



California ISO

WESTERN ENERGY MARKETS

Market update

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Joint ISO Board of Governors and WEM Governing Body Meeting

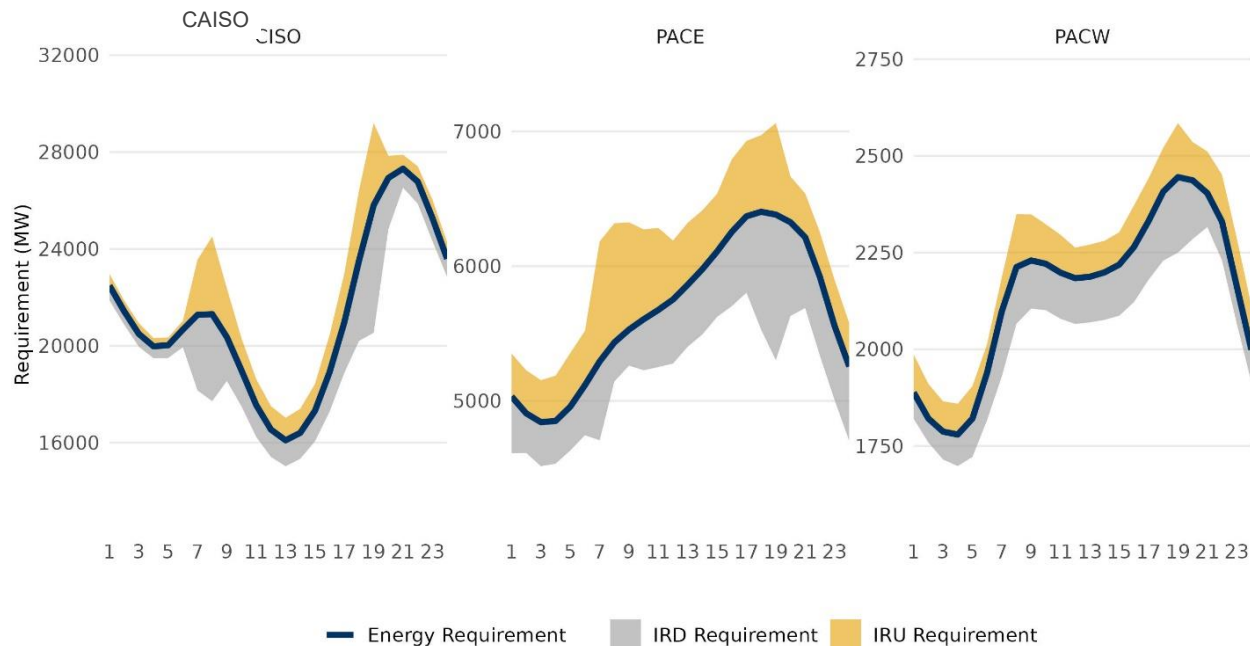
General Session

July 15, 2026

The extended day-ahead market was successfully launched on May 1, 2026

- The extended market footprint consists of the California ISO, PacifiCorp East and PacifiCorp West balancing authority areas.
- The market includes new products (imbalance reserves and reliability capacity), and day-ahead energy transfers account for greenhouse gas emissions.
- The imbalance reserve product allows the market to procure flexible capacity to meet day-ahead to real-time uncertainty.
- Procuring these products through the market ensures that flexibility is procured at the least cost and is explicitly priced.

All participating balancing areas in the extended day-ahead market had sufficient capacity to meet their own needs



