loads and the generation necessary to supply them.

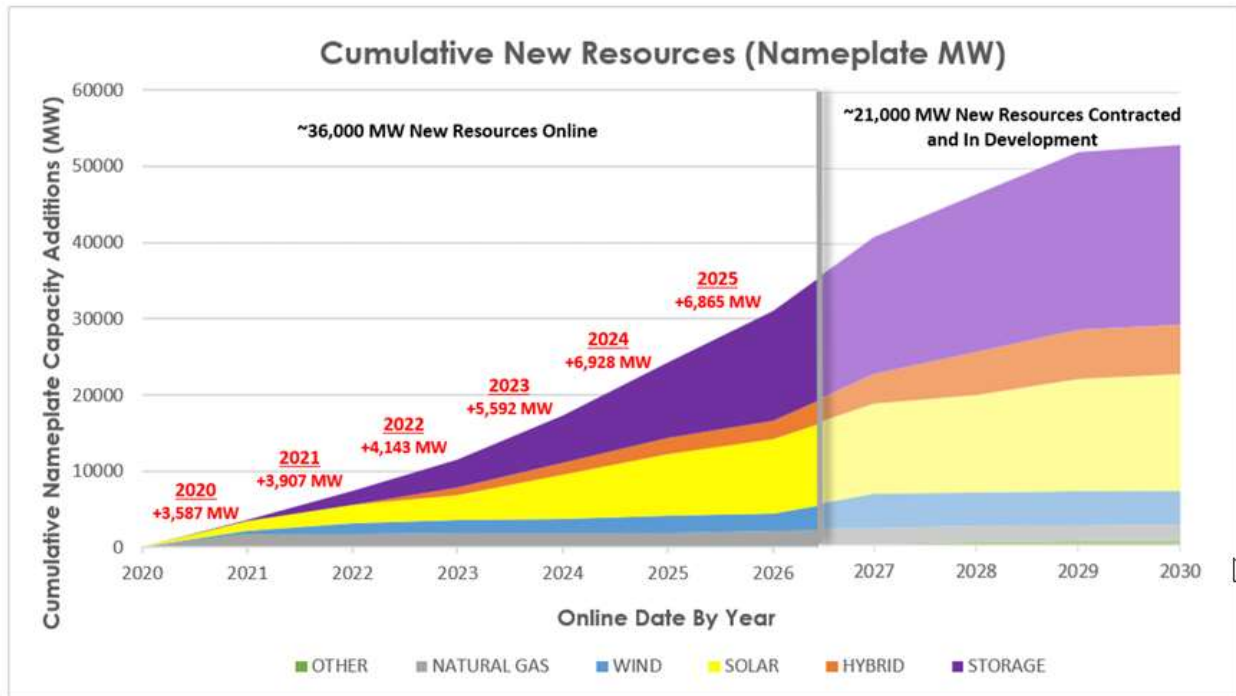
¹⁷ See, e.g., 2025-26 CAISO Transmission Plan, Sections 2.3.3, 3.3.2, and 8.1, at <https://www.caiso.com/documents/board-approved-2025-2026-transmission-plan.pdf>.

¹⁸ See Section 3.6 of Appendix KK to the CAISO tariff.

1. Generation Sufficiency

California's coordinated planning and procurement efforts have resulted in nearly 36 GW of new generation and storage capacity coming online to serve CAISO load between January 2020 and March 2026, including more than 16 GW of new energy storage.¹⁹

Cumulative Nameplate Megawatts of New Resources, 2020 to 2030²⁰



In 2025, California brought 6.8 GW of new nameplate capacity online to serve load in the CAISO territory for the second consecutive year.²¹ Load serving entities subject to CPUC jurisdiction currently have over 20 GW of new nameplate capacity under contract to meet procurement requirements by 2029 and will continue to execute new contracts to meet procurement obligations. The CPUC requires 24.8 GW of new resource obligations to come online between 2021 and 2032. This includes 6 GW of net qualifying capacity that in February the CPUC ordered load serving entities to procure by 2032 to account for projected load growth in the CEC's IEPR demand forecast, including growth driven by expected new data centers.

