California ISO | WESTERN ENERGY MARKETS

# Market performance update

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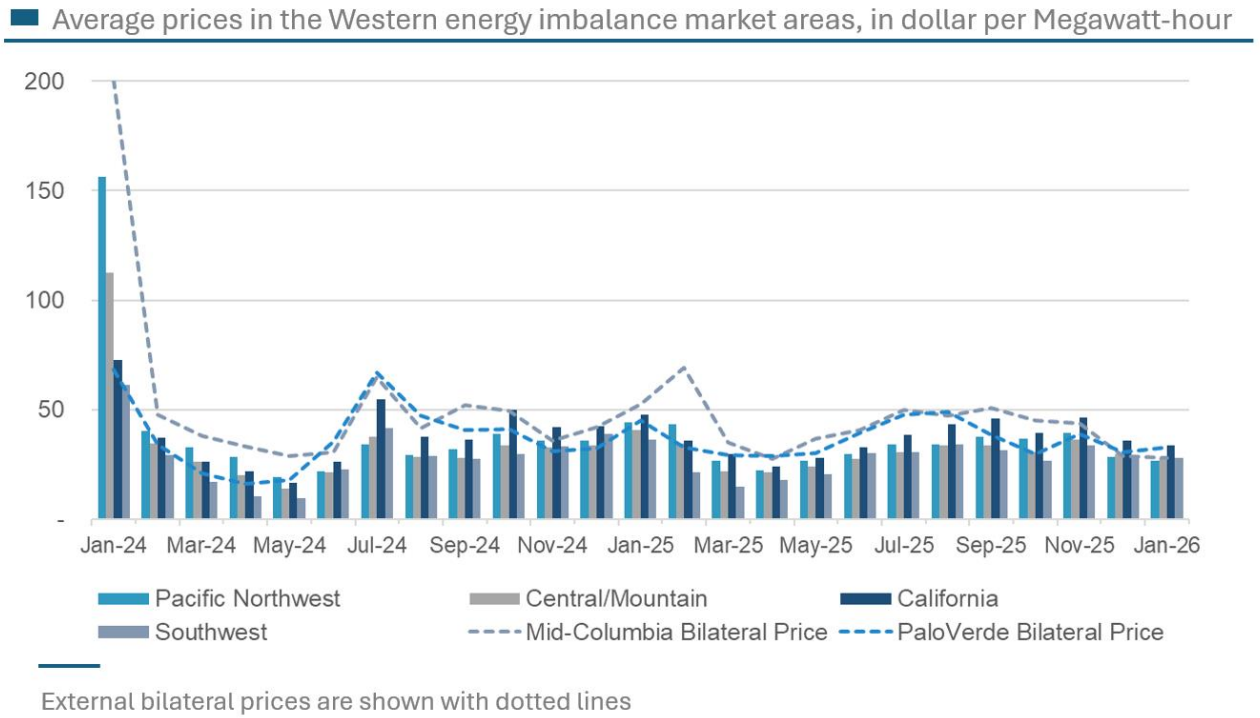
# Real-time prices in October declined due to milder fall and winter conditions




