Market Performance and Planning Forum

July 30, 2026

Housekeeping

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The meeting is structured to stimulate dialogue and engage different perspectives.

Please engage in a respectful and professional manner.

Please keep comments brief and avoid repeating points already made so we can manage time and ensure everyone has an opportunity to participate.

You can access Closed Captioning and the Transparency Viewer using the controls located at the bottom of the Webex screen.

Instructions for Raising Your Hand to Ask a Question

If you are connected to audio through your computer or used the ‘call me’ option, select the raise hand icon located on the bottom of your screen.

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Please remember to state your name and affiliation before making your comment.

You may also send question via chat to all panelists.

If you need technical assistance during the meeting, please send a chat to the event producer at Intellor Events.

Objective: Enable dialogue on implementation planning and market performance issues

- Review key market performance topics
- Share updates to 2026-2027 release plans, resulting from stakeholders inputs

Market Performance and Planning Forum

Agenda – July 30, 2026
1 p.m. – 4 p.m. Pacific Time (PST)

Time:	Topic:	Presenter:
13:00 – 13:05	Introduction, Agenda	Brenda Marquez, Stakeholder Affairs
13:05 – 15:00	Market Quality and Performance Update Topic: EDAM Performance	Market Performance and Advanced Analytics
15:00-15:20	Market Design Update	Market Policy Development
15:20-15:45	Release Update	Release Management
15:45-12:00	Next Steps and Energy Blog Matters	Brenda Marquez, Stakeholder Affairs

California ISO

Market Quality and Performance Update

Market Performance and Advanced Analytics

Agenda for Market Performance Update

This session is dedicated to cover EDAM performance assessed for June

Executive Summary

- Overall, market outcomes were robust and broadly aligned with expectations, reflecting a stable transition to expanded day-ahead market functionality

- However, results should be viewed as preliminary and subject to adjustments
  - Results from May and June reflect a transition to a new market design
  - Market participants adapting and learning about the EDAM/DAME features
  - Ongoing resolution of identified issues in market outcomes and settlements, including price corrections
  - Moving from shoulder month conditions towards summer conditions

- This report provides an overview of market performance during the second month of EDAM/DAME operations. This is the second of six monthly performance reports

Executive Summary

- EDAM results were posted before 1:00 p.m. in 77 percent of days in June, up from May's 61 percent, reflecting additional validation steps needed due to the new market operations

- Resource sufficiency performance was strong across all participating areas with a passing rate over 99 percent of the time

- Day-ahead energy prices increased but remained seasonally consistent. Mid-day price separation across the different balancing authority areas declined from May to June.

- Imbalance reserve and reliability capacity products showed signs of stabilization across the three areas in June, with lower prices and less volatility compared to May, reflecting improving EDAM market performance

Executive Summary

- EDAM transfers were actively used across energy and the new products (imbalance reserve and reliability capacity) in both import and export directions across all participating areas
- Total congestion revenue allocation related to parallel flows across EDAM areas were moderate relative to the total congestion costs
- Total wholesale costs in CAISO increased (~$24/MWh) with higher summer loads but continued the broader trend of lower costs in 2026 compared to 2025
- This report includes a summary of identified issues that affected market functionality, required price corrections, or have impacted settlement outcomes

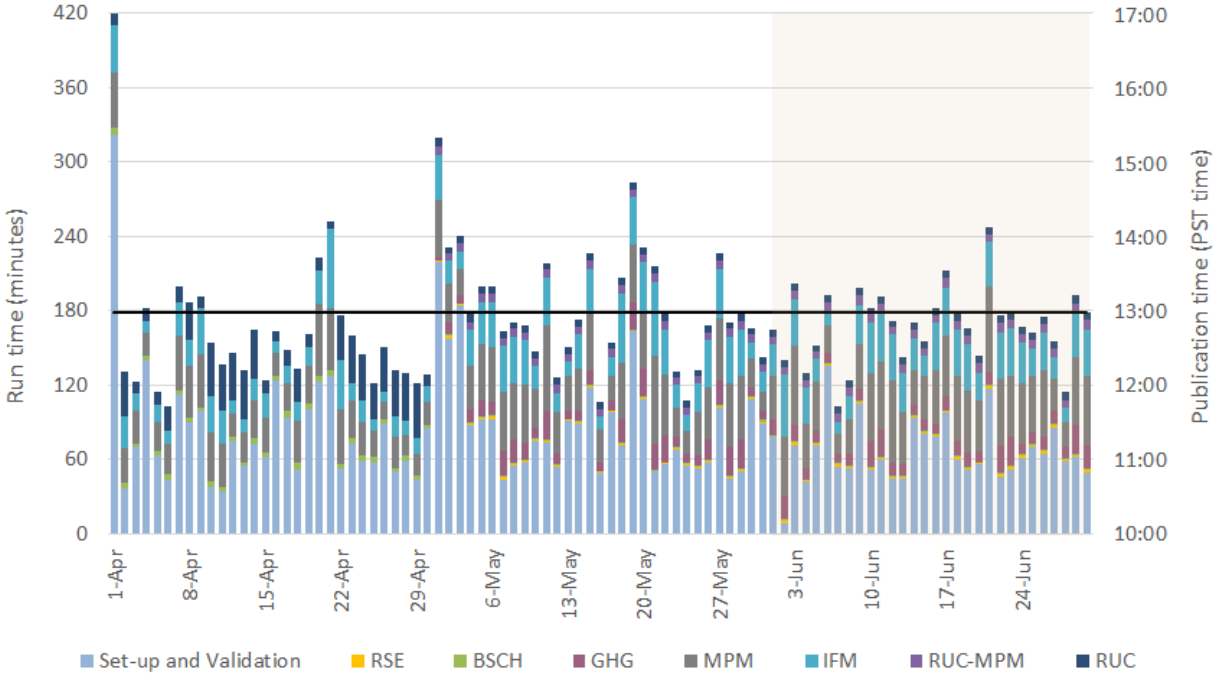
The extended day-ahead market was successfully launched on May 1, 2026

- The extended day-ahead market (EDAM) footprint consists of ISO, PacifiCorp East and PacifiCorp West balancing authority areas.
- Concurrent with EDAM, a suite of new market features were implemented as part of the day-ahead market enhancements (DAME).
- There are two new market products: imbalance reserves up and down (IRU/IRD) and reliability capacity up and down (RCU/RCD).
- Additionally, the EDAM/DAME introduces the modelling for green-house-gas allocation and pricing
- 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:

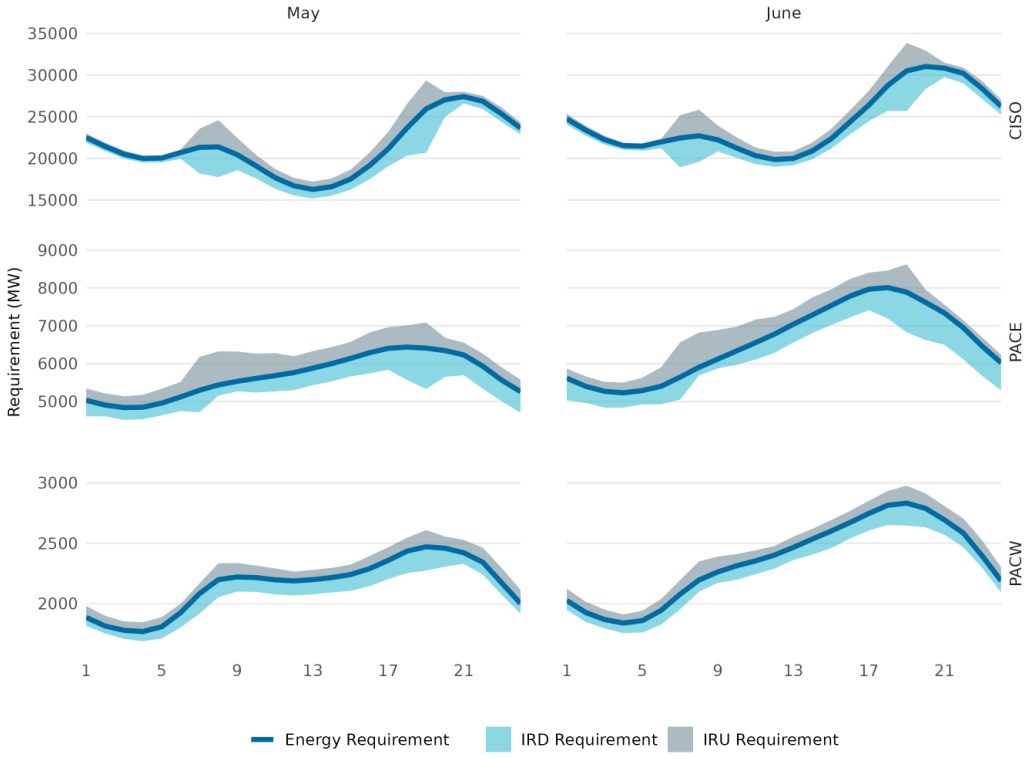
- solving for a larger and more complex system.
- clearing new market products.
- running additional processes.