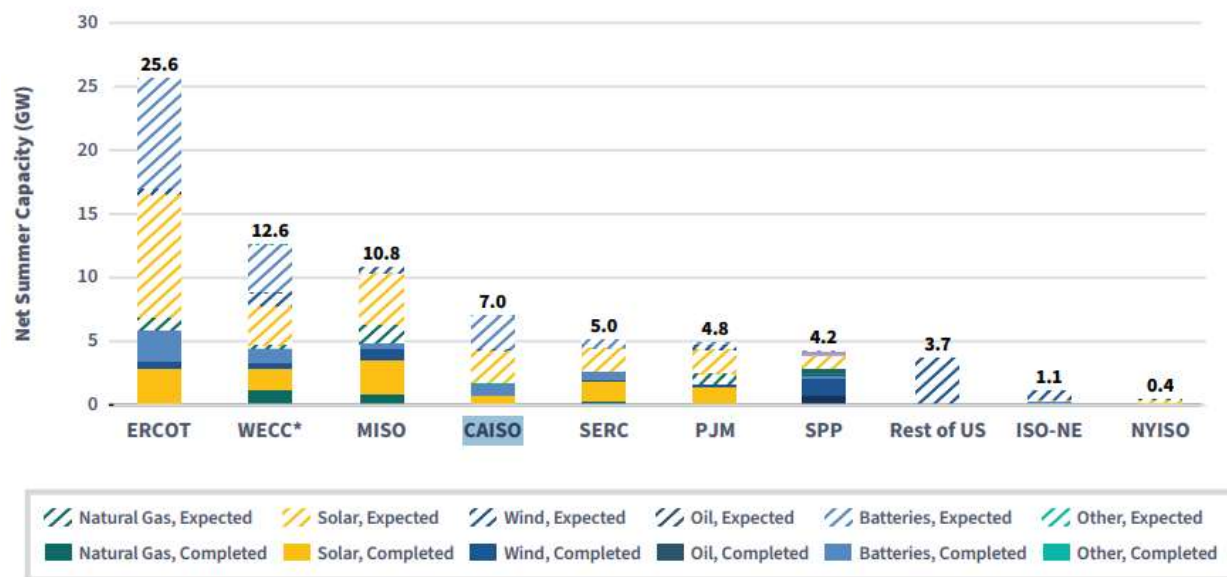
¹⁹ See CPUC May 2026 Resource Tracking Data at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/summer-2021-reliability/tracking-energy-development/resource-tracking-data-may-2026-release.pdf>.

²⁰ *Id.* "Other" resources include geothermal, biomass, biogas, and hydropower.

²¹ *Id.*

The CAISO conducts annual Summer Loads and Resource Assessment analyses to evaluate the sufficiency of the resource adequacy-eligible fleet to meet the reliability standard.²² The CAISO's 2026 analysis indicates that the current portfolio meets that target with a surplus of over 2.5 GW.²³ Reliability analyses conducted by the state agencies are directionally consistent with the CAISO's Summer Loads and Resource Assessment, demonstrating that the CAISO largely has sufficient generation and storage capacity to serve demand under a range of different scenarios, including increased demand growth in the near-term.²⁴

The CAISO's data aligns with the Commission's own projections for CAISO supply, which shows significant capacity additions and little to no retirements:²⁵



NOTE: Completed (from Oct 2025-Jan 2026); Expected (from Feb 2026-Sep 2026) Source: U.S. EIA. Form 860M. WECC* refers to WECC without CAISO.

²² The reliability standard is a 1-in-10 loss of load expectation (LOLE) target and is a measure of the number of days per year for which the available generation capacity is insufficient to serve the demand and maintain required reserves at least once during that day. 0.1 LOLE or 1-day-in-10 LOLE equates to "1 day with an event in 10 years."

