

# WESTERN ENERGY MARKETS

## Market update

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

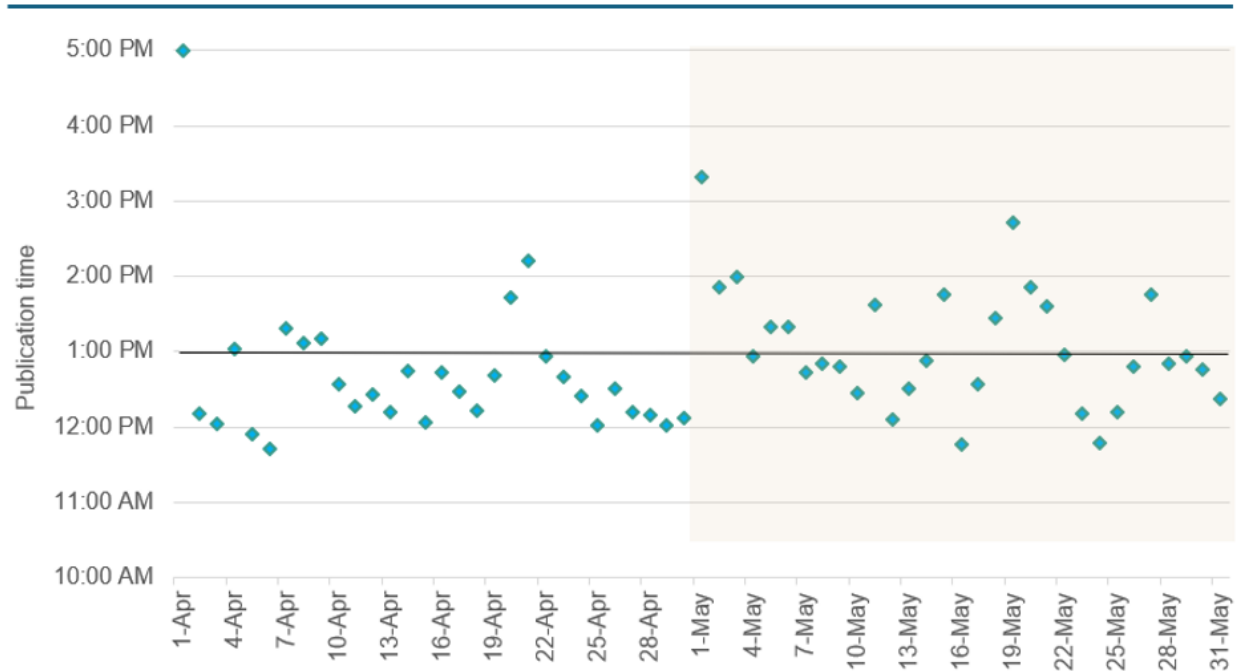
- The extended market footprint consists of ISO, PacifiCorp East and PacifiCorp West balancing authority areas.
- As part of the day-ahead market enhancements, new products (imbalance reserves and reliability capacity), and day-ahead energy transfers account for greenhouse gas emissions were introduced.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

# Proactive review and validation of the day-ahead market run produced robust results

The extended day-ahead market is:

- solving for a larger system.
- clearing new market products.
- running additional processes.

■ Publication times, in Pacific time, of the extended day-ahead market



The ISO has proactively taken additional time to validate the day-ahead market in the first days of operation.

The ISO will continue to closely review and validate results with the goal to publish by the 1pm deadline.