Lower winter loads led to modestly lower real-time prices across the market

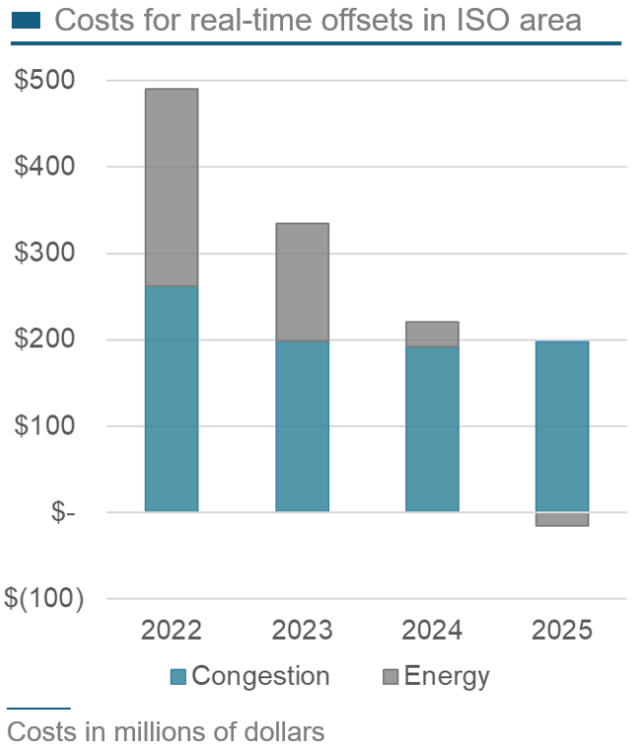
California balancing area prices were higher than other areas, driven primarily by internal congestion due to binding transmission constraints

Prices were lower than 2024 and close to external bilateral prices in December and January

# Wholesale costs for the ISO area declined in 2025 relative to previous year


Wholesale costs have declined steadily since 2022, falling to $8.5 billion in 2025

Lower gas prices and lower peak loads explain the decline

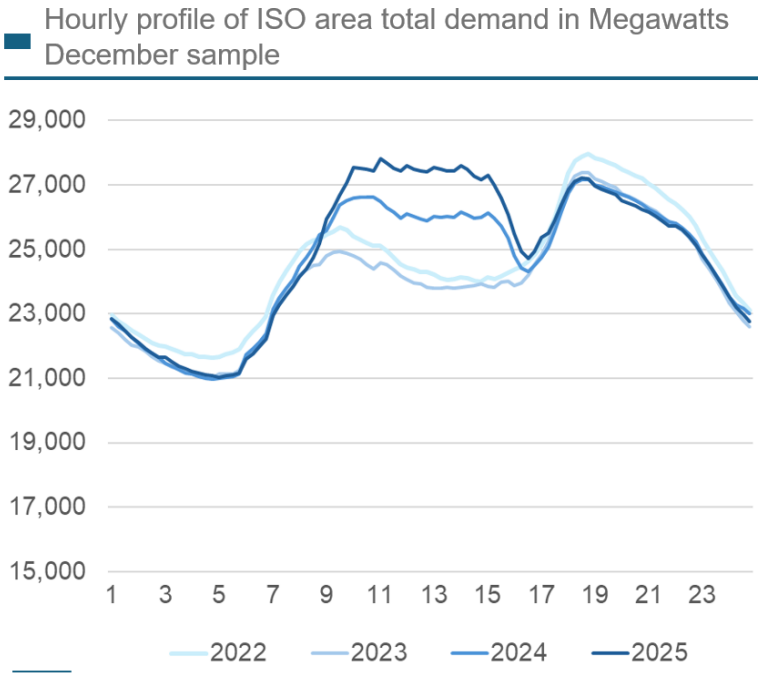



The real-time offset also declined in 2025, mainly driven by the decline of the energy component

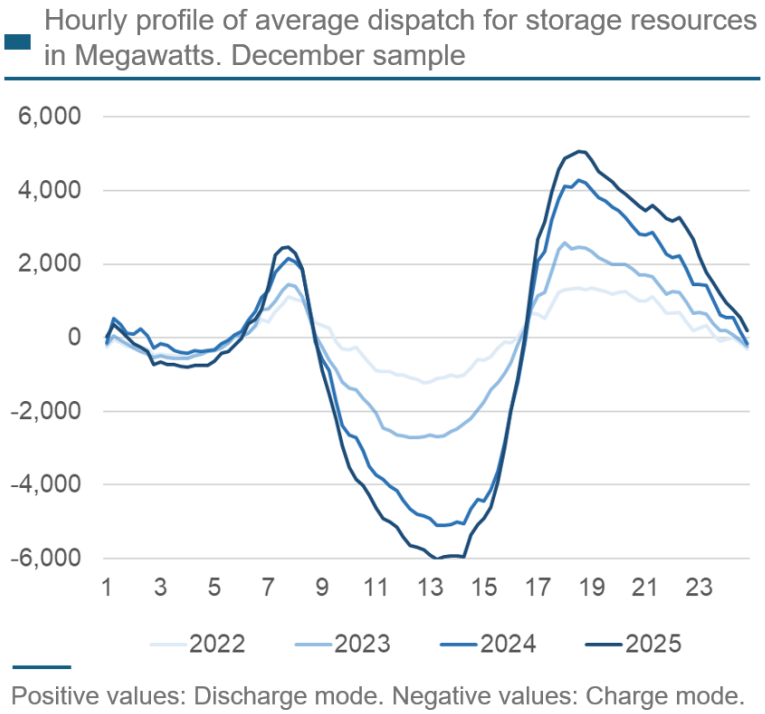
# Storage resources have significantly increased energy arbitrage from midday hours to peak hours