²³ See CEC 2026 Summer Energy Reliability Workshop presentation at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=269794&DocumentContentId=106957>.

²⁴ *Id.*

²⁵ FERC, 2026 Summer Energy Market and Electric Reliability Assessment (May 21, 2026) at p. 23, <https://www.ferc.gov/news-events/news/presentation-report-2026-summer-energy-market-and-electric-reliability-assessment>.

2. Transmission Sufficiency

Generation that cannot reach load is generation in name only. To ensure reliable service and timely interconnections for load and generation, the CAISO and CPUC must approve the construction and siting of adequate, affordable transmission upgrades. California's transmission owners and independent transmission developers must construct that transmission in time to interconnect planned resources.

As described above, the scale of planned resource development remains substantial. The CAISO's most recent transmission planning studies as part of the 2025-2026 transmission planning process evaluated CPUC resource portfolios that included 40 GW of additional resource development over the next decade.²⁶ Consistent with these planning assumptions, the CAISO has approved transmission investments designed to support resource integration, enhance system reliability, and provide access to areas with significant generation development potential. The CPUC's most recently adopted resource portfolio accounts for a higher load forecast than used in the previous cycle, and the analysis to derive the adopted portfolio considered sensitivity cases reflecting higher levels of electrification and load growth.²⁷ The CAISO is currently analyzing that portfolio in its 2026-2027 transmission planning process, and will consider what additional transmission investments the system requires.

California's planning processes expressly account for large load growth.²⁸ The CAISO's most recent transmission plan, for example, discusses data center and other large load growth in PG&E's service territory, where data center growth is most concentrated.²⁹ The transmission plan describes PG&E's large load interconnection requests, and details the network upgrades necessary to enable them, including estimated costs and in-service dates.

The CAISO's most recent transmission planning cycles have incorporated updated demand forecasts reflecting increasing electrification, data center development, and other emerging load drivers. While localized transmission upgrades are needed to accommodate this growth, current planning assessments do not identify a statewide resource adequacy deficiency resulting from these trends. Rather, planning efforts are focused on ensuring that resource procurement, interconnection activities, and

²⁶ See Decision Transmitting Electricity Resource Portfolios to the California Independent System Operator for 2025-2026 Transmission Planning Process at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M557/K879/557879249.PDF>.

²⁷ See Decision Transmitting Electricity Resource Portfolios to the California Independent System Operator for 2026-2027 Transmission Planning Process at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M601/K777/601777006.PDF>.

²⁸ See CAISO 2025-26 Transmission Plan at <https://www.caiso.com/documents/board-approved-2025-2026-transmission-plan.pdf>, Sections 1.5 (discussing large load growth generally) and 2.3 (approving or concurring with various transmission upgrades to accommodate large load growth).

²⁹ *Id.* at Section 2.3.6.

transmission development remain aligned so that resources can be brought online where and when they are needed.

Continued coordination among the CPUC, CEC, CAISO, load-serving entities, transmission owners, and resource developers remains essential. However, current forecasts and planning studies indicate that California's principal focus is not addressing an imminent statewide capacity deficit, but rather successfully executing the resource procurement, transmission expansion, and interconnection activities already identified through the state's coordinated planning processes to ensure sufficient resources are available to serve projected demand reliably.

3. 2025 Market Data

Recent actual load figures show that demand decreased in California and the West last year.³⁰ According to the CAISO's Department of Market Monitoring (DMM) Annual Report, from 2024 to 2025, all actual load figures decreased, including average (MW), gross (MWh), and peak (MW) load, and similar *net* load figures (load minus variable generation).³¹ Peak market load in the Western Energy Imbalance Market (WEIM) region was 130.1 GW in 2025, down 3.8 percent from the 2024 peak of 135.3 GW.³² This is not to say that load will continue to decrease, but with recent moderate load conditions and significant generation capacity additions, the CAISO is not facing the current capacity constraints of the East.