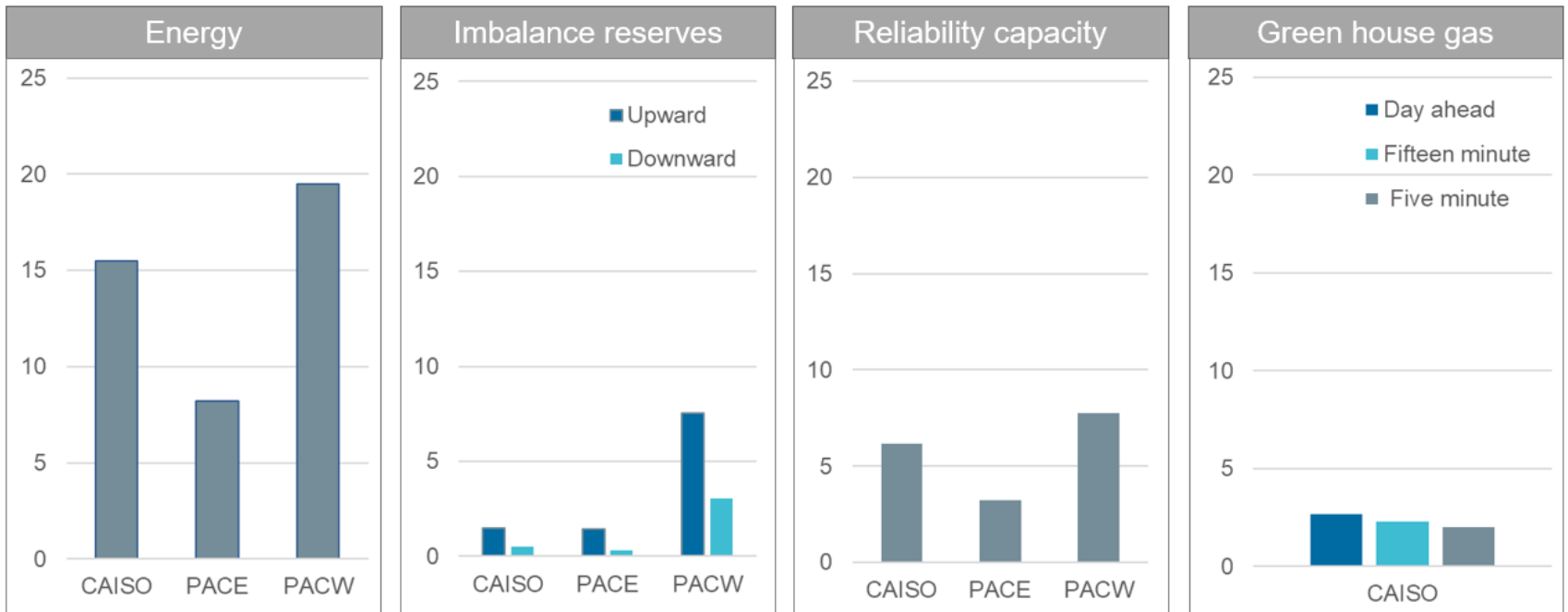
## All participating areas in the extended day-ahead market are coming to the market with sufficient capacity to meet their own needs

- Like real-time, the extended day-ahead market includes a resource sufficiency evaluation.
- This test ensures each participating area makes sufficient capacity available in the day-ahead market to meet its own needs.
- This test is applied in both upward and downward directions to meet needs for both energy and flexibility.
- All areas had a high pass rate of the test in May.