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

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

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

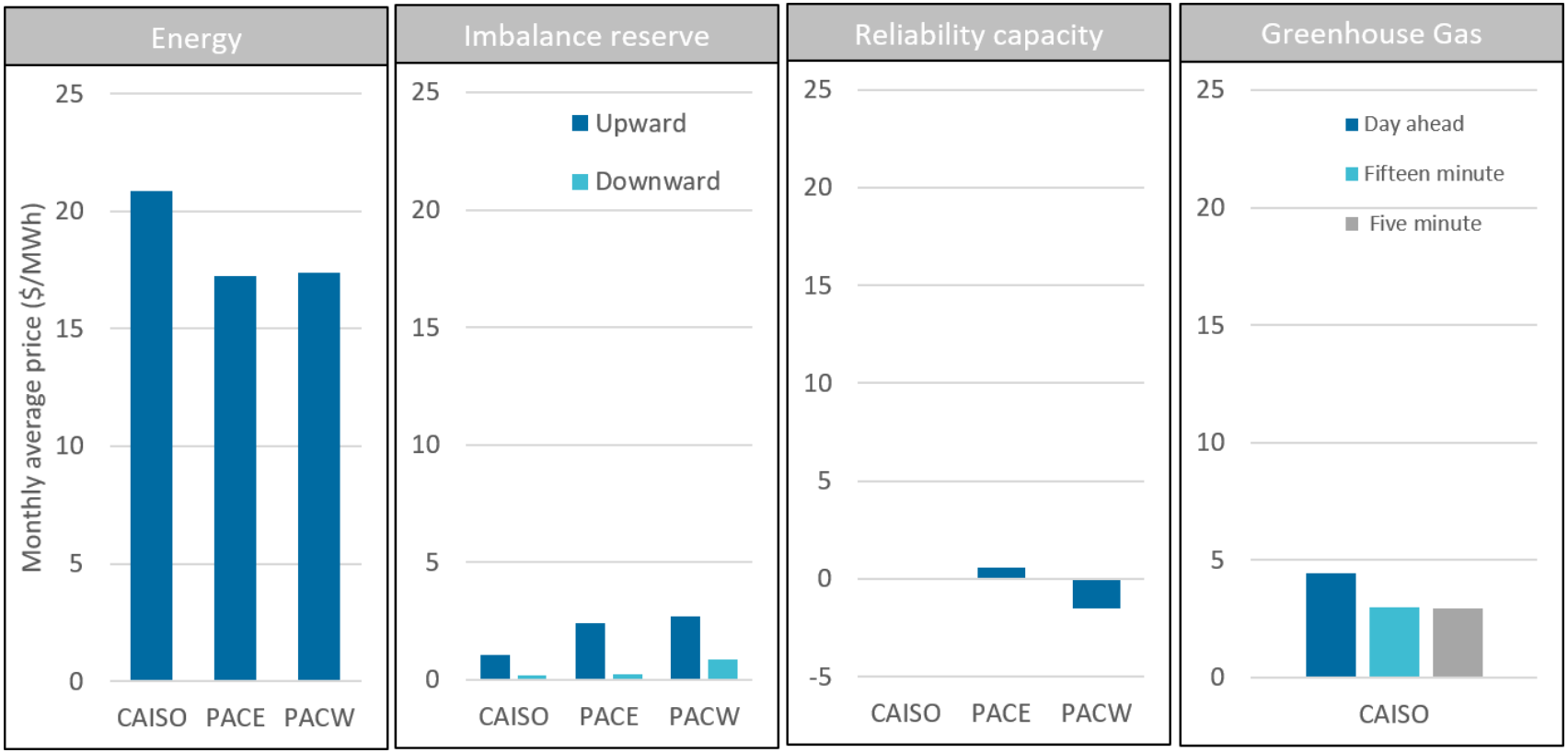


The extended day-ahead market includes a resource sufficiency evaluation

In June, the RSE was passed across all days and all hours by all BAAs except PACE failed a single hour on June 17

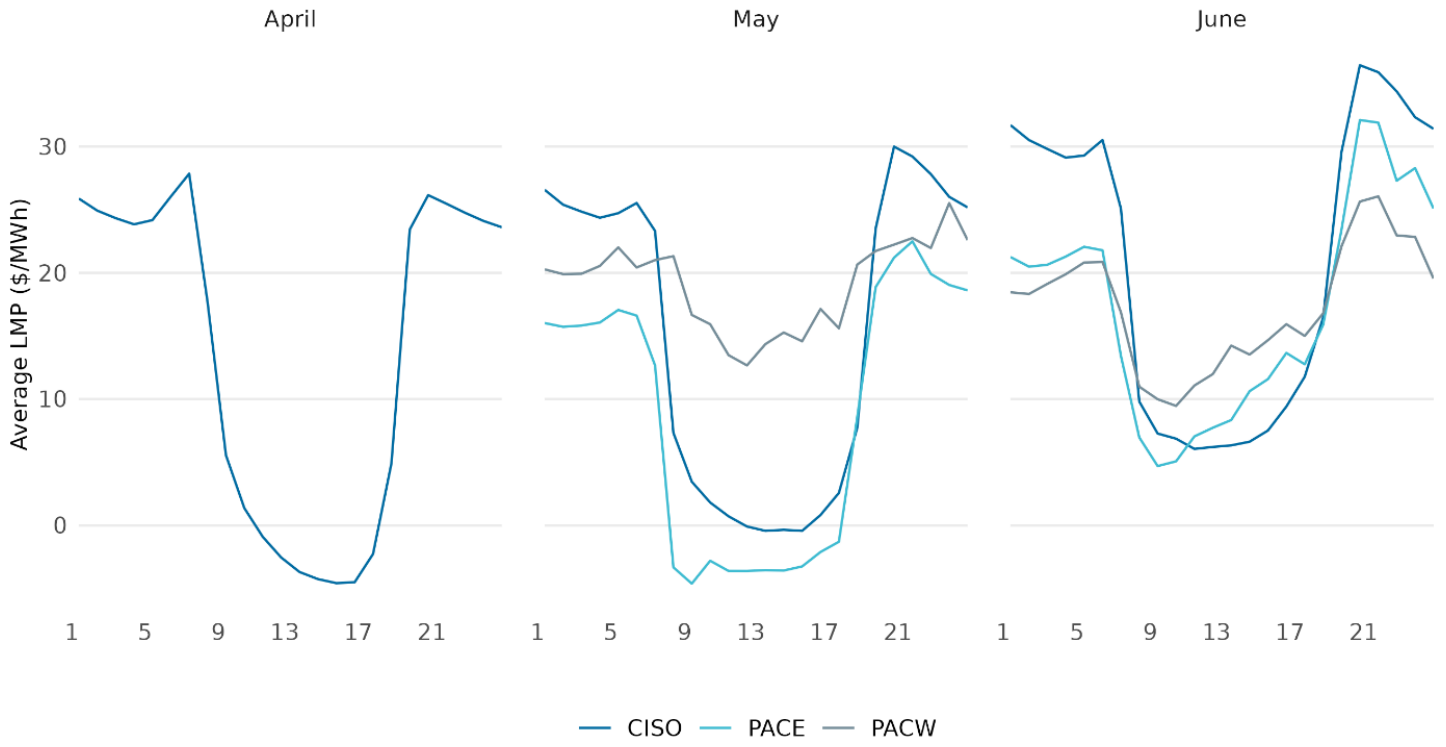
	IRU RSE Passing Rate (%)		*IRD RSE Passing Rate (%)*	
BAA	**May**	**June**	**May**	**June**
CAISO	100	100	100	100
PACE	100	99.86	100	100
PACW	98.92	100	99.87	100

Prices for all commodities are within expected economic ranges and seasonally consistent



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

Energy prices rose in June, consistent with typical daily load patterns entering into summer conditions



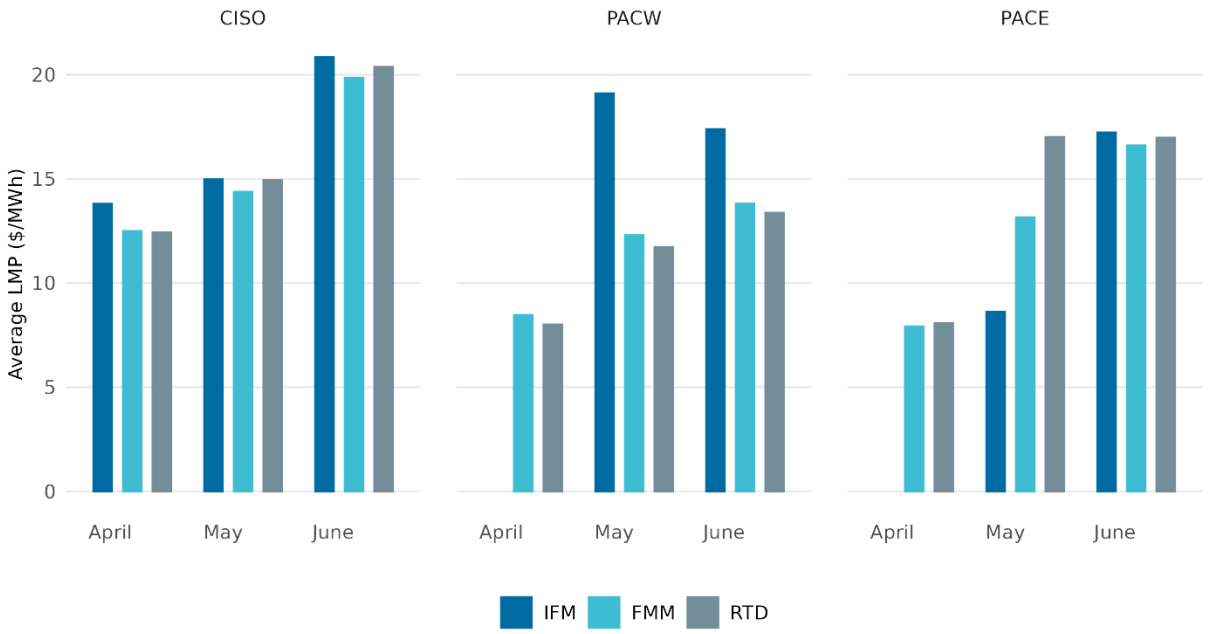
Prices in June still showed some regional separation, but the spread was generally tighter than May, especially during solar hours.

The ISO area exhibited higher prices during peak hours.