Passing rate of test

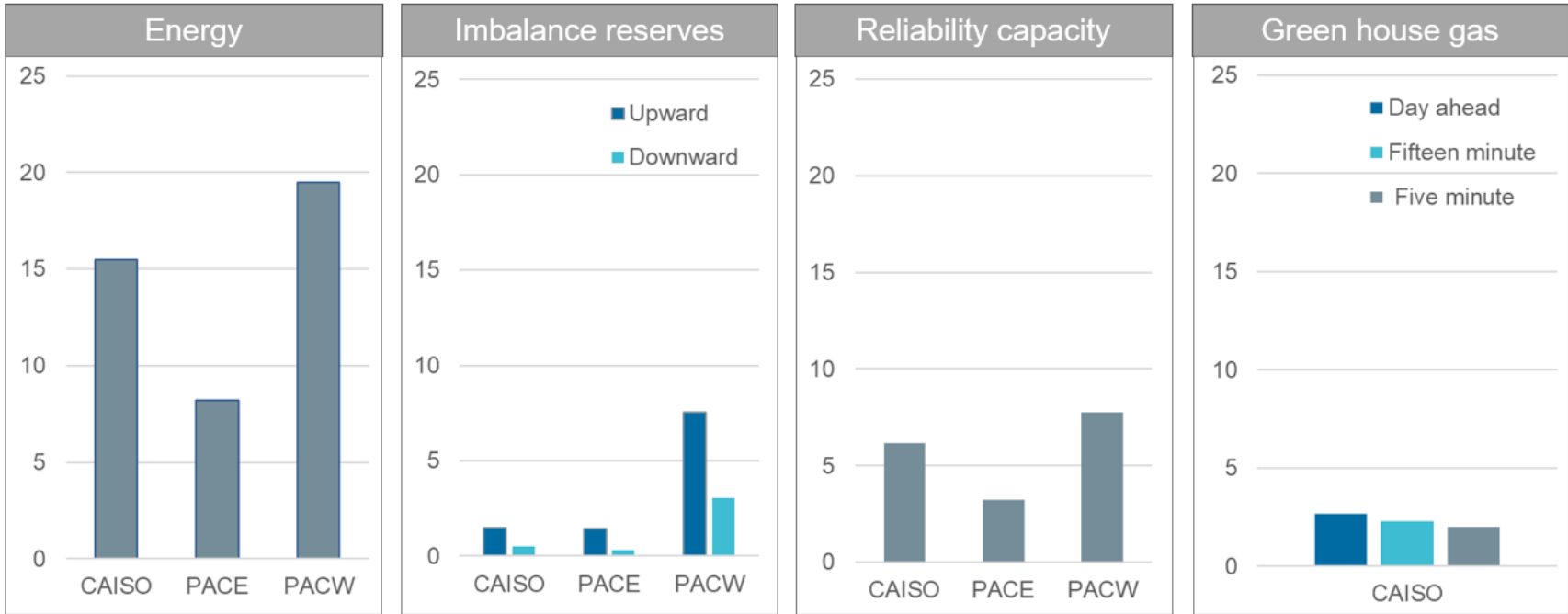
Area	May	June
CAISO	100%	100%
PACE	100%	100%
PACW	99.4%	100%

The extended day-ahead market includes a resource sufficiency evaluation.

This test is applied in both upward and downward directions to meet needs for both energy and flexibility.

Prices for all commodities are within expected economic ranges, reflecting market fundamentals in the wider day-ahead market footprint

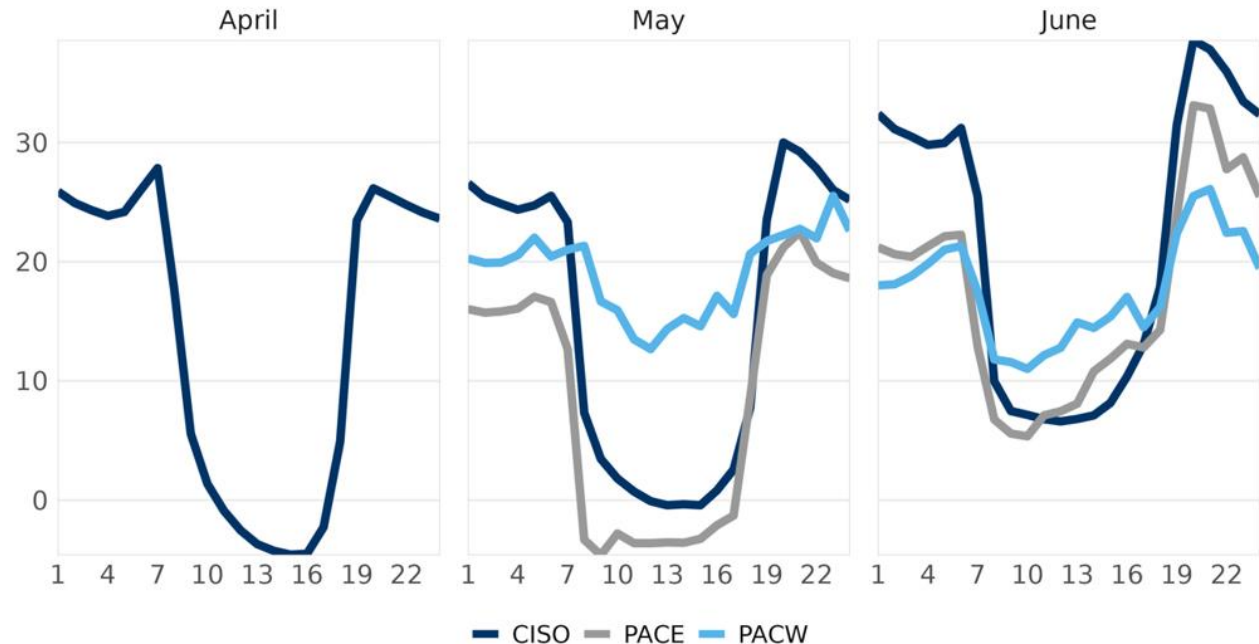
■ Monthly average prices in dollar per megawatt-hour observed in May 2026 for the various market products