Area	Pass rate
CAISO	100.0%
PACE	100.0%
PACW	99.4%

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

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

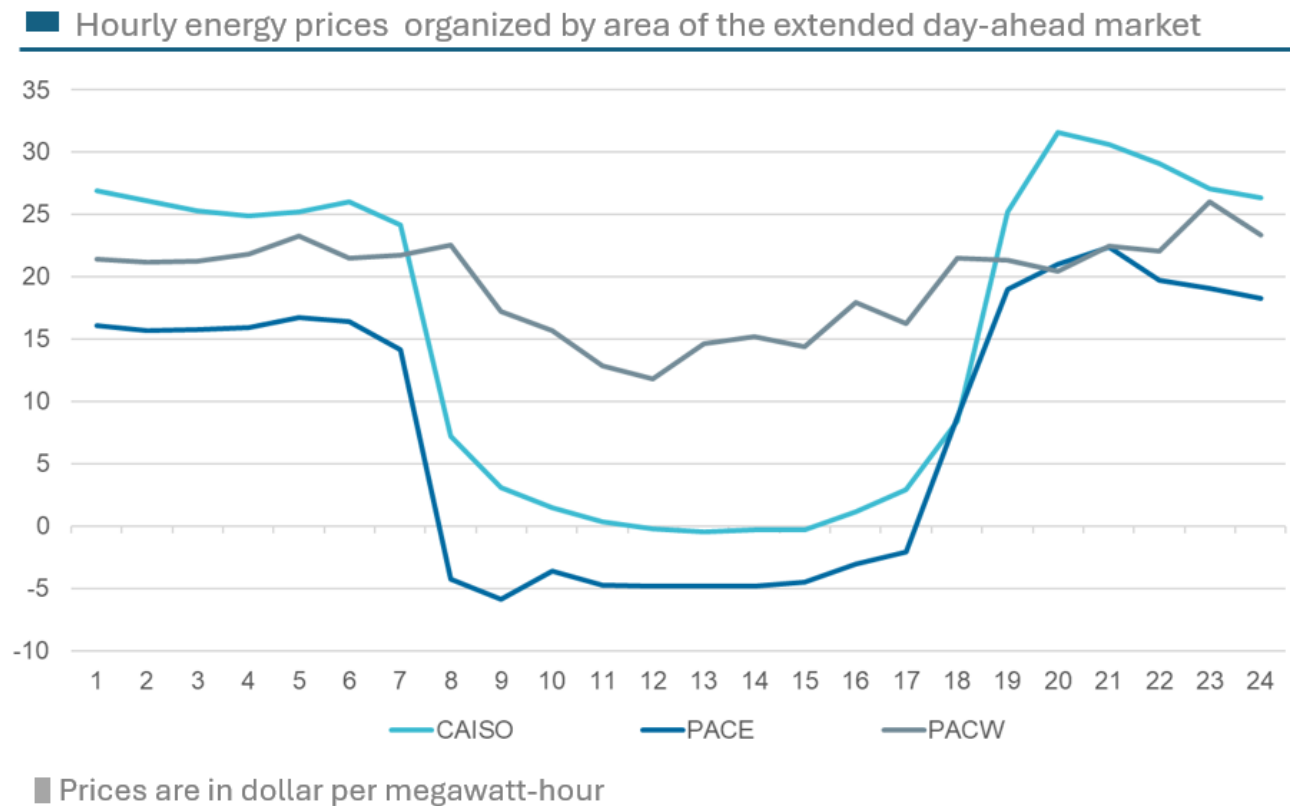


The extended day-ahead market prices show explicitly the economic value of flexibility, reliability reserves and greenhouse gas.

With the day-ahead market enhancement design, the green house gas emission price is only applicable to CAISO balancing area