Prices likewise went down from 2024 to 2025.³³ Total wholesale costs of serving load in the CAISO balancing authority area decreased 6 percent in 2025.³⁴ Controlling for both natural gas costs and greenhouse gas prices, wholesale electric costs decreased by about 24 percent in 2025, "due mainly to lower load, increased renewable and storage generation, and the absence of tight supply conditions"³⁵ The frequency of high-price intervals likewise "declined significantly in 2025 across both day-ahead and real-time markets, with nearly no intervals exceeding \$250/MWh in the day-ahead market and sharp reductions in real-time price spikes."³⁶ 2025 data aligns with the Commission's own 2026 summer reliability assessment, which expected wholesale prices in California to decrease significantly.³⁷

³⁰ Average load slightly increased in the Pacific Northwest (+1.9%), Intermountain West (+0.8%), and Desert Southwest (+0.2%), but decreased in California (-2.0%).

³¹ DMM Annual Report at 39-46. These load figures are not adjusted for weather.

³² DMM Annual Report at 1.

³³ DMM 2025 Annual Report at 3, 124-144.

³⁴ *Id.*

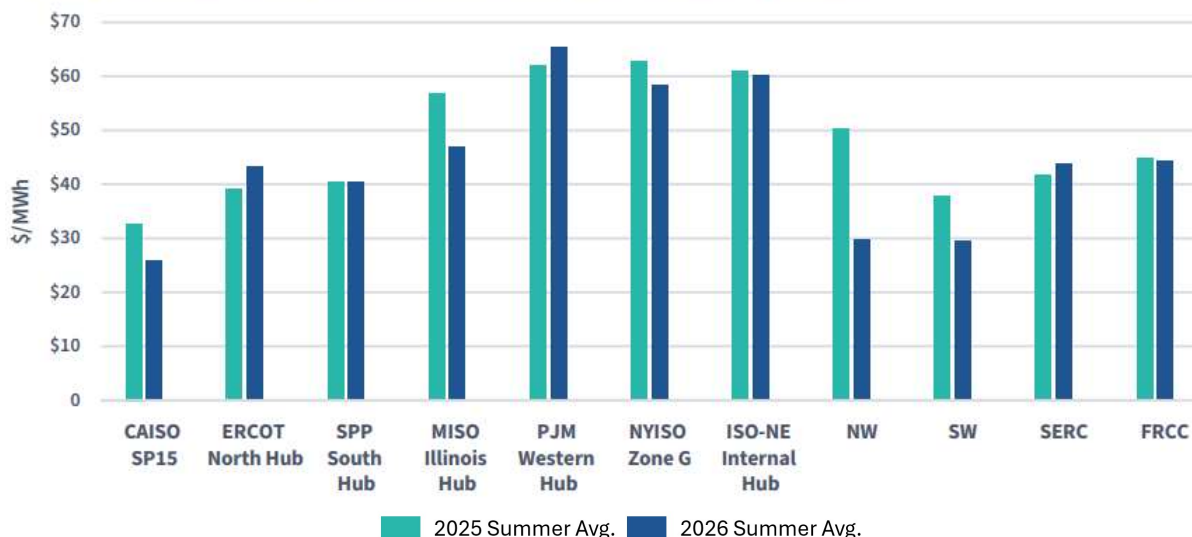
³⁵ *Id.*

³⁶ *Id.*

³⁷ FERC, 2026 Summer Energy Market and Electric Reliability Assessment (May 21, 2026) at p. 17, <https://www.ferc.gov/news-events/news/presentation-report-2026-summer-energy-market-and-electric->

Electricity Prices

Figure 11: Summer Average Wholesale Electricity Price Expected to Decrease



II. CAISO Large Load Stakeholder Initiative

The CAISO has convened several stakeholder processes to enhance large load processes, resource adequacy rules, demand-side market participation, and generator interconnection processes. The CAISO's Large Load stakeholder initiative will become the primary vehicle for CAISO reforms to address the Order to Show Cause. The other stakeholder initiatives described below will provide additional benefits to reliability, market efficiency, and affordability, but will not affect the timing of the CAISO's ultimate compliance with the Order to Show Cause, nor California's resource adequacy to serve large loads specifically.