Battery energy storage systems in the ISO area regularly discharged more than 6,000 MW in 2025, a marked increased from about 1,000 MW in 2022

Storage resources are helping to meet both the morning and evening peaks during winter months



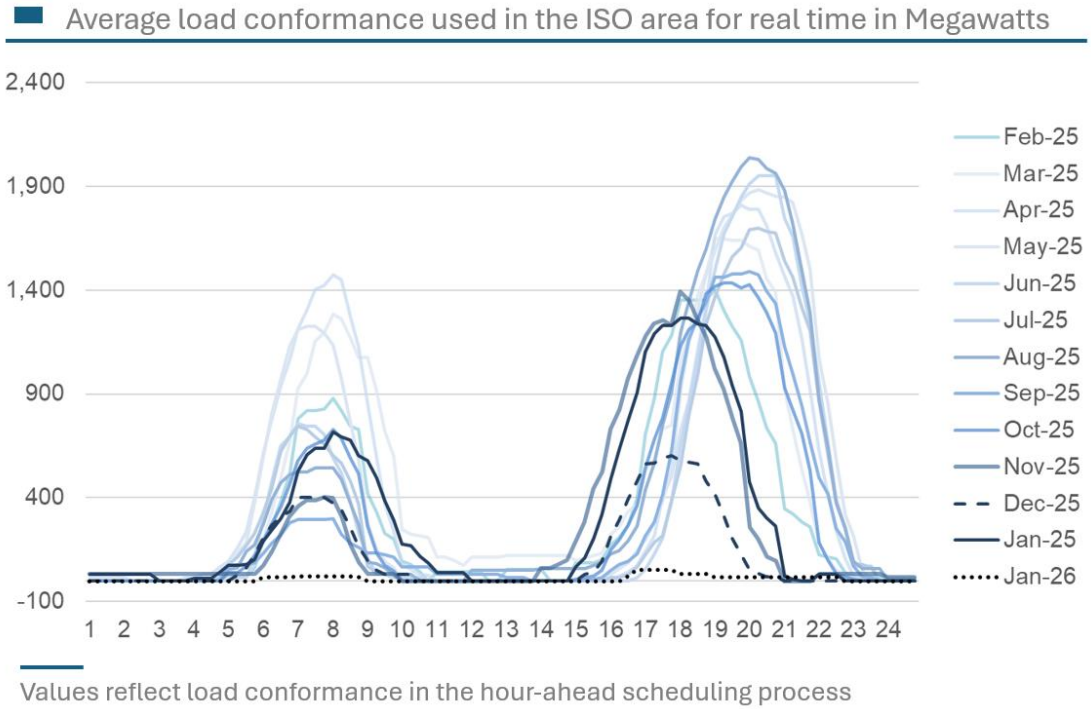

Total demand includes charging from storage resources.




Positive values: Discharge mode. Negative values: Charge mode.