# Energy prices remain moderate, consistent with typical daily load patterns during shoulder-season conditions

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



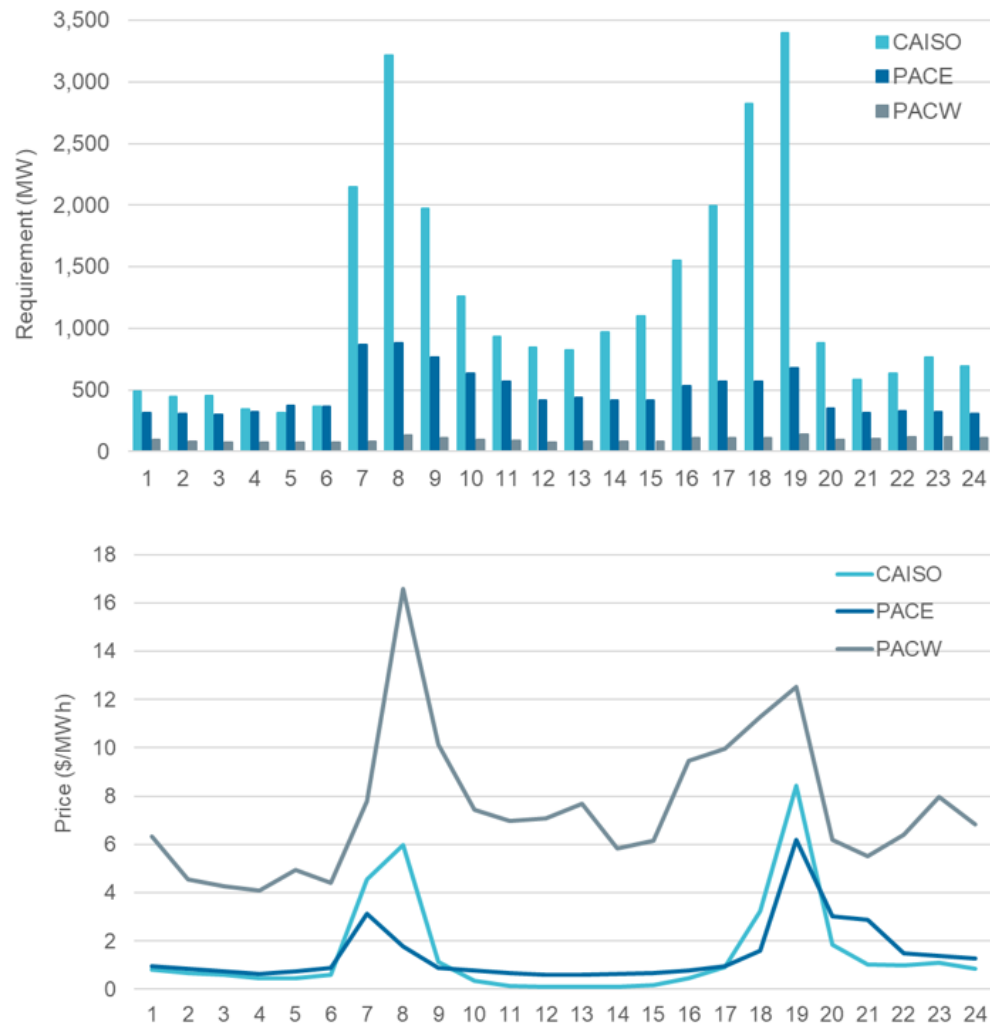
Prices show regional separation, with PACE posting the lowest prices while PACW tended to clear higher.

The ISO area exhibited higher prices during peak hours.

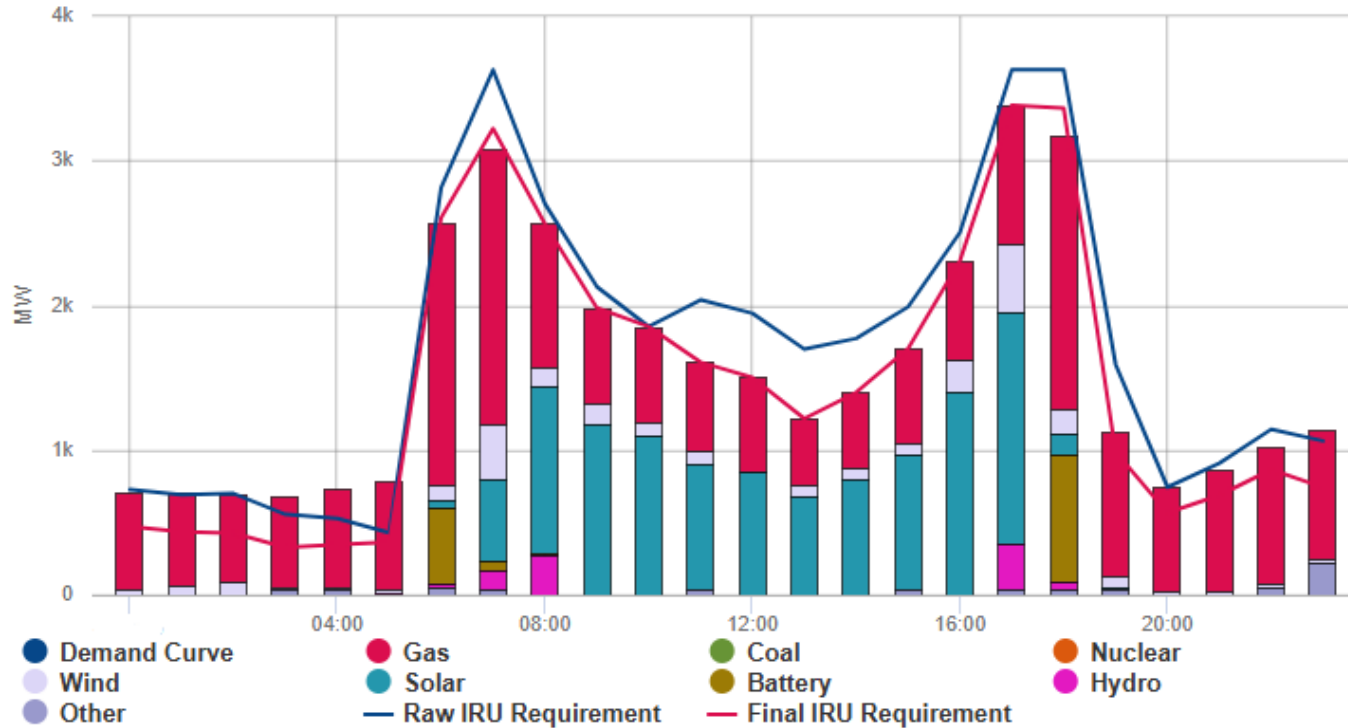
# Imbalance reserve prices have been moderate

