

March 9, 2026

Via Electronic Submission

Office of the Clerk
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms

Dear Chair Sanchez and Members of the California Air Resources Board,

The California Independent System Operator Corporation (CAISO) submits these comments on the proposed amendments to the California Air Resources Board's (CARB) regulations related to the California Cap on Greenhouse Gas (GHG) Emissions and Market Based Compliance Mechanisms. The CAISO offers certain specific suggestions to the proposed definitions, and more general comments on the proposed changes to the outstanding emissions calculation.

Definitions

The CAISO recommends revising the definition of "Western Energy Imbalance Market" to include real-time transactions for the Extended Day-Ahead Market (EDAM) footprint. EDAM participating entities must also participate in the real-time market. At EDAM go-live, the real-time footprint will be larger than the EDAM footprint, as it includes more participants. The CAISO suggests CARB update the definition of EDAM and WEIM to clarify that EDAM entities participate in both the CAISO's day-ahead and real-time markets as follows:

"Extended Day-Ahead Market" or "EDAM" means the CAISO's day-ahead market to manage transmission congestion and optimize procurement of energy to balance supply and demand for the combined CAISO and EDAM footprint.

EDAM entities participate in both the CAISO's day-ahead and real-time markets.

"Western Energy Imbalance Market" or "WEIM" means the operation of the CAISO's real-time market to manage transmission congestion and optimize procurement of energy to balance supply and demand for the combined CAISO.

EDAM, and WEIM footprint. EDAM entities participate in both the CAISO's day-ahead and real-time markets.

Use of EDAM/WEIM and the Outstanding Emissions Calculator

Proposed regulations Section 95111(h)(1) describes the calculation of CAISO markets outstanding emissions. The CAISO supports the proposed revisions to CARB's outstanding emission calculation as a positive evolution.

The CAISO's markets use a counterfactual approach to identify and minimize the potential for secondary dispatch when market transfers are attributed to a GHG regulation area. Attributing resources to a GHG regulation area creates the potential for secondary dispatch where resources outside of a GHG regulation area attributed to serve demand within a GHG regulation area are backfilled by higher emitting resources. The CAISO uses a counterfactual to approximate how a resource would be dispatched to serve load outside a GHG area. The counterfactual for entities that only participate in the WEIM is a self-submitted base schedule. EDAM will introduce a special market run in the day-ahead market—the GHG reference pass—to create a reference schedule for resources economically participating in the day-ahead market. This reference schedule will serve as a resource's day-ahead GHG counterfactual.

As proposed, the outstanding emissions calculation relies on evaluating GHG attributions below each WEIM/EDAM participating resource's counterfactual schedule. The CAISO understands that the emissions calculation is intended to cover outstanding emissions associated with electricity imports into the state of California that occur through real-time market transfers. In the context of the proposed regulations, and to improve clarity, the CAISO recommends minor adjustments to the terminology used in the regulations to more clearly identify if the use of WEIM/EDAM refers to real-time/day-ahead transactions or WEIM-only/EDAM participating balancing authorities.

For example, as part of the regulations related to the outstanding emissions calculator (Proposed Section 95111(h)(1)), CARB will calculate the outstanding emissions for imported electricity in "the WEIM and EDAM." The regulations are not clear as to whether this means that all scheduling coordinators in the market footprint must report both day-ahead and real-time transactions. The CAISO recommends CARB clarify that WEIM and EDAM participating entities need only report their real-time market transfers to serve California.

Similarly, the outstanding emissions calculator includes two calculations, one for Total California WEIM Emissions (Proposed Section 95111(h)(1)(A)) and one for Total California EDAM Emissions (Proposed Section 95111(h)(1)(A)). As explained above,

EDAM participants must participate in the WEIM, and thus separating out these two calculations may inadvertently capture EDAM participants in both the WEIM and EDAM. If CARB prefers to categorize these participants separately, the CAISO suggests clarifying that subsections A and B are applicable to WEIM-only and EDAM participants respectively.

The CAISO appreciates the opportunity to submit these comments.

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