Given the interplay among the CAISO, transmission service providers, utilities, and customers, the CAISO recognized the importance of clarity on roles in planning for large loads and launched the Large Loads stakeholder initiative. Within the initiative, CAISO posted an issue paper in January 2026 outlining roles, responsibilities, and processes to effectively integrate large loads. In addition, the CAISO posted a straw proposal in June 2026 describing possible technical requirements associated with large loads.

The CAISO will refocus the Large Loads initiative on the issues the Commission has identified, which includes many of the issues the CAISO had included in its initial

[reliability-assessment](#) (citing data from U.S. Energy Information Administration, Short-Term Energy Outlook July 2026, Table 7a, available at https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf).

issue paper. Given the timeline described in the Order, the CAISO expects to expedite the stakeholder initiative, with two discrete proposals: a straw proposal in August and draft final proposal in September, before seeking Western Energy Market Governing Body and Board of Governors approval at the October 20 and October 28 meetings, respectively.³⁸ While the stakeholder initiative will be expedited, the CAISO will host workshops and solicit stakeholder feedback on the proposals to better inform the policy outcomes.³⁹

Action	Tentative date
Post Straw Proposal	August 12, 2026
Stakeholder workshop	August 19, 2026
Comments due	September 2, 2026
Post Draft Final Proposal	September 21, 2026
Stakeholder workshop	September 28, 2026
Comments due	October 12, 2026
Western Energy Market Governing Body (if necessary)	October 20, 2026
CAISO Board of Governors	October 28, 2026
FERC Filing on Order to Show Cause	November 16, 2026

III. Other Relevant CAISO Stakeholder Initiatives

Although the CAISO's large loads stakeholder initiative will address all the issues in the Order to Show Cause, the CAISO is conducting other stakeholder initiatives that will provide additional benefits to reliability, market efficiency, and affordability, as described below. The CAISO has not included schedules for these initiatives because they will not affect the timing of the CAISO's ultimate compliance with the Order to Show Cause; however, schedules for each initiative are available on the CAISO website.

A. Resource Adequacy

The second track of the CAISO's ongoing resource adequacy stakeholder initiative is examining the Resource Adequacy Availability Incentive Mechanism (RAAIM), the CAISO's primary operational resource adequacy incentive tool. Its focus is to improve efficacy during the hours when reliability risk is highest.⁴⁰ The CAISO recommends a significant reform of RAAIM based on stakeholder feedback. The redesigned mechanism would shift from static, pre-defined assessment hours to a structure that targets operational system conditions, with incentives triggered during periods of elevated reliability risk and true scarcity. This approach also provides clear

³⁸ Decisional classifications will become more clear as the proposals within the large loads stakeholder initiative develop.

³⁹ This timeline assumes a motion for abeyance, as contemplated by the Order to Show Cause at P 25.

⁴⁰ <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Resource-adequacy-modeling-and-program-design>.

signals in advance of tight conditions, encouraging resources to return from outages more quickly and secure replacement capacity. It sharpens accountability by directly linking financial consequences to availability during critical hours, rather than averaging performance over a month. These reforms are paired with improvements to related tools: Clarifying must-offer obligations will ensure that resources bid in their true operational capability, thereby increasing the CAISO's visibility of available capacity. Likewise, enhancements to outage substitution processes and definitions aim to reduce inefficiencies that can delay maintenance and contribute to higher forced outage rates.