- Requirement levels vary according to the applicable 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 area.

Hourly average requirements and prices for upward imbalance reserves



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

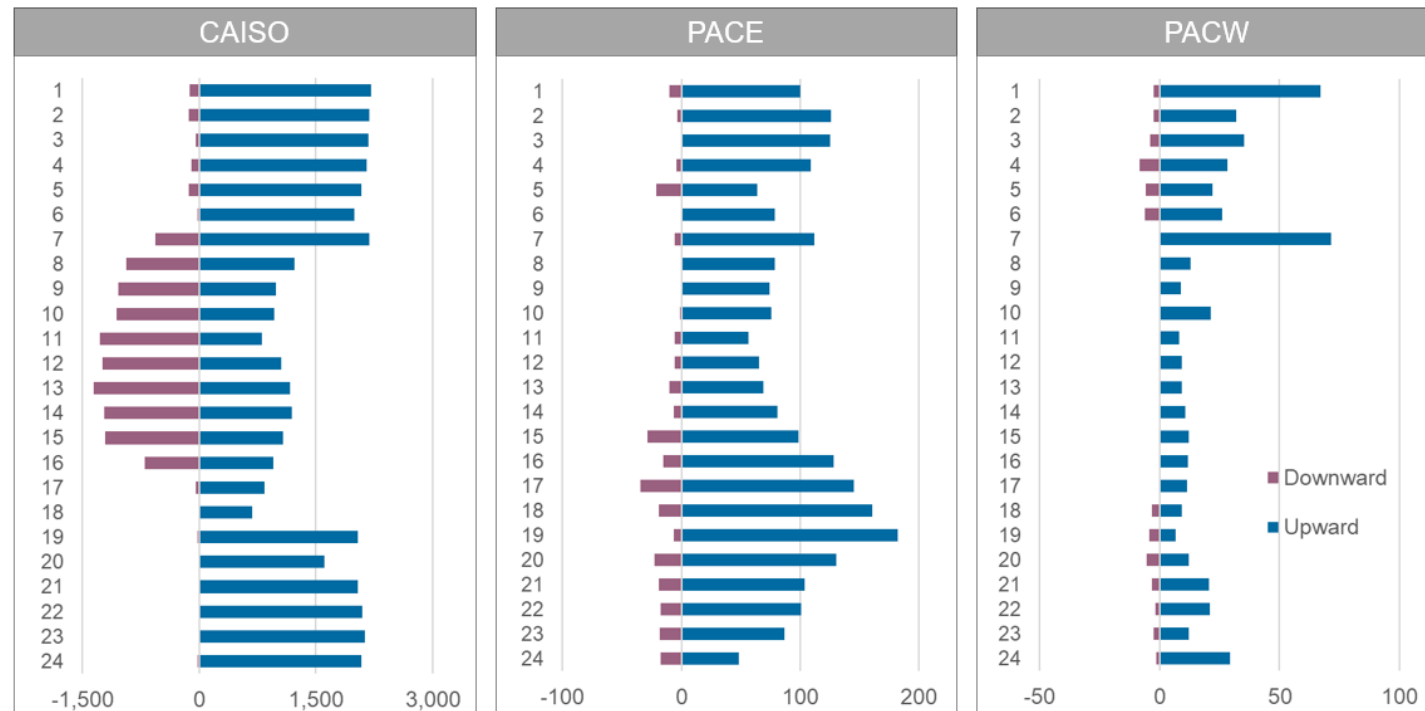


In the ISO area, gas followed by solar is the primary supply supporting imbalance reserves. Storage resource provide minimal capacity in peak hours.