The extended day-ahead market prices explicitly show the economic value of flexibility, reliability reserves and greenhouse gas.

Day-ahead energy prices remain moderate, consistent with typical daily load patterns during the shoulder-season

Hourly energy prices in dollars per megawatt-hour organized by month and area



Regional price separation fell in June, with prices converging across balancing areas.

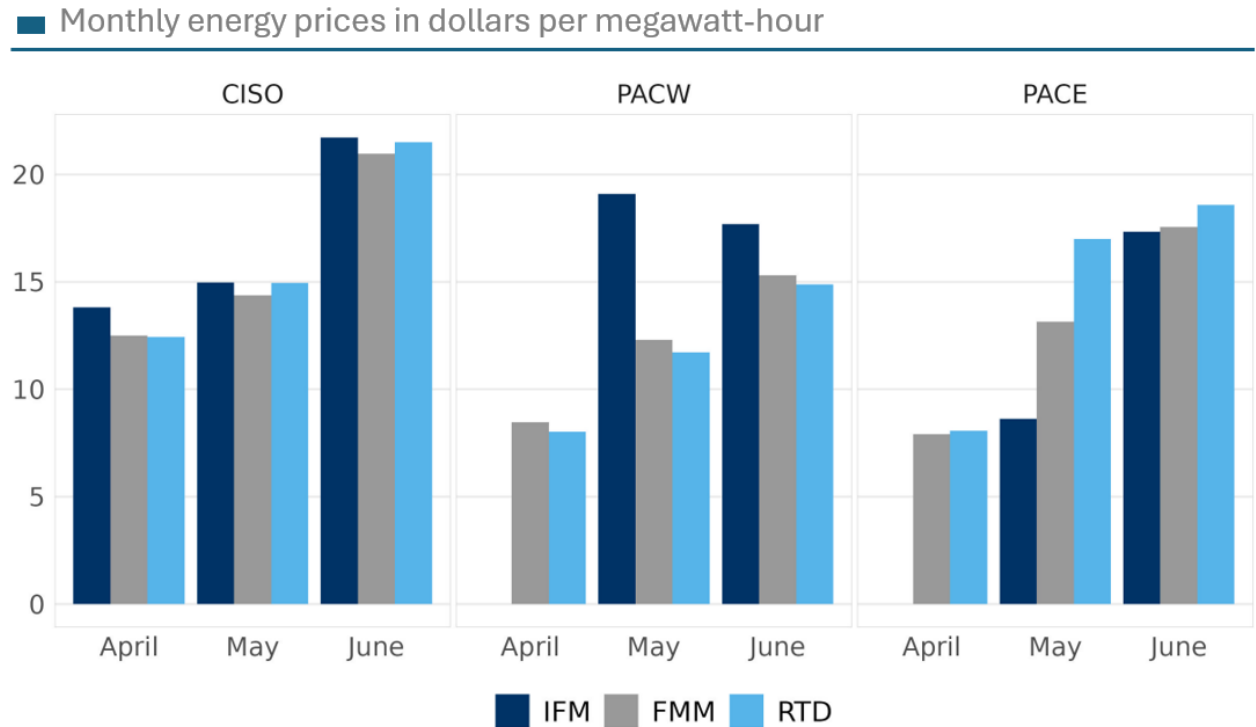
Shoulder months tend to feature low prices in midday and high prices in morning and evening peaks due to the availability of renewable supply.

