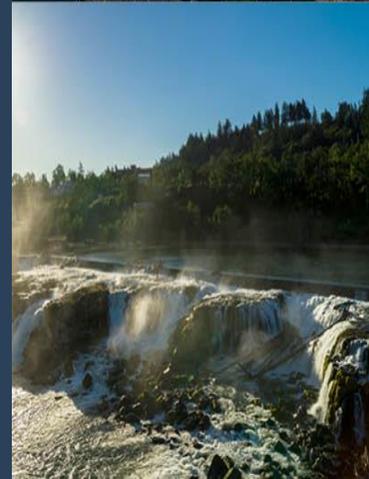


# PGE Comments on CAISO's Scarcity Pricing

Kalia Savage, Principal Transmission & Market Policy Analyst  
March 2026 | WEM Governing Body Meeting



# Scarcity Pricing: Timing Matters

## **Reliability Objective**

Scarcity pricing should reflect reliability risk and strengthen forward investment signals.

## **Sequencing Principle**

Structural Operating Reserve Demand Curve (ORDC)-style reform should follow EDAM operational stabilization.

## **Integration Risk**

Altering core optimization and settlement logic during EDAM onboarding increases post-launch recalibration risk.

# 2026 EDAM Launch: Structural Integration Risk

## Evolving Market Foundations

- Day-ahead scheduling and real-time pricing processes are still maturing
- BAA coordination mechanisms remain under active development

## Interdependent Components

- EDAM interacts with DAME and BAA-level market power mitigation
- Settlement mechanics and transfer logic remain under development

## Scarcity Pricing Challenges

- Structural ORDC-style redesign alters core optimization
- Changes settlement mechanics during EDAM onboarding
- Increases probability of post-launch recalibration



**Structural scarcity redesign alters optimization and settlement logic during EDAM onboarding**

# Targeted Interim Improvements, Then Reassess

## Advance Targeted Scarcity Improvements (2026-2027)

- Implement in-market load shed pricing refinements
- Price deployed/armed reserves consistently in RTD
- Clarify shortage pricing logic across reserve products
- Maintain alignment with BAA-level MPM revisions

## Defer Structural Redesign Until Post-EDAM Stabilization

- Avoid concurrent objective-function changes during EDAM launch
- Preserve DA/RT co-optimization and settlement consistency during EDAM onboarding
- Evaluate scarcity frequency, uplift impacts, and mitigation interaction under expanded footprint



Sequence reform to protect EDAM success.