In the PACE area, coal complemented with transfers are the main sources of imbalance reserves, 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



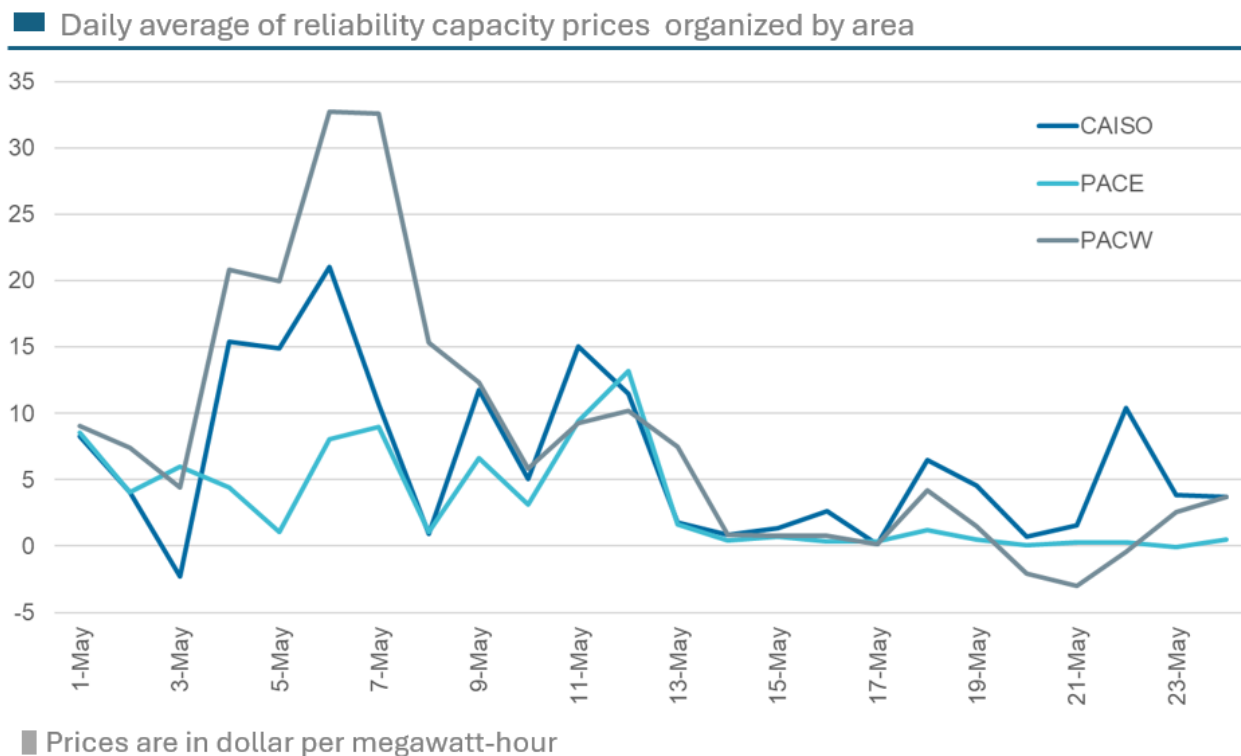
Underbidding of demand in the day-ahead integrated forward market leads to higher upward capacity procurement. Most of the procurement cleared in May is for upward direction.