PAC, particularly PACE, saw improvements in price convergence from day-ahead to real-time in June

On average in June,

- prices in day-ahead and real-time tracked closely in CAISO area
- day-ahead prices were higher than real-time prices in PACW
- prices in day-ahead and real-time tracked closely in PACE



Price volatility in June was relatively low compared to May, as the market settled into new functionality and processes

External bilateral indices appear largely unaffected by EDAM implementation

- Bilateral prices generally tracked the day-ahead market prices
- Closer tracking of bilateral prices to CAISO area prices
- Daily volume and monthly volume of power traded in bilateral markets did not have any material changes in May or June, both for on-peak and off-peak

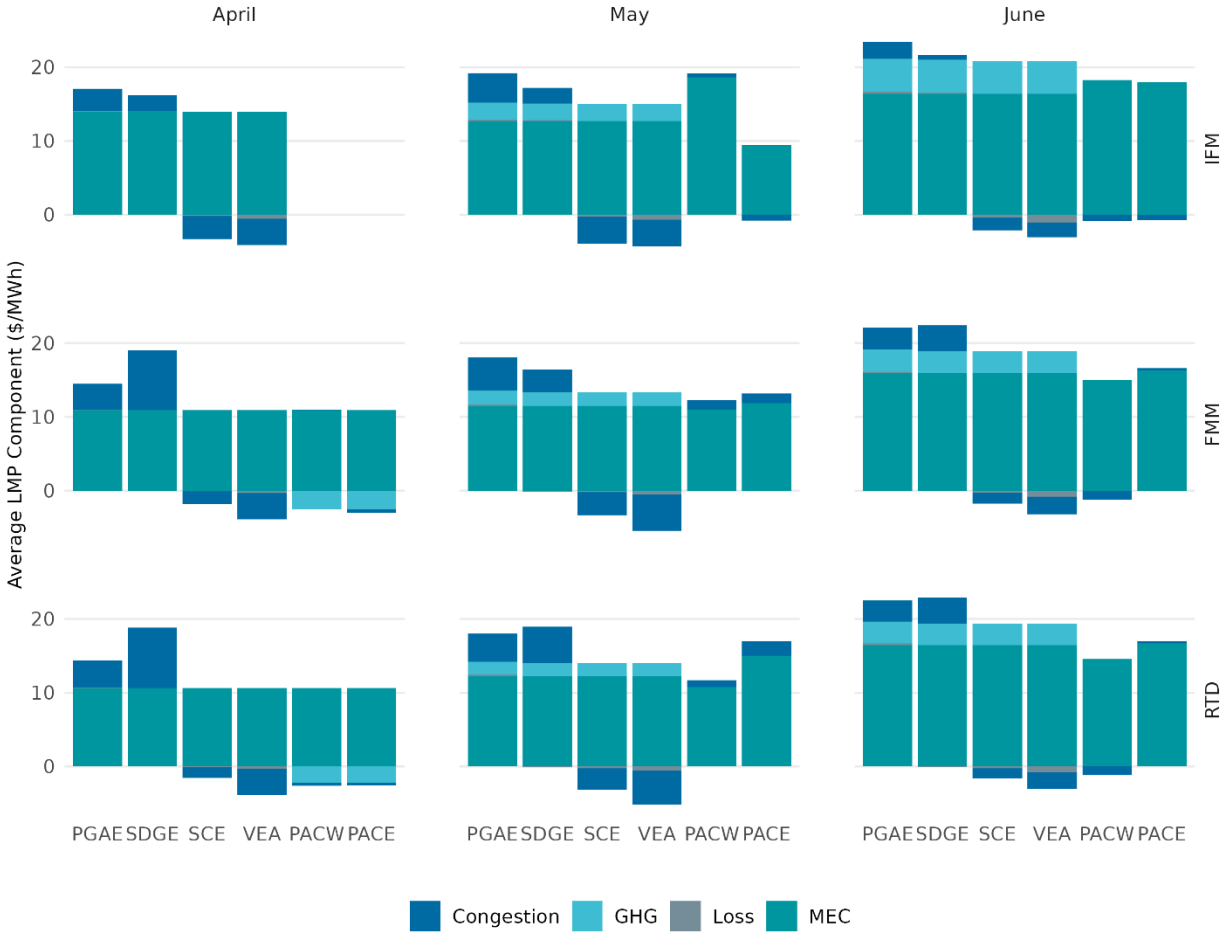
Aside from price formation changes, EDAM had no significant impact on the LMPs composition

Before EDAM,

- System-level MEC (SMEC)
- GHG costs imbedded in SMEC and subtracted from non-California BAAs

With EDAM,

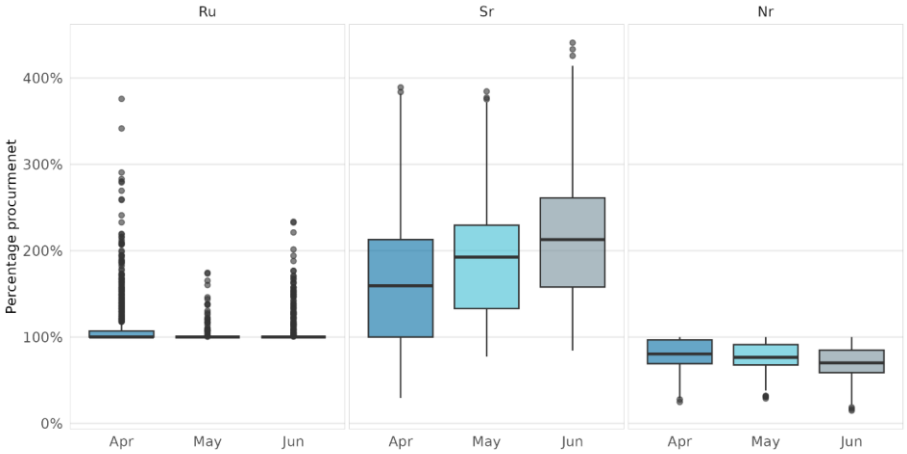
- MEC is calculated for each BAA
- GHG costs added only for GHG regulation areas

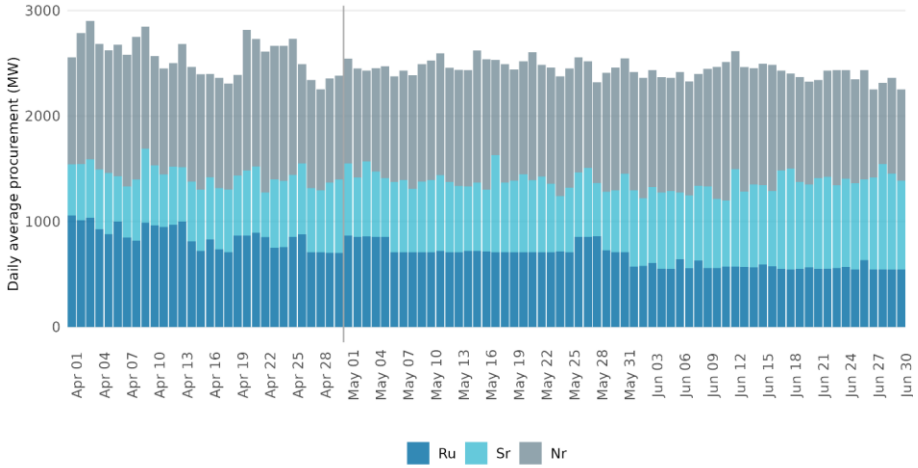


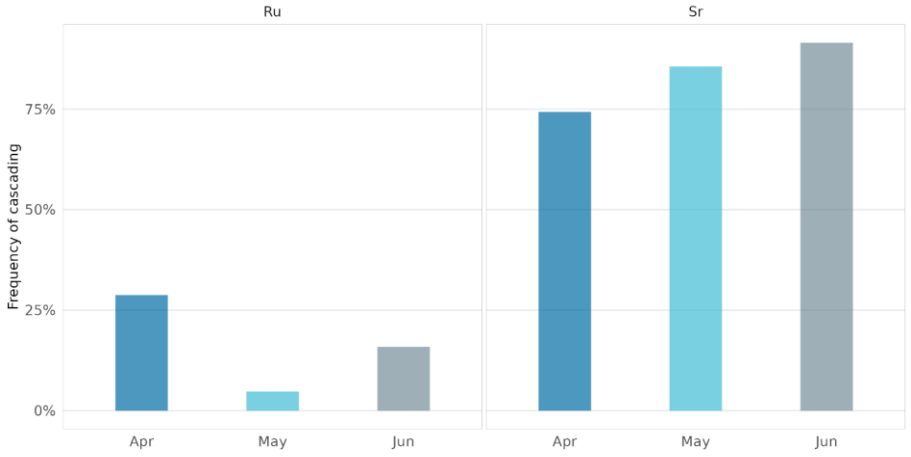
Changes in the congestion component are consistent with prior years

The frequency of AS cascading increased in June

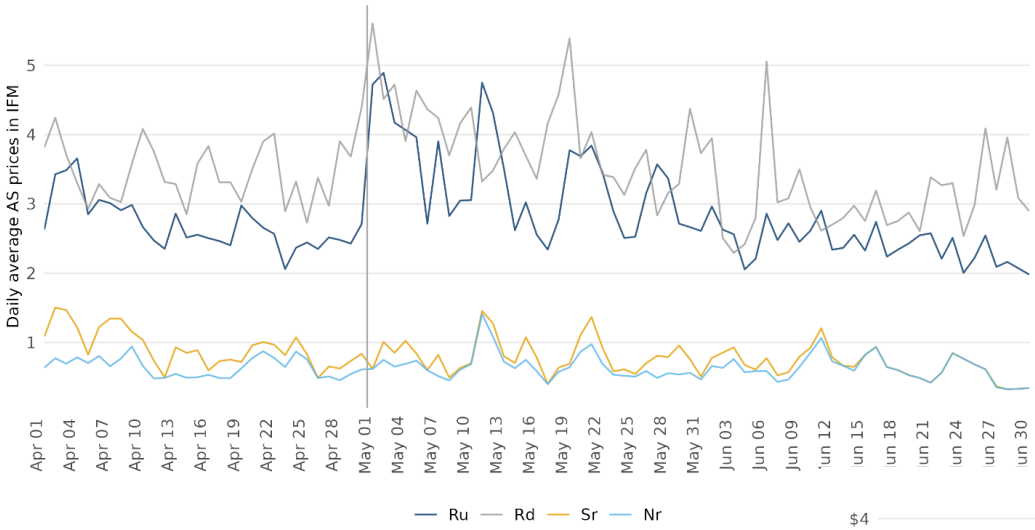
- The frequency of cascading in regulation up decreased from 28.8% in April to 4.7% in May and increased to 15.8% in June.
- The frequency of cascading in spin increased from 74.3% in April to 85.6% in May and 91.5% in June





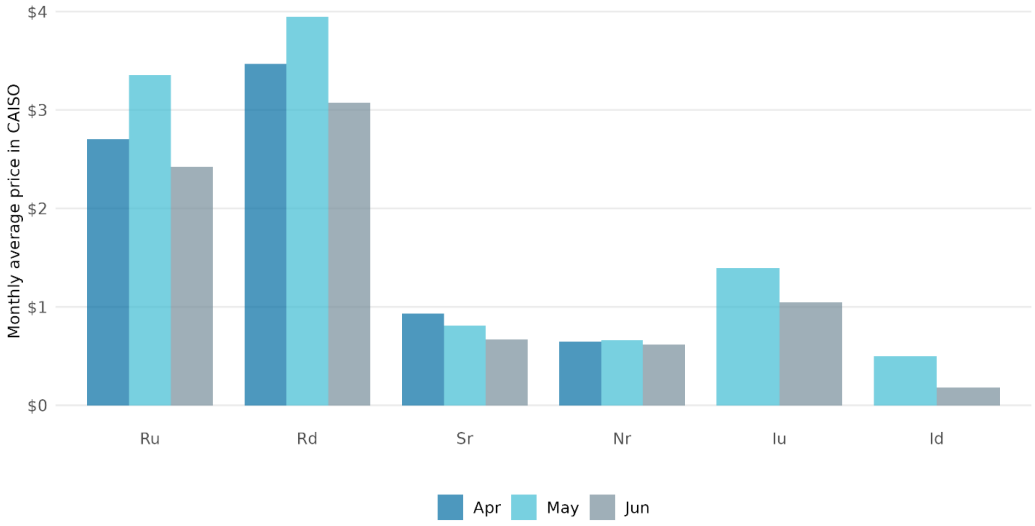


AS prices remained within typical ranges for all commodities in June.