The ISO balancing area exhibited higher prices during peak hours.

As the market settles into the new functionality, energy prices are converging across markets

Prices in day-ahead and real-time tracked closely in CAISO balancing area.

Both PACE and PACW had better price convergence in June.

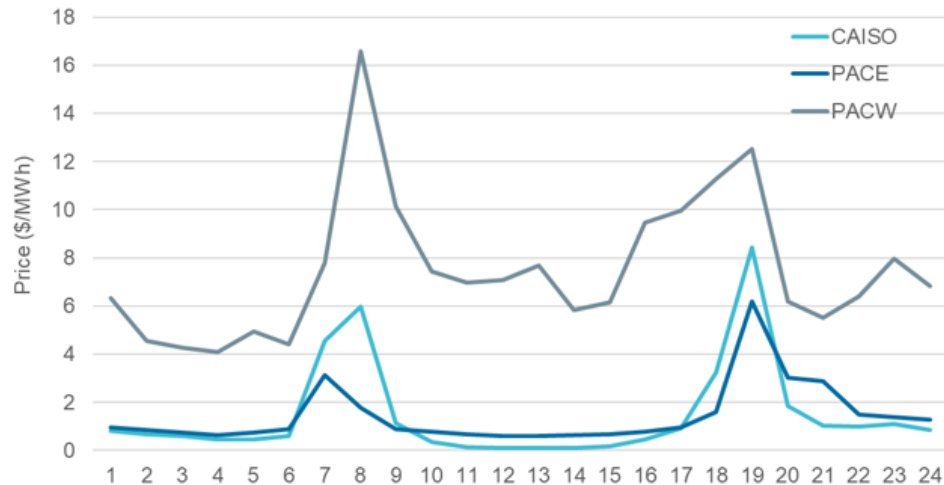
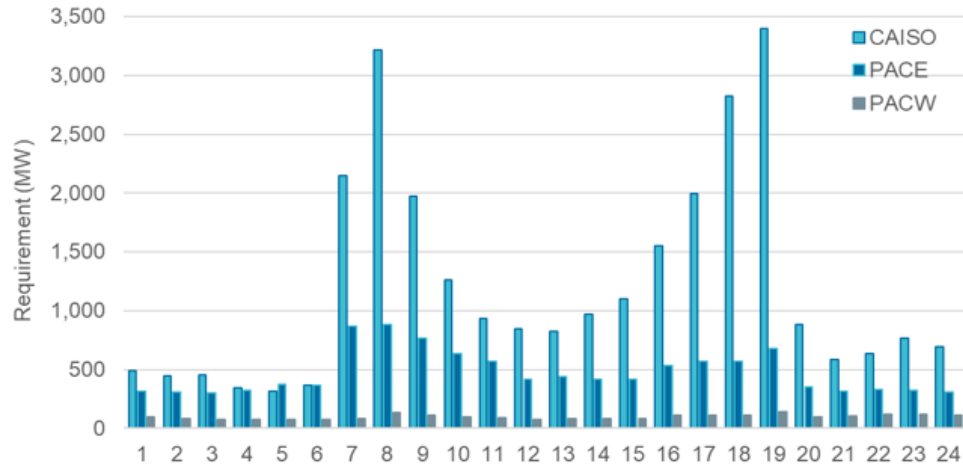


There was more price volatility in the first days of operation, which subsided as the market adjusted to new functionality and processes.