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

# The procurement and consequently the prices for reliability capacity 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.



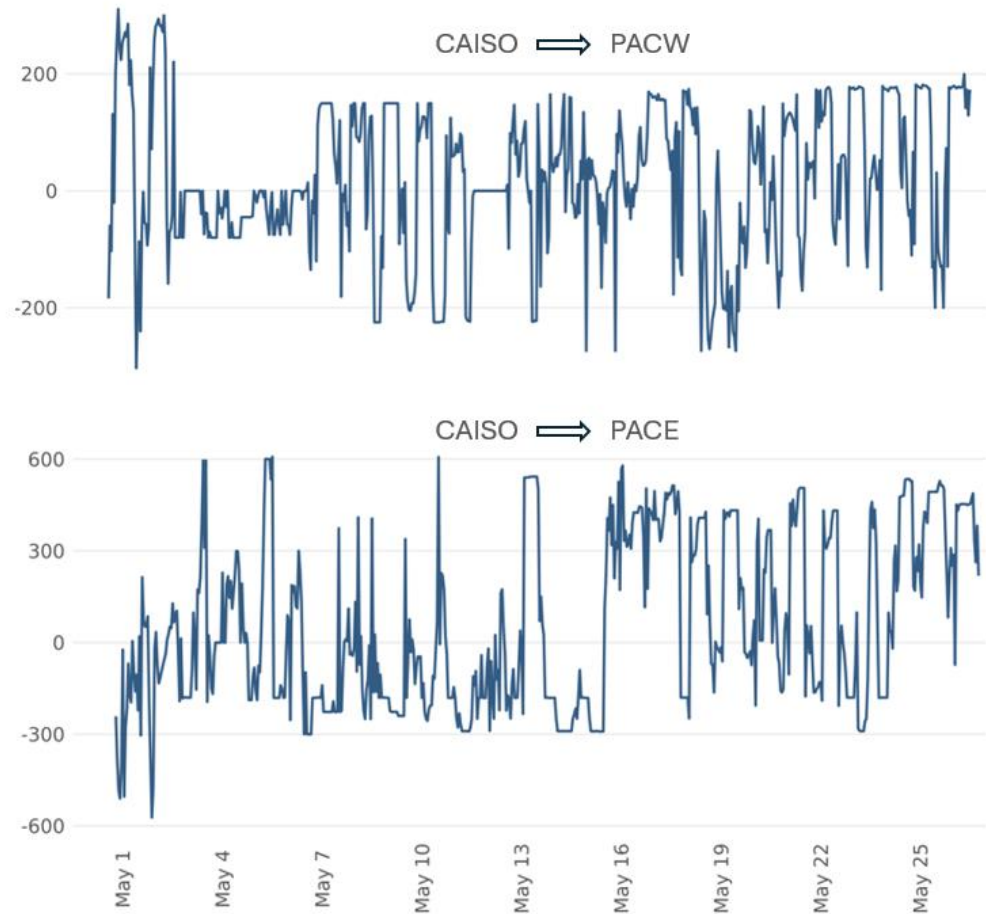
Prices are close to zero most of the time and may rise to about \$55 under tighter supply conditions.

# Transfer capability available among areas is enabling the economics of the larger market footprint

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

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

■ Hourly transfers (energy and reliability capacity) between areas



■ Negative values stand for import transfer in megawatts into CAISO area

# 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. First report to be published in late June.
- This effort will be used for ongoing assessment of the configurable parameters.