

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to
Implement Assembly Bill 825 Related
to Independent Regional
Organization.

Rulemaking 26-09-009
(Filed September 17, 2026)

**COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON ORDER INSTITUTING RULEMAKING**

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Dated: October 27, 2026

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I. Introduction

The California Independent System Operator Corporation (CAISO) submits these comments on the Order Instituting Rulemaking issued by the California Public Utilities Commission (Commission) in the above-captioned proceeding pursuant to California Assembly Bill No. (AB) 825 (2025-2026). This proceeding addresses the requirements established by AB 825 regarding participation by electrical corporations within the CAISO's balancing authority area in an energy market governed by an independent regional organization on or after January 1, 2028. Among other things, AB 825 directs the Commission to make determinations through a formal decision that specified statutory requirements have occurred before electrical corporations can participate in such an energy market.¹

The CAISO strongly supports the Commission's decision to initiate this rulemaking now and establish a scope and schedule necessary to address the requirements of AB 825 in advance of January 1, 2028. Initiating this proceeding represents an important part of the implementation framework established by AB 825. Under AB 825, the CAISO's Board of Governors must also reach findings that specified requirements have been or will be adopted by the independent regional organization prior to the CAISO implementing any tariff modifications accepted by the Federal Energy Regulatory Commission to operate energy markets whose rules are governed by an independent regional organization. The CAISO stands ready to assist the Commission to develop a record necessary to reach the determinations required by AB 825.

¹ California Public Utilities Code Section 345.6 (c).

II. The Preliminary Schedule and Scope of Issues Set Forth in the Commission’s Rulemaking Align with the Parameters of AB 825.

The Commission’s rulemaking sets forth a schedule to issue a proposed decision in the third quarter of 2027. This schedule provides adequate opportunity to develop the record necessary to reach the determinations required by AB 825 consistent with the time when AB 825 authorizes electrical corporations to join an energy market governed by an independent regional organization, *i.e.*, on or after January 1, 2028.² This schedule also allows time for the CAISO Board of Governors to reach similar determinations as required by AB 825, which the CAISO anticipates occurring in 2027.³

The preliminary scope of issues identified in the rulemaking largely aligns with determinations AB 825 requires the Commission to make prior to electrical corporations joining an energy market governed by an independent regional organization. The rulemaking includes questions regarding the potential withdrawal by an electrical corporation from an energy market governed by an independent regional organization. One question asks: “Should the Commission assess the ISO’s role to both govern the RO market and provide “separate market services” to a withdrawing entity under § 345.6(d)? If so, how?”

As drafted, the question appears to suggest that the CAISO would govern the regional organization’s market. AB 825 provides that the CAISO would operate the energy markets subject to the rules determined by the independent regional organization.⁴ AB 825 anticipates the CAISO would serve as the market operator and would not govern the regional organization’s market. If the Commission elects to retain questions regarding potential withdrawal, the CAISO recommends either deleting this question or revising it to accurately reflect the CAISO’s anticipated role.

² *Id.* at Section 345.6 (b).

³ *Id.* at 345.6 (b).

⁴ *Id.* at 345.6 (a)(10).

III. The Preliminary Categorization of the Rulemaking is Consistent with the Definition of Quasi-legislative Proceedings.

The Commission's preliminary categorization of this rulemaking as quasi-legislative is consistent with the statutory definition and Commission's Rules of Practice and Procedure. California Public Utilities Code defines quasi-legislative proceedings as "cases that establish policy, including, but not limited to, rulemakings and investigations that may establish rules affecting an entire industry."⁵ The Commission's Rules of Practice and Procedure define quasi-legislative proceedings as "proceedings that establish policy or rules (including generic ratemaking policy or rules) affecting a class of regulated entities, including those proceedings in which the Commission investigates rates or practices for an entire regulated industry or class of entities within the industry, even if those proceedings have an incidental effect on ratepayer costs."⁶ In this matter, the Commission is assessing a record and will reach determinations affecting a class of regulated entities, *i.e.*, electrical corporations, regarding whether the requirements of AB 825 for electrical corporations to participate in an energy market governed by an independent regional organization have occurred.

IV. Hearings are not needed in this proceeding

The rulemaking states evidentiary hearings are not needed to reach the determinations AB 825 requires the Commission to make. Resolution of the preliminary scope of issues set forth in the rulemaking does not require evidentiary hearings with the opportunity to cross-examine witnesses. The Commission can resolve these issues based on comments and other submissions. The Commission's Rules of Practice Procedure require the Commission to schedule at least one workshop in quasi-legislative proceedings to provide an opportunity for the parties to the proceeding to have an interactive discussion on issues.⁷ The CAISO concurs that scheduling such a workshop offers an efficient and productive procedure to advance the record in this proceeding.

⁵ *Id.* at Section 1701.1(d).

⁶ Rule 1.3(f) of the Commission's Rule of Practice and Procedure.

⁷ Rule 7.5(a)(2) of the Commission's Rule of Practice and Procedure.

V. Conclusion

The CAISO stands ready to support the Commission to develop the record necessary to fulfill the requirements of AB 825.

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