Average regulation up and down prices showed slight increase in May and trended downward in June. Spin and Non-spin prices remained in similar ranges.

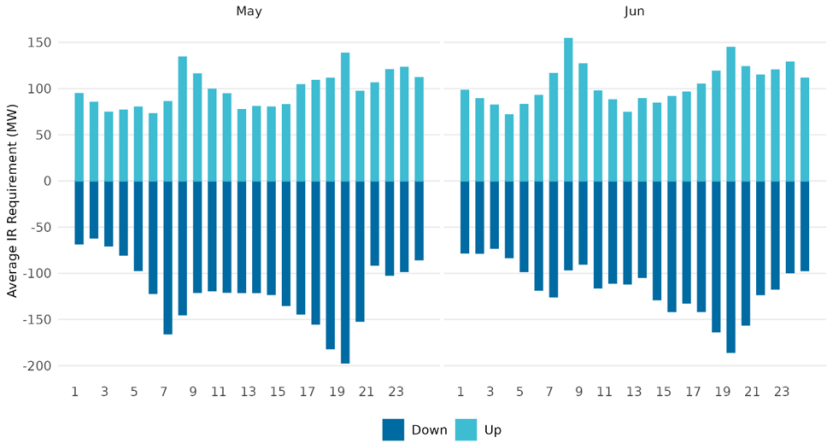
Average price of imbalance reserve up fell between average prices of regulation up and spin.



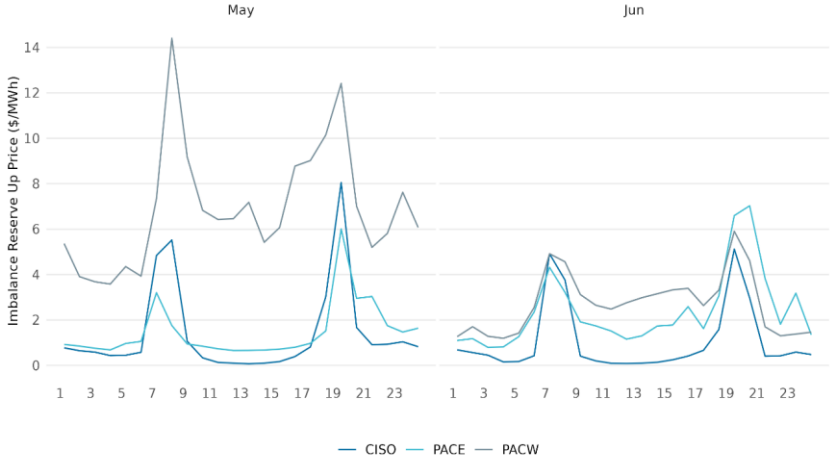
Imbalance reserve prices trended along with requirements

- Requirement levels vary according to area size, which were similar in May and June
- Prices follow the pattern of higher requirements in the morning and evening peaks

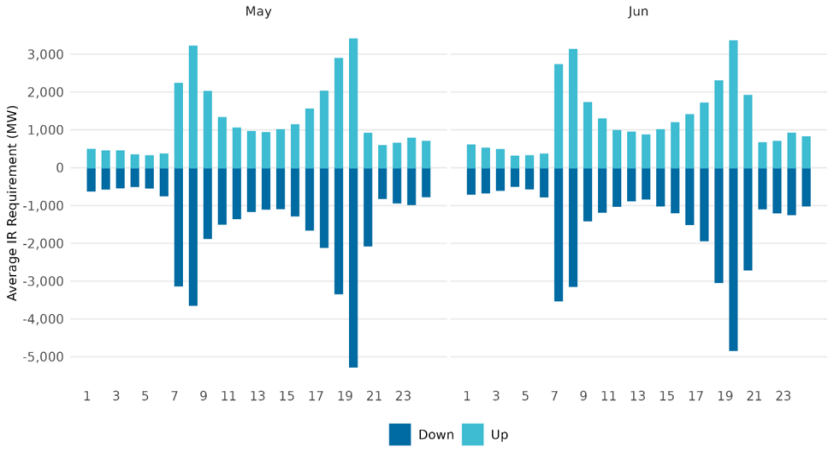
IR requirements for PACW



IRU Prices



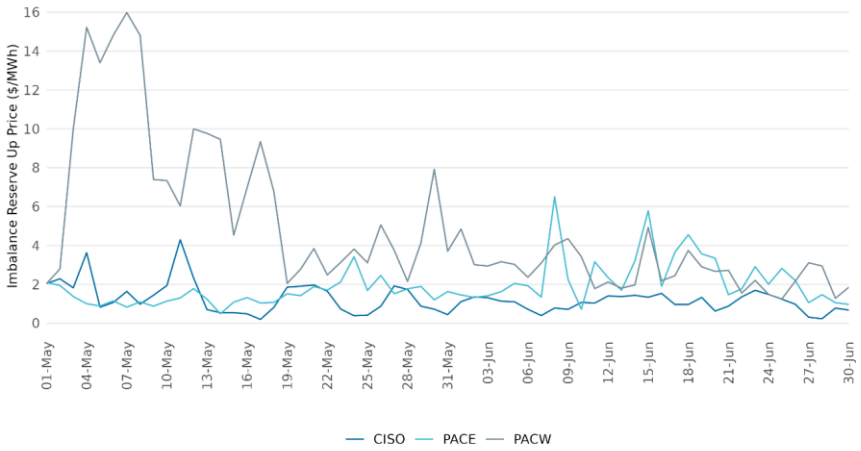
IR requirements for CAISO



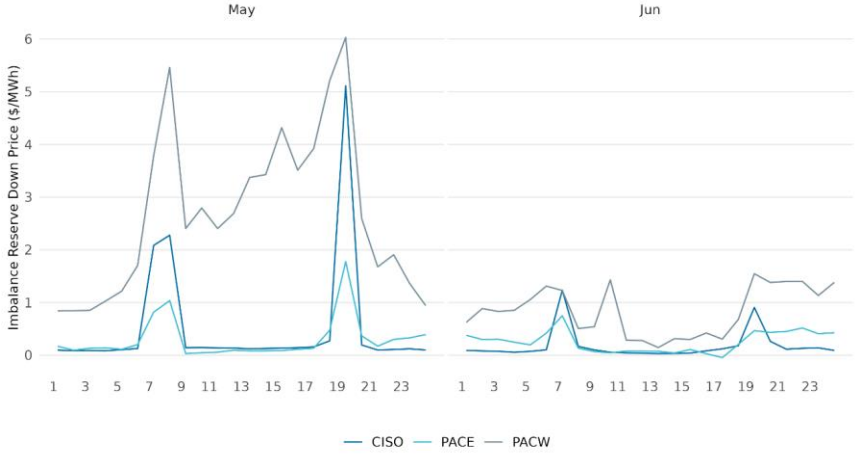
Imbalance reserve prices were more stable and lower in June

- IRU prices were higher than IRD as expected
- Prices separation between areas was lower in June, reflecting the economics of each area

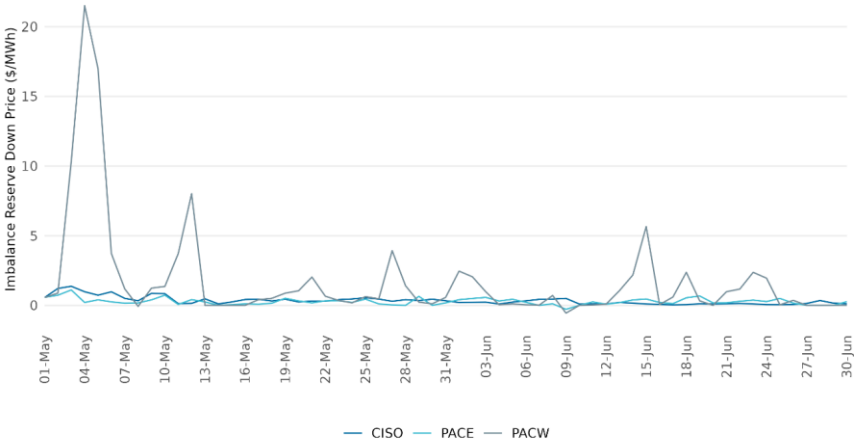
Imbalance Reserve Up (daily)