Imbalance reserve prices have been moderate

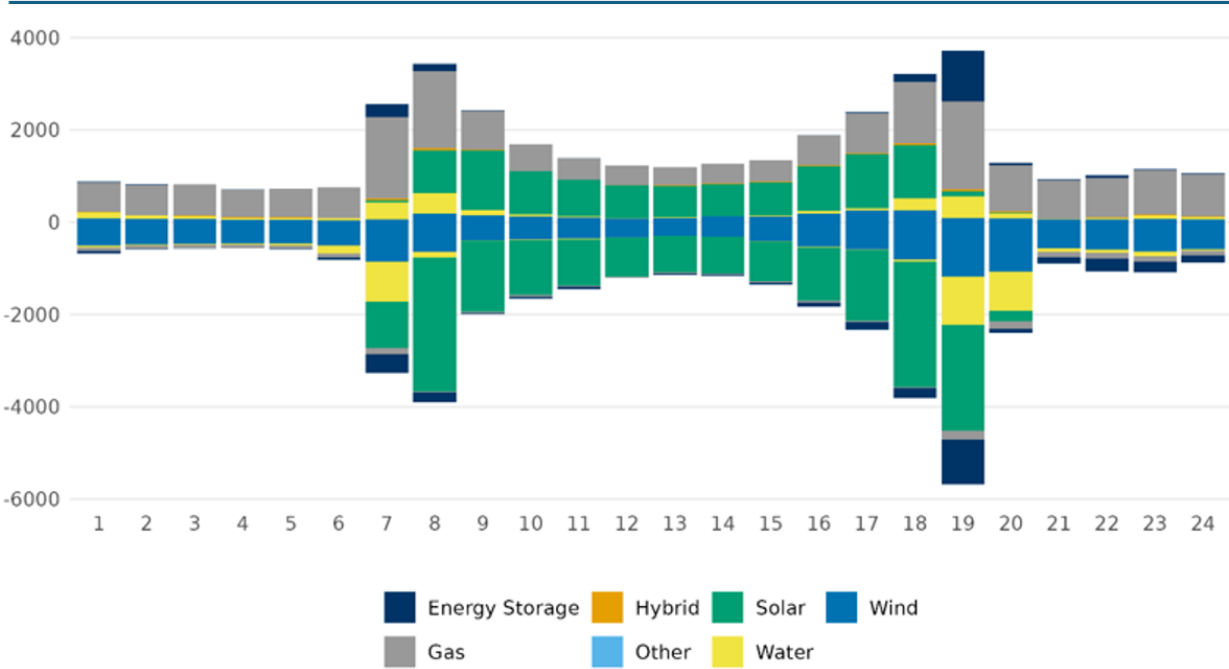
- Requirement levels vary according to the balancing authority area size.
- Prices follow the pattern of higher requirements in the morning and evening peaks.
- Prices show clear regional differences, reflecting the economics of each balancing area.

Hourly requirements and prices for upward imbalance reserves



The procurement of imbalance reserves is fulfilled by a different supply mix depending on the balancing area