Charging of storage resources is shifting the overall peak demand pattern to earlier in the day during winter months

# The ISO is running a pilot program to minimize the use of load conformance in the real-time market



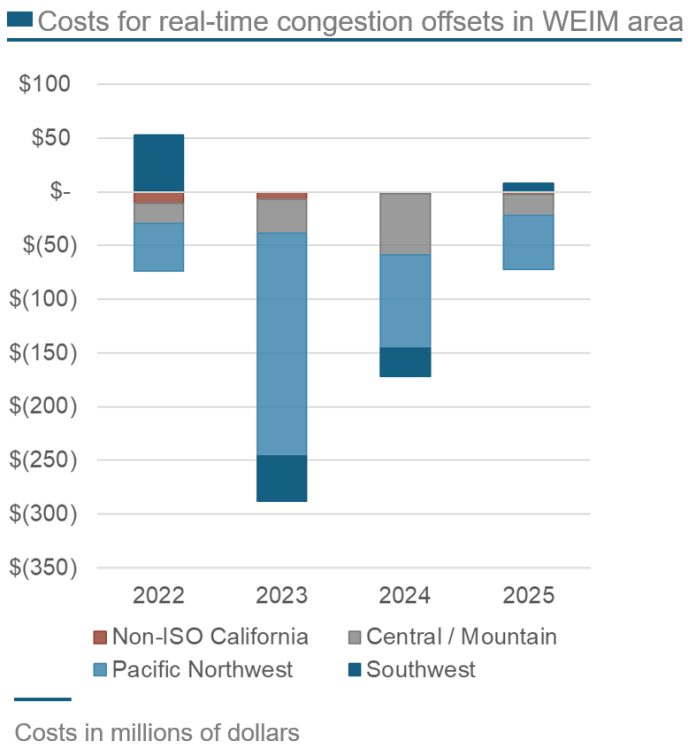

Load conformance is an adjustment applied to the load cleared in the real-time market

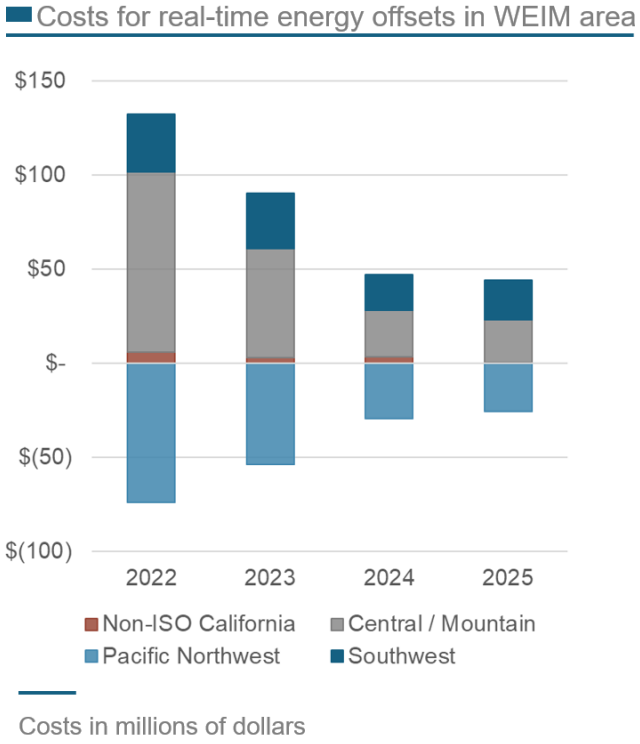
The initial results of the pilot program for the ISO area show a dramatic reduction in the hour-ahead scheduling process adjustment

In January 2026, the average conformance during the evening peak was 52 MW, a steep reduction from 1,260 MW in January 2025

The frequency of load conformance use in January 2026 was 1.3 percent, a steep decline from 28 percent observed in January 2025

# Real-time congestion offsets continued to decline across the WEIM market in 2025




The real-time energy and congestion offsets quantify the imbalances relative to base schedules through the ISO settlement process to achieve revenue neutrality. These represent additional payments (positive) or credits (negative) to WEIM entities

Energy offsets in 2025 were modestly higher than those of 2024, while congestion offsets fell by 60 percent