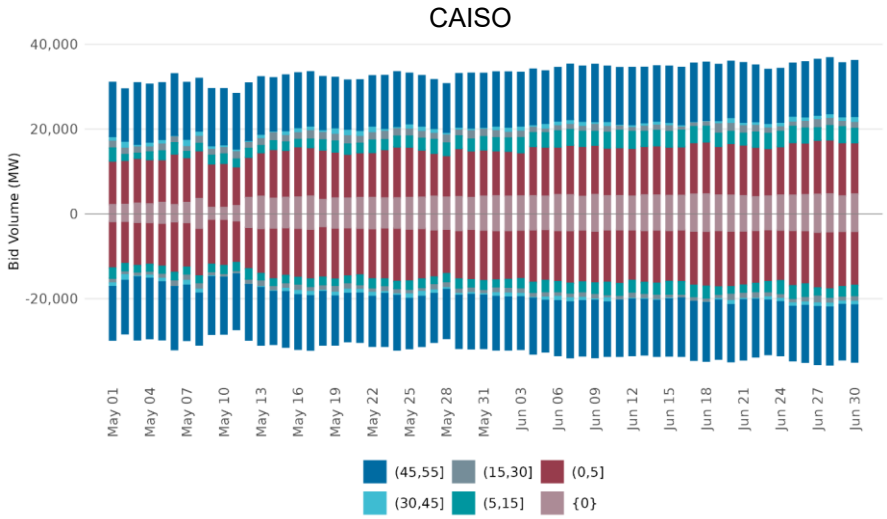
Imbalance Reserve Down (hourly)



Imbalance Reserve Down (daily)

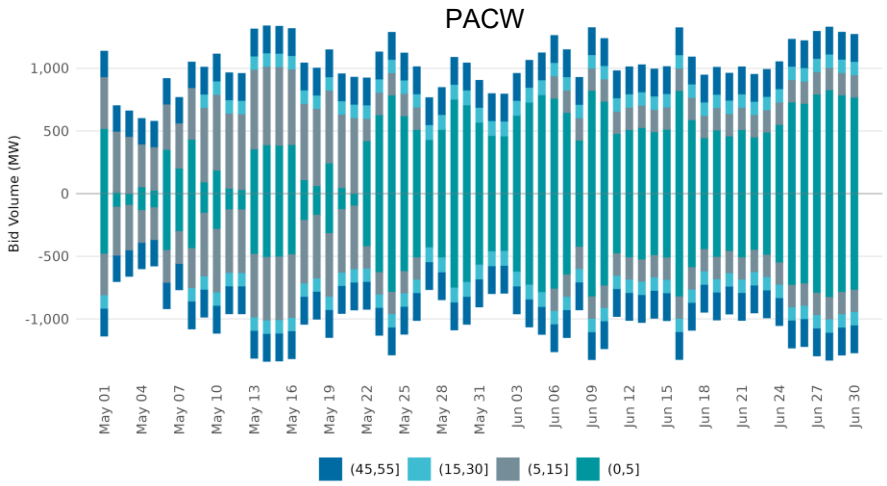


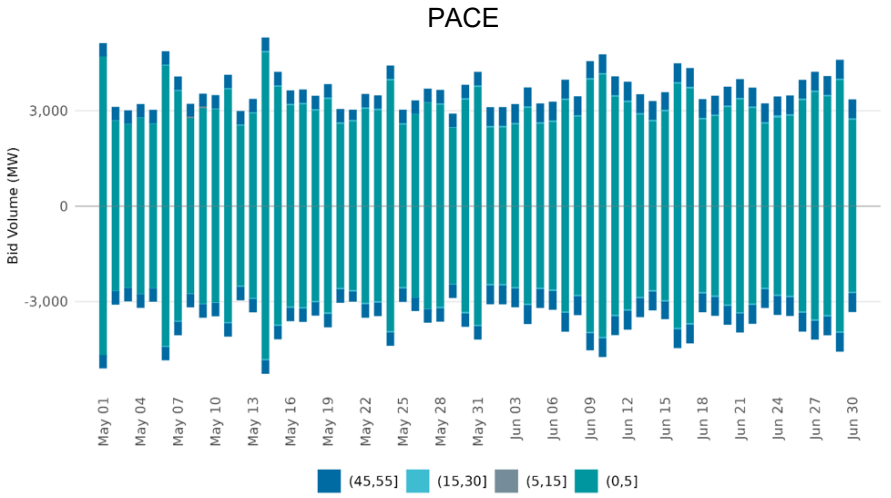
The bid volume of imbalance reserves remained stable with few variations in June depending on the area



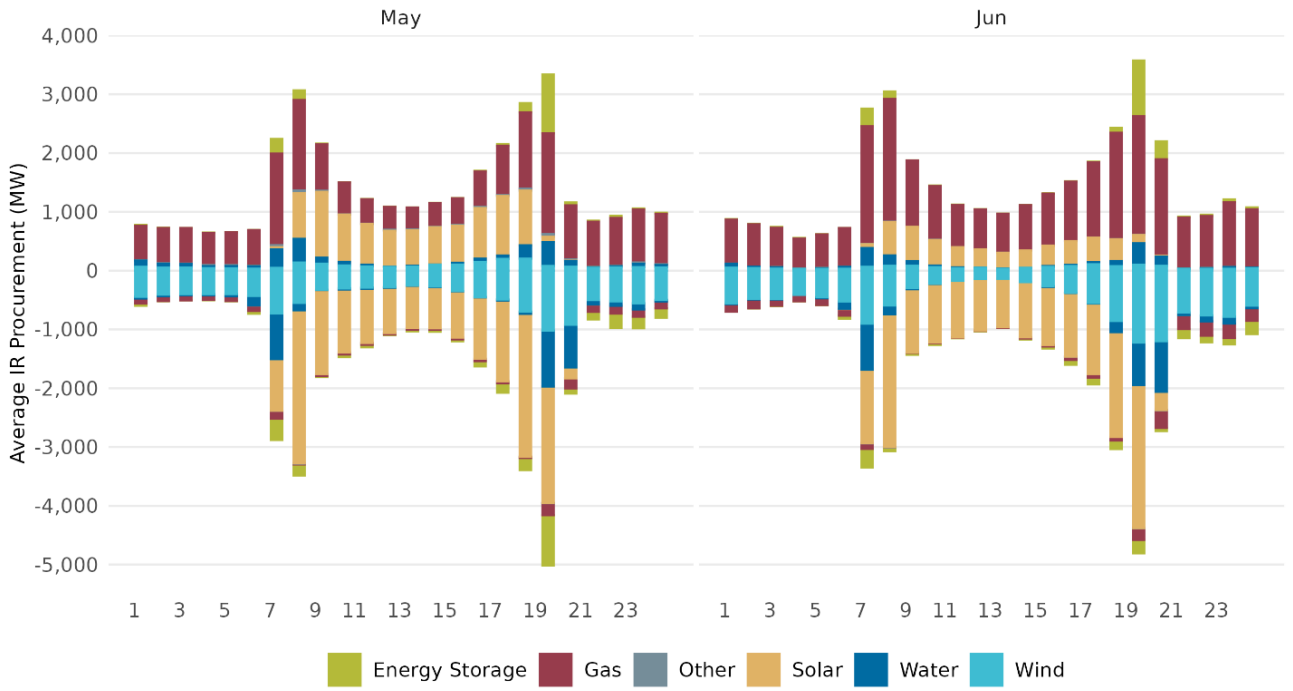
In the ISO area, the daily average bid volume and price ranges for imbalance reserve remained stable in May and June

PACE and PACW showed variations in both volumes and price ranges, and PACW shifted more bids into low-price ranges





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

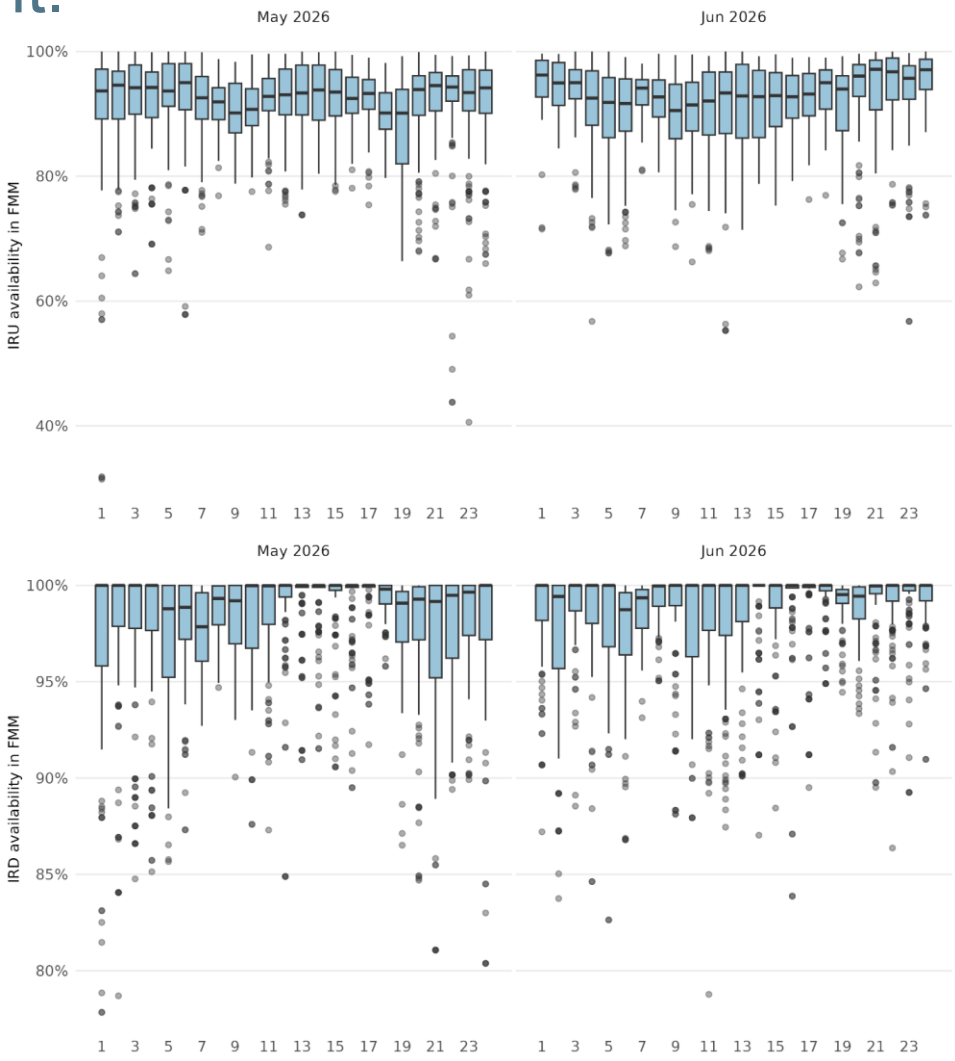


In the ISO area, gas followed by solar was the primary supply supporting imbalance reserves. Storage resource provide minimal capacity in peak hours.