■ Monthly average of procured imbalance reserves (in megawatts) in CAISO area

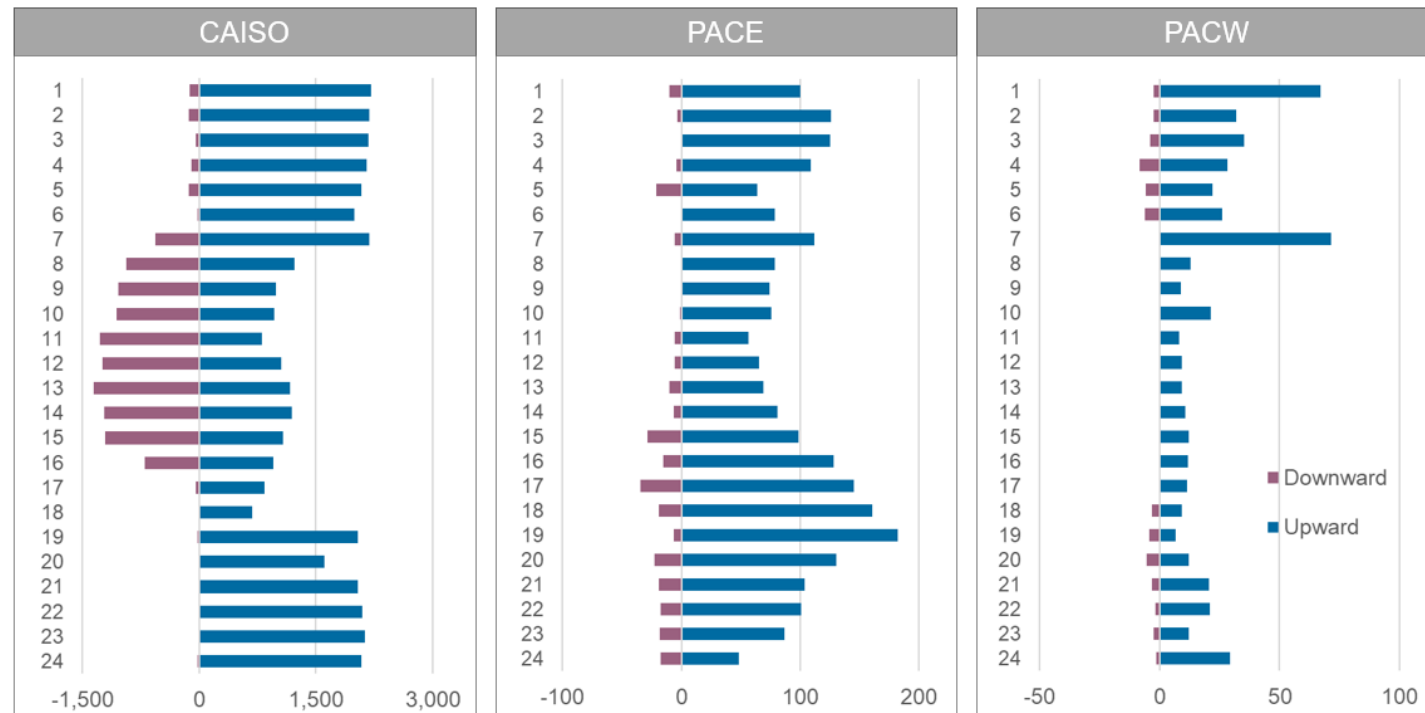


In the ISO balancing area, gas followed by solar is the primary supply supporting imbalance reserves. Storage resources provide minimal capacity in peak hours.

Coal complemented with transfers are the main sources of imbalance reserves in PACE, while PACW is mainly supported by transfers and hydro.

The level of reliability capacity procured varies largely by area given their corresponding size

■ Monthly average procurement, in megawatts, of reliability capacity by area and direction



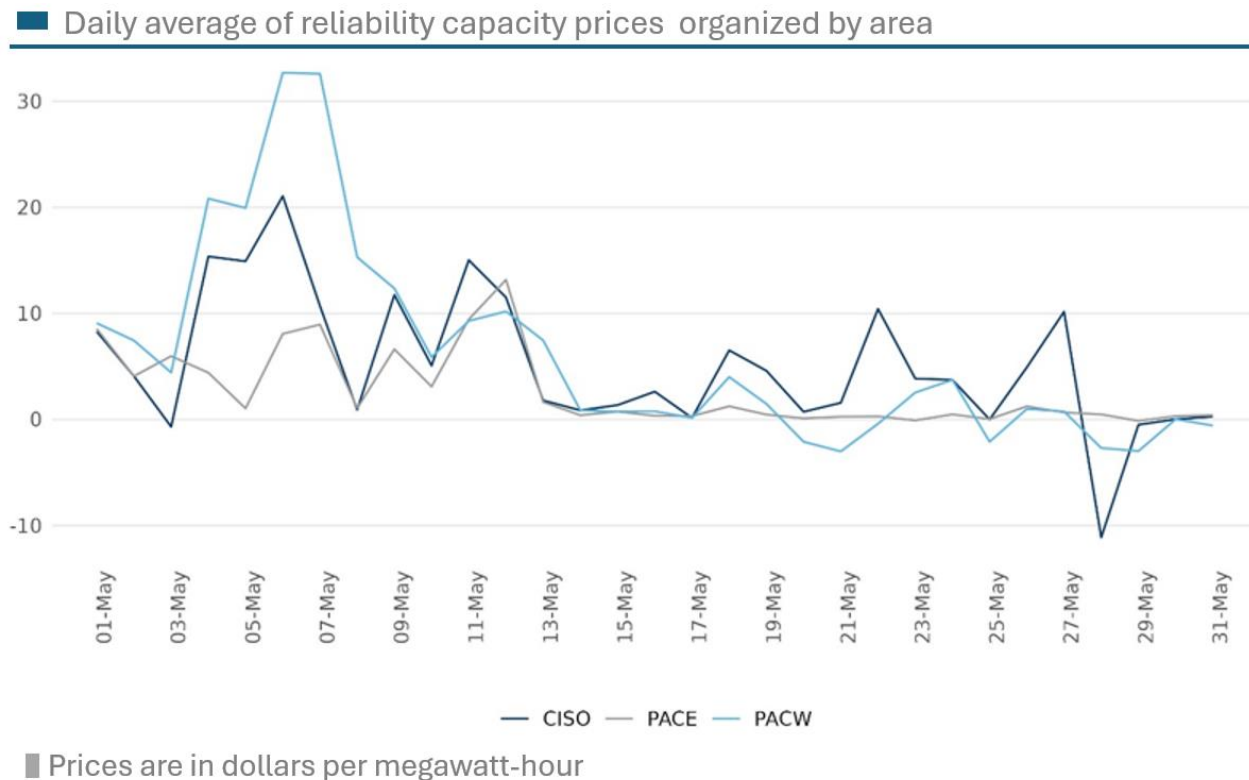
Most of the procurement cleared in May is for the upward direction.