B. Demand and Distributed Energy Market Integration

The CAISO's Demand and Distributed Energy Market Integration (DDEMI) stakeholder initiative is a multi-track effort focused on enhancing demand flexibility within the CAISO markets.⁴¹ The CAISO has developed various load participation models capable of enabling loads, both large and small, to reduce their demand and participate in the CAISO markets economically or as emergency resources. Demand-side resources can offer bids that reflect their flexibility to adjust their load in response to dispatch. The CAISO has implemented ways to facilitate wholesale market participation of such resources, and remains committed to empowering the reliable, efficient, and seamless utilization of demand flexibility into CAISO operations and markets. The DDEMI stakeholder initiative will continue this work, enhancing participation models to aid large and small loads to interconnect more quickly, affordably, and efficiently.

The CAISO also recognizes that increasing numbers of large loads may raise additional market design considerations that extend beyond the current scope of DDEMI, and the Order to Show Cause. Although it would be premature to identify specific market design changes before further stakeholder engagement and analysis, growth in large loads may present opportunities to evaluate whether existing market constructs continue to appropriately represent evolving load characteristics and operational behavior across the CAISO, WEIM, and Extended Day-Ahead Market (EDAM) footprints. The WEIM and EDAM will enable large-load growth across the wider regional footprint with their ability to move energy efficiently from where it is available to where it is needed across a robust network covering 80% of the West, and producing \$8.6 billion in benefits since 2014.⁴² Accordingly, the CAISO intends to continue assessing large-load-related market design issues through its stakeholder processes and market roadmap initiatives.

⁴¹ <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Demand-Distributed-Energy-Market-Integration>.

⁴² <https://www.westernenergymarkets.com/western-energy-imbalance-market-weim/benefits>.

C. Interconnection Process Enhancements

Parallel with the Commission's reforms in Order No. 2023, the CAISO's Interconnection Process Enhancements (IPE) stakeholder initiative has played a pivotal role in ensuring interconnection service to first-ready generation projects.⁴³ In 2024, the CAISO became the first ISO/RTO to establish an interconnection request intake scoring process.⁴⁴ That process helped the CAISO focus its cluster 15 interconnection study on first-ready projects, bringing request volumes back to manageable levels. Other ISO/RTOs have since adopted similar processes.⁴⁵ Track 5.0 of the CAISO's IPE initiative recently concluded, and the CAISO will continue to submit those enhancements for Commission approval.⁴⁶

Further, in the interest of continuous improvement, the CAISO is in frequent communication with transmission owners and interconnection customers to ensure timely interconnection of generation resources to meet increasing load growth. The ISO intends to open a sixth IPE initiative (IPE 6) in 2026 or early 2027 to seek additional enhancements to the process in time for the opening of the cluster 17 interconnection application window in October of 2027. The CAISO recognizes the potential interaction between large load interconnection and resource interconnection processes and may consider some complementary enhancements either in the large load or IPE initiative.

⁴³ <https://stakeholdercenter.aiso.com/StakeholderInitiatives/Interconnection-process-enhancements-5-0>.

⁴⁴ *California Independent System Operator Corp.*, 188 FERC ¶ 61,225 (2024).

⁴⁵ *See, e.g., PJM Interconnection LLC*, 190 FERC ¶ 61,084 (2025); *Southwest Power Pool Inc.*, 192 FERC ¶ 61,062 (2025); *Midcontinent Independent System Operator, Inc.*, 190 FERC ¶ 61,057 (2025).

⁴⁶ The first set of enhancements are currently pending in Docket No. ER26-2747-000.

The Honorable Debbie-Anne A. Reese

July 20, 2026

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IV. Conclusion

The CAISO welcomes the opportunity to work with the Commission in serving the ongoing influx of large loads while maintaining reliability and affordability.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceeding, 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 20th day of July 2026.

/s/ Ariana Rebancos

Ariana Rebancos
An employee of the California ISO