In the PACE area, coal complemented with transfers were the main sources of imbalance reserves, while PACW was mainly supported by transfers and hydro.

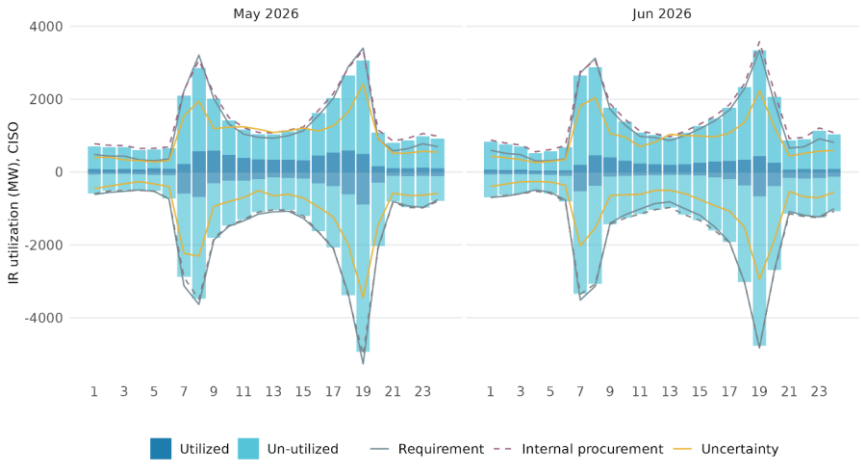
Real-time IR capacity availability generally aligns with day-ahead IR procurement.

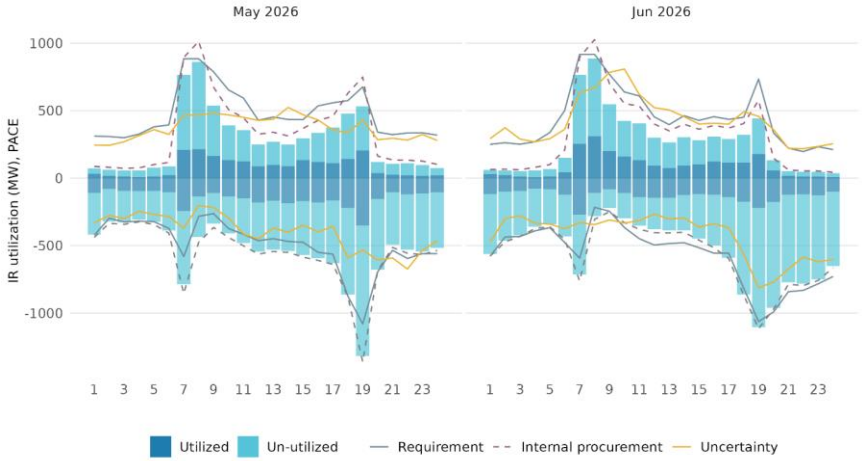
- Availability is measured as the real time available capacity corresponding to IR awards in the EDAM footprint, expressed as a percentage of imbalance reserve procurement
- In the upward direction, over 80% of IR capacity has been made available.
- In the downward direction, the availability exceeds 95% majority of the time.

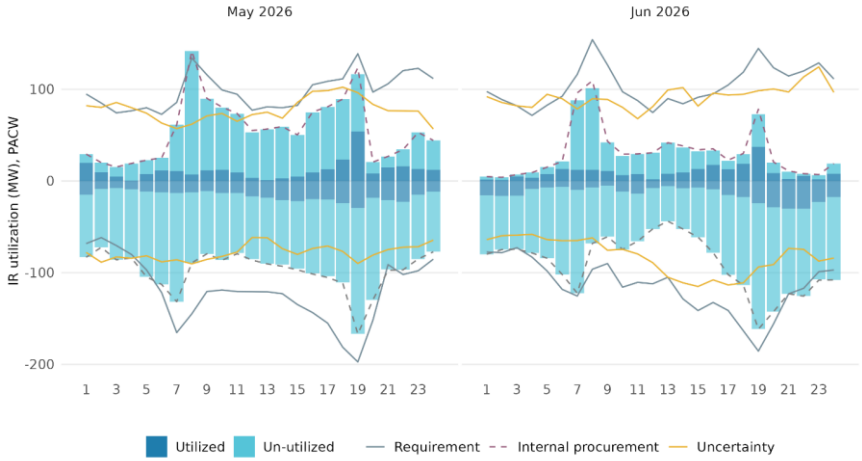


IR utilized capacity is relatively small comparing to realized net load uncertainty

- Average IR utilization has been relatively small comparing to net load uncertainty and availability in both directions.
- The net load uncertainty is filled by other resources in the system.

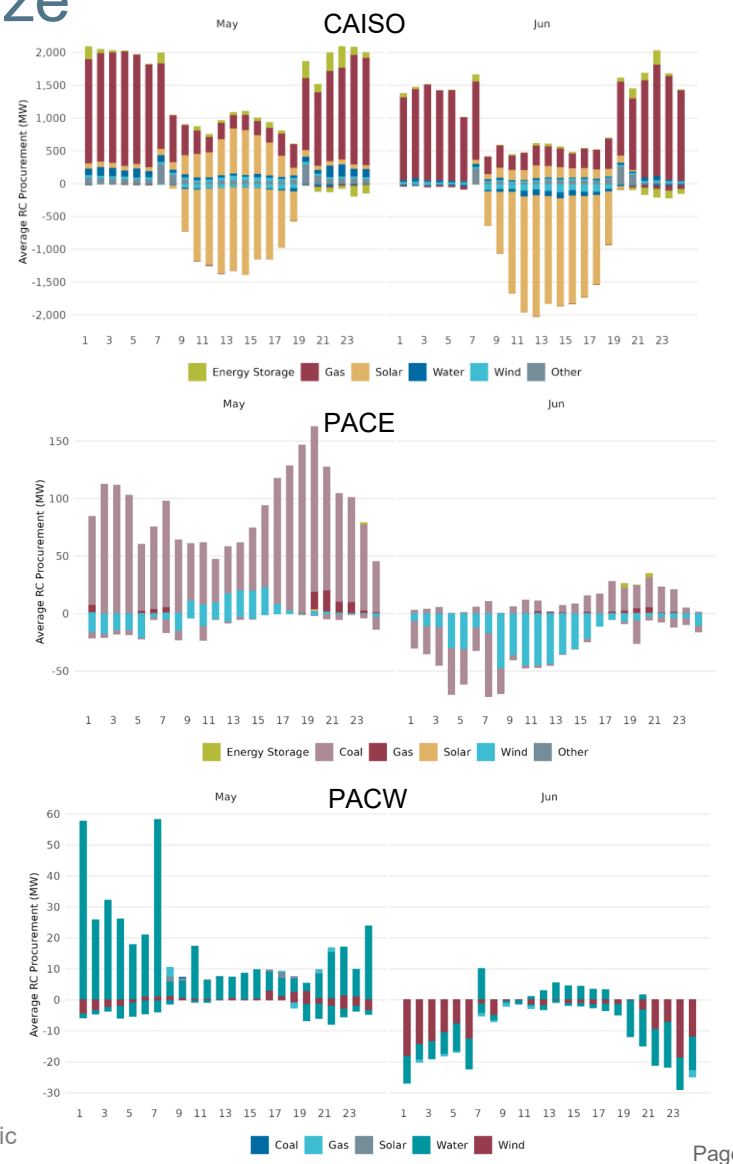






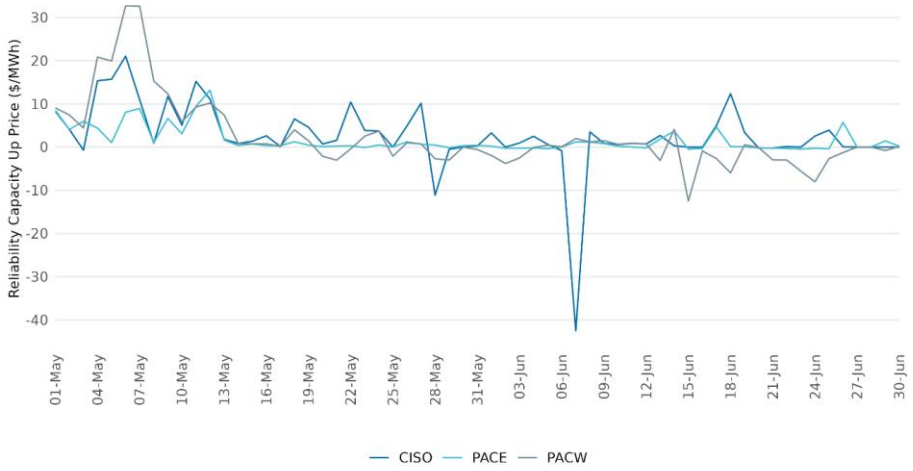
The level of reliability capacity procured varies largely by area given their corresponding size

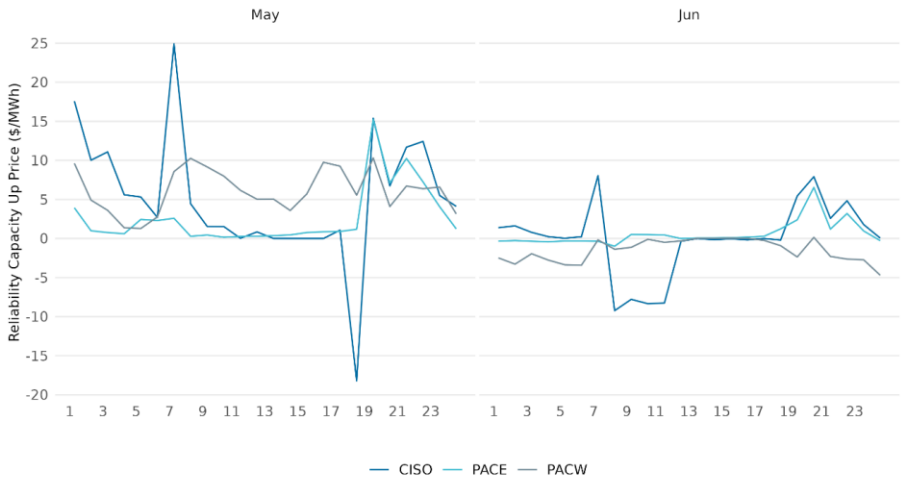
- Reliability capacity is procured for the difference between the area's load forecast and physical supply cleared in the IFM
- Underbidding of demand in IFM market leads to higher upward capacity procurement
- CAISO procurement cleared in June has similar pattern with May. PAC areas show a different pattern in June