Reliability capacity is procured for the difference between the balancing area's load forecast and physical supply cleared in the integrated forward market.

Reliability capacity procurement and prices have trended down after first days of operation

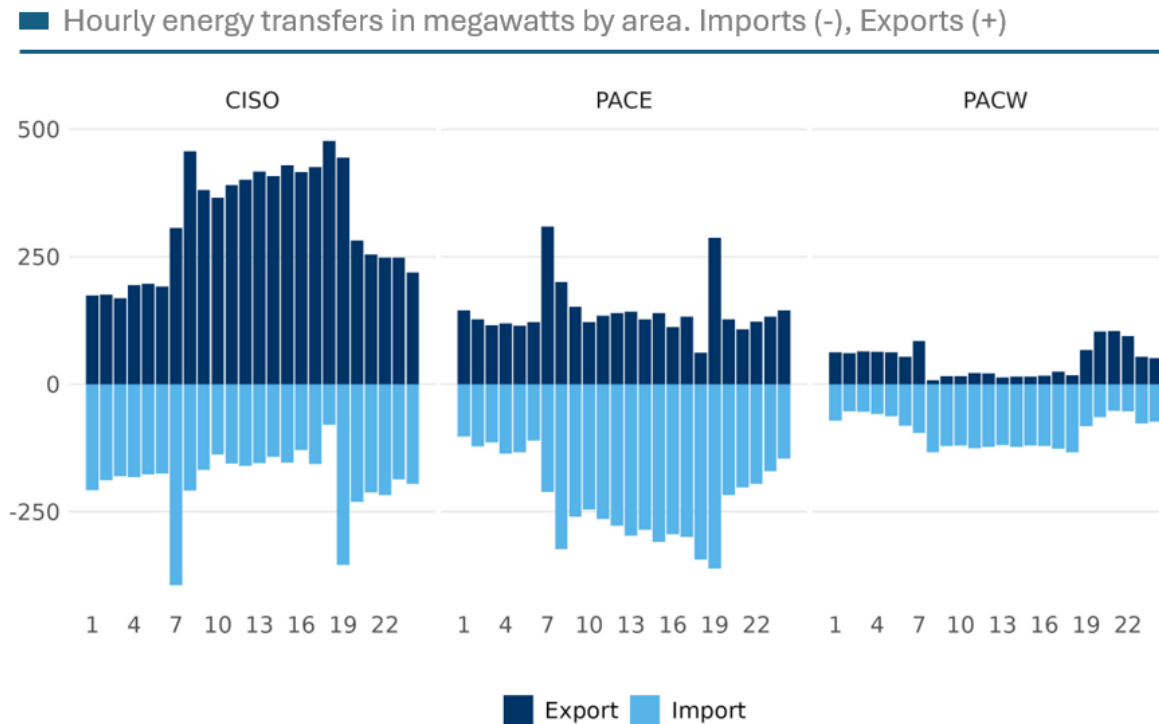
Like energy, reliability capacity prices exhibit regional price separation.

Reliability capacity prices trend lower than energy prices.



Prices are close to zero most of the time and may rise to about 55 \$/MWh under tighter supply conditions.

Transfer capability available among areas is enabling optimized dispatch of the larger market footprint



Transfer capability is being used for energy, imbalance reserves and reliability capacity.

Transfers reflect the market dynamics and economics of the overall footprint and can change from hour to hour.

The ISO is releasing data and reports to provide transparency on market performance

- Daily performance reports are publicly available.
- Four dedicated stakeholder meetings held in May to discuss relevant market dynamics and answer questions from stakeholders.
- Discussions on price corrections applied to the extended day-ahead market in May.
- Monthly performance reports followed by a public stakeholder call during the first six months of operation. May performance report was posted and discussed publicly on June 25.
- This effort will be used for ongoing assessment of the configurable parameters.