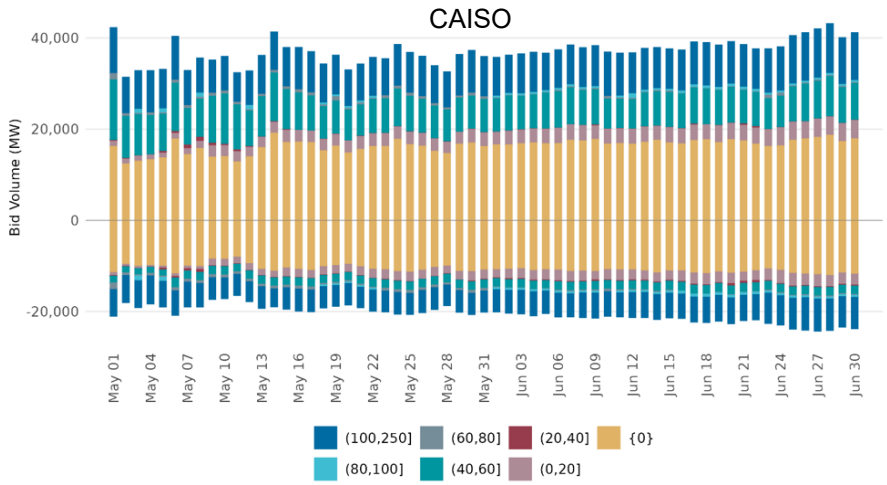
Reliability capacity prices trended in line with procurement

- Prices were lower in June compared to May, but were still volatile for CAISO and PACW
- Prices were generally highest during the morning and evening peaks
- Prices are close to zero most of the time and may rise to about $55 under tighter supply conditions
- Like energy, reliability capacity prices exhibit regional price separation



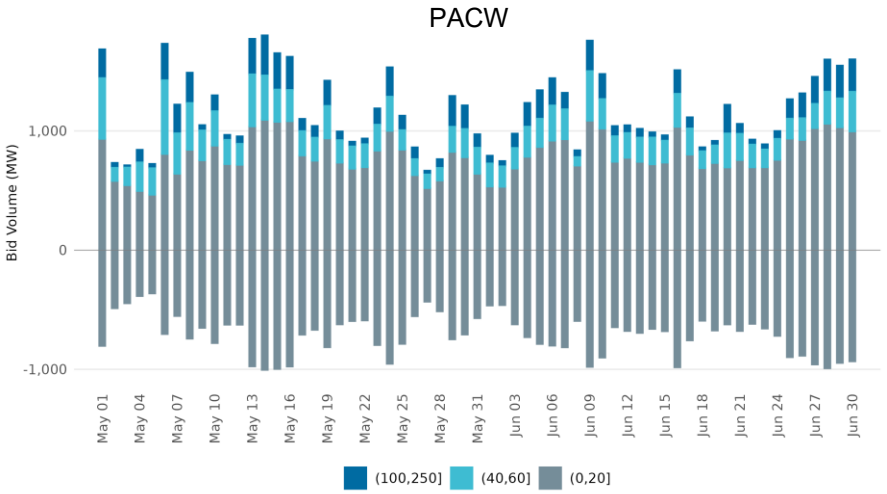


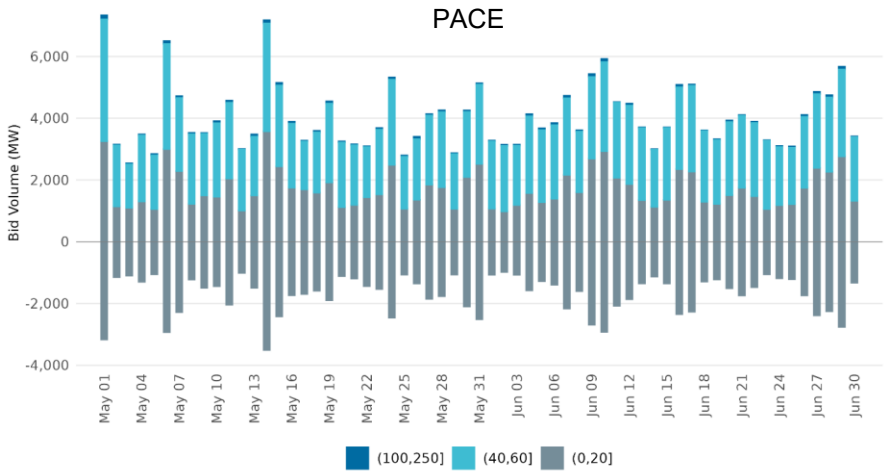
The bid volume of reliability capacity remained stable with few variations in June depending on the area



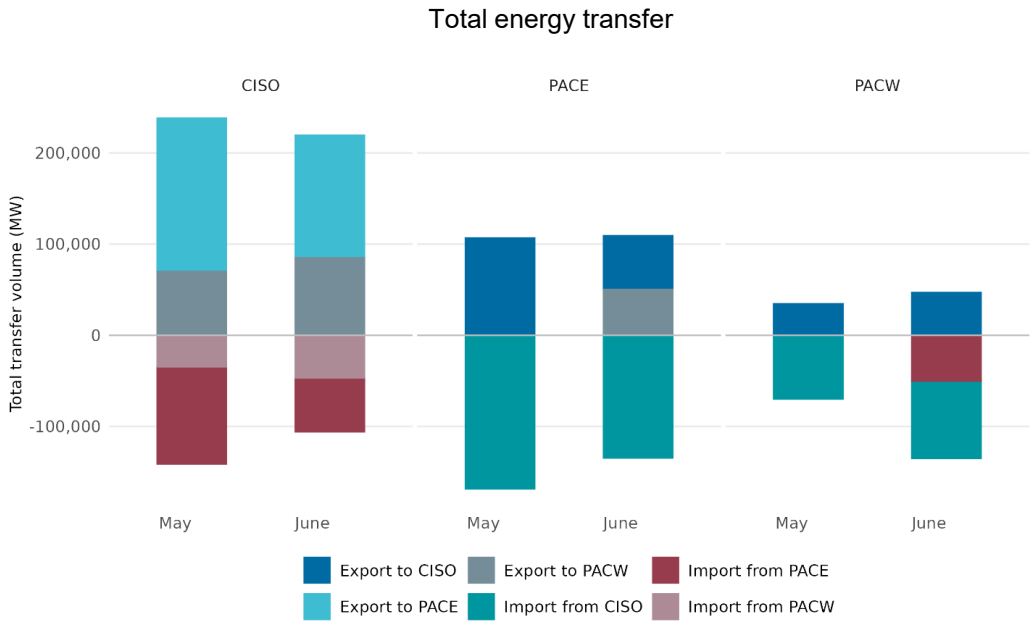
The volume of supply for upward and downward capacity is asymmetrical

PAC areas show more variations in volume than CAISO





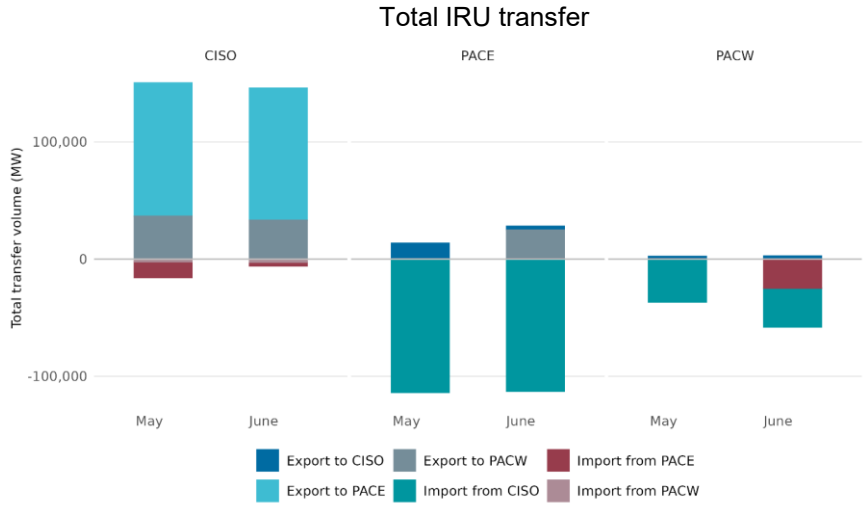
Transfer capability available among areas is enabling the economics of the larger market footprint

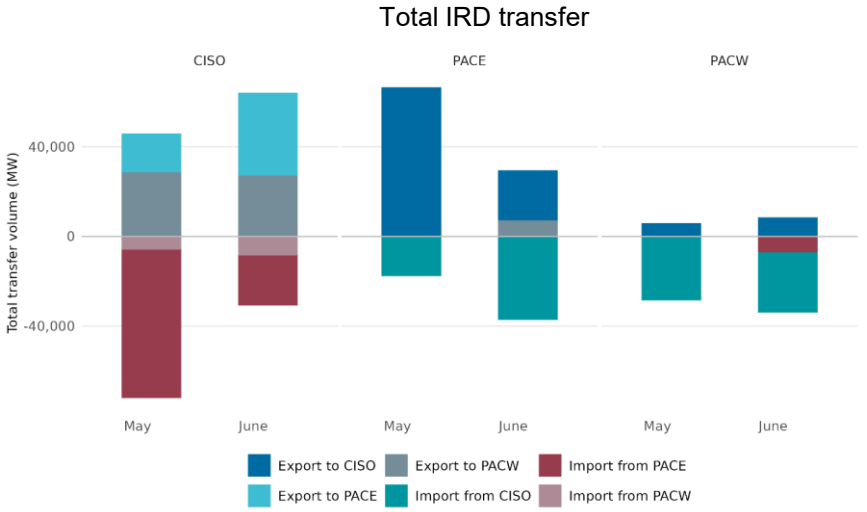


For the ISO, the total energy transfer volumes showed no significant changes between May and June.

The direct energy transfer between PACW and PACE increased in June

The EDAM is also finding economic transfers for imbalance reserves for both directions



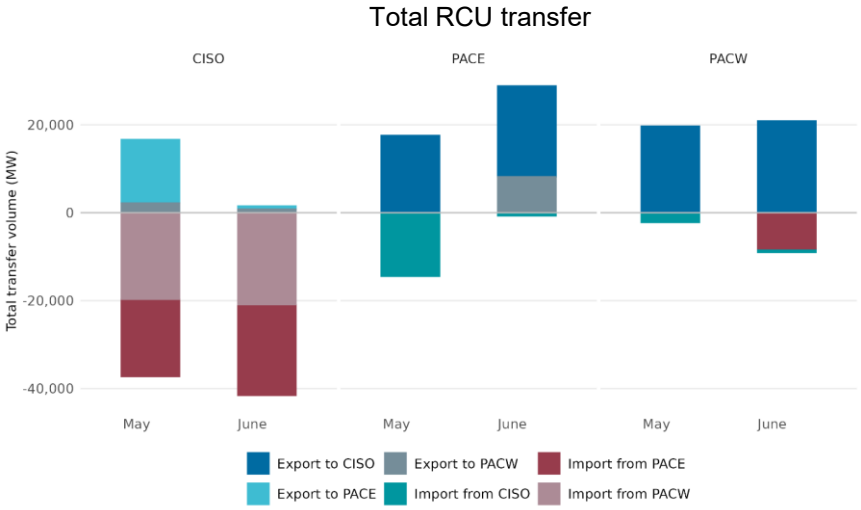


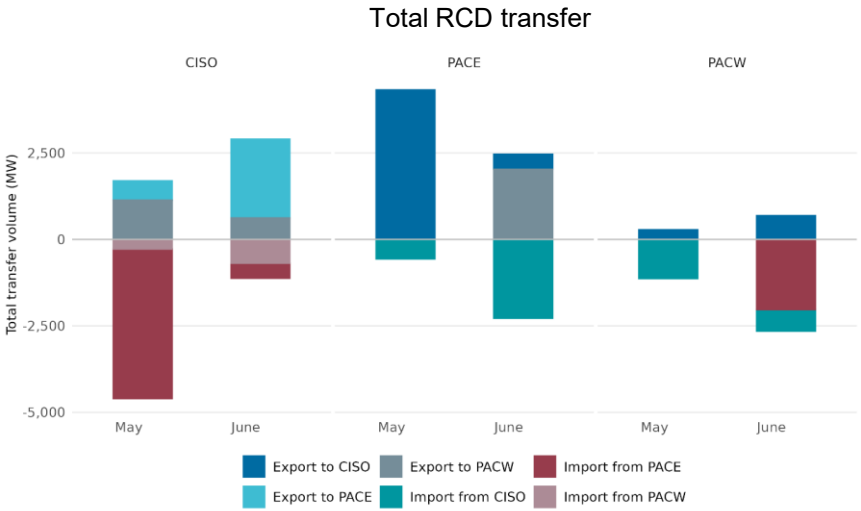
The total IRU transfer in June has similar pattern with May while IRD transfer shows variations.

The ISO exported (+) more IRD to PACE in June while imported (-) less from PACE

The PACW and PACE started to transfer imbalance reserves from each other in June

The EDAM also realized economic transfers for reliability capacity





The ISO exported (+) less and imported (-) more RCU in June. The ISO exported more and imported less RCD from PACE in June.

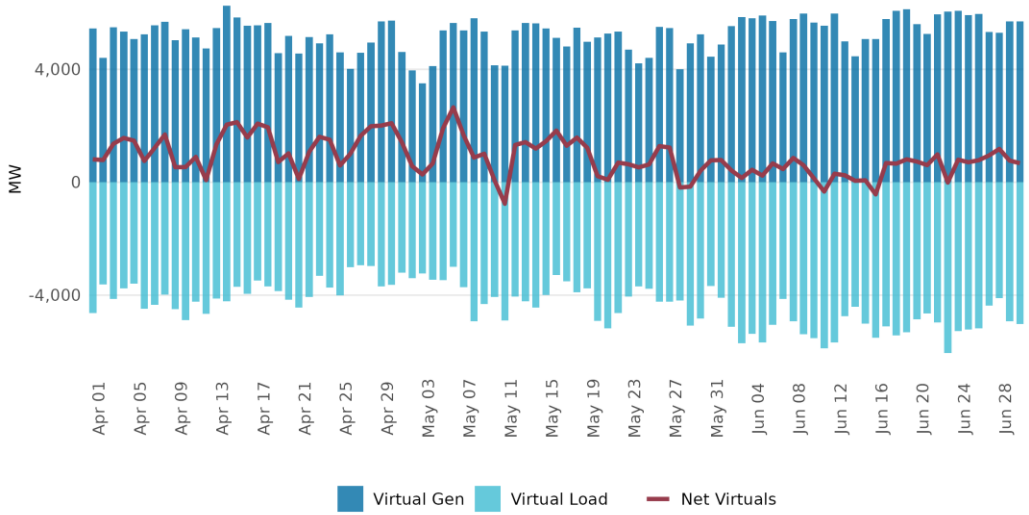
The PACE exported more to PACW and imported less RCU from the ISO in June. The PACE exported less RCD to the ISO while imported more RCD in June.

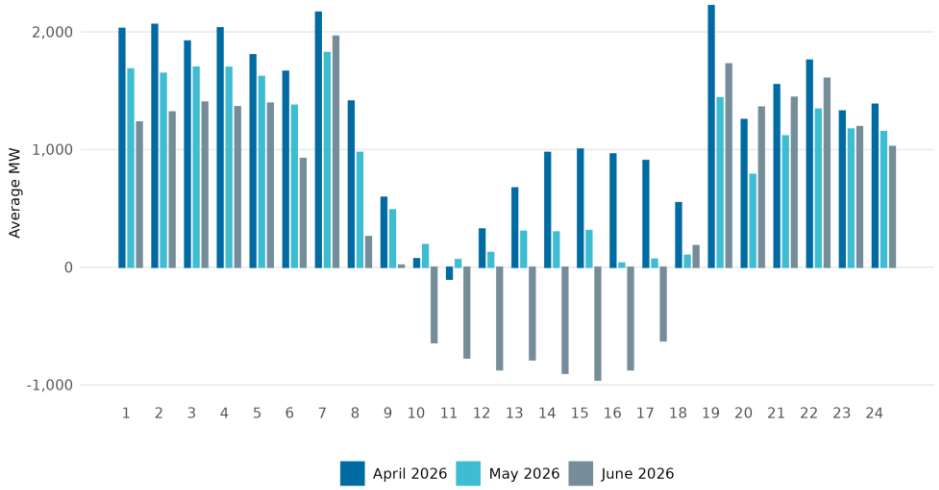
The PACW imported more RCU and RCD from PACE in June.

CAISO convergence bidding trends continue to follow seasonal patterns like prior years

Net virtual bids =

virtual gen – virtual load

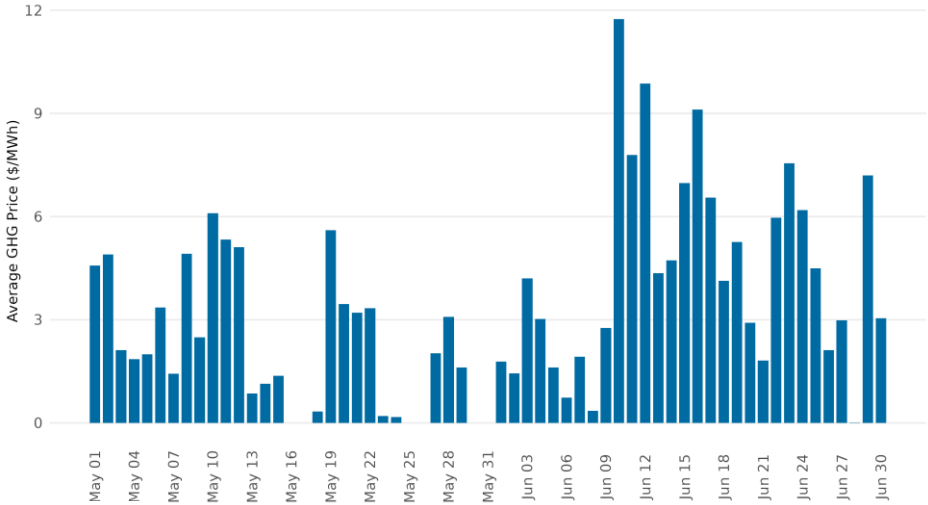


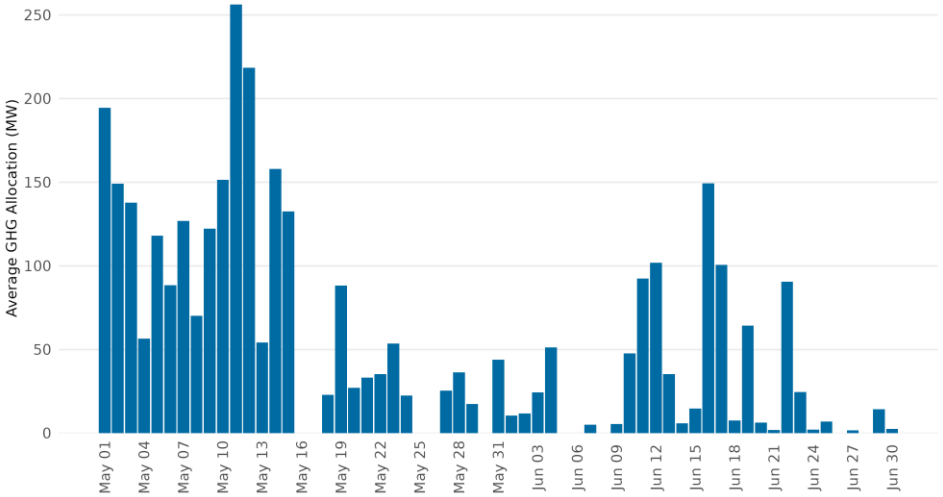


Trends in the net cleared virtual bids are consistent with April through June 2025

Daily average Greenhouse gas allocation reached a maximum of 149 MW on Jun 16

- Daily average GHG prices in June were generally higher than in May, with elevated prices during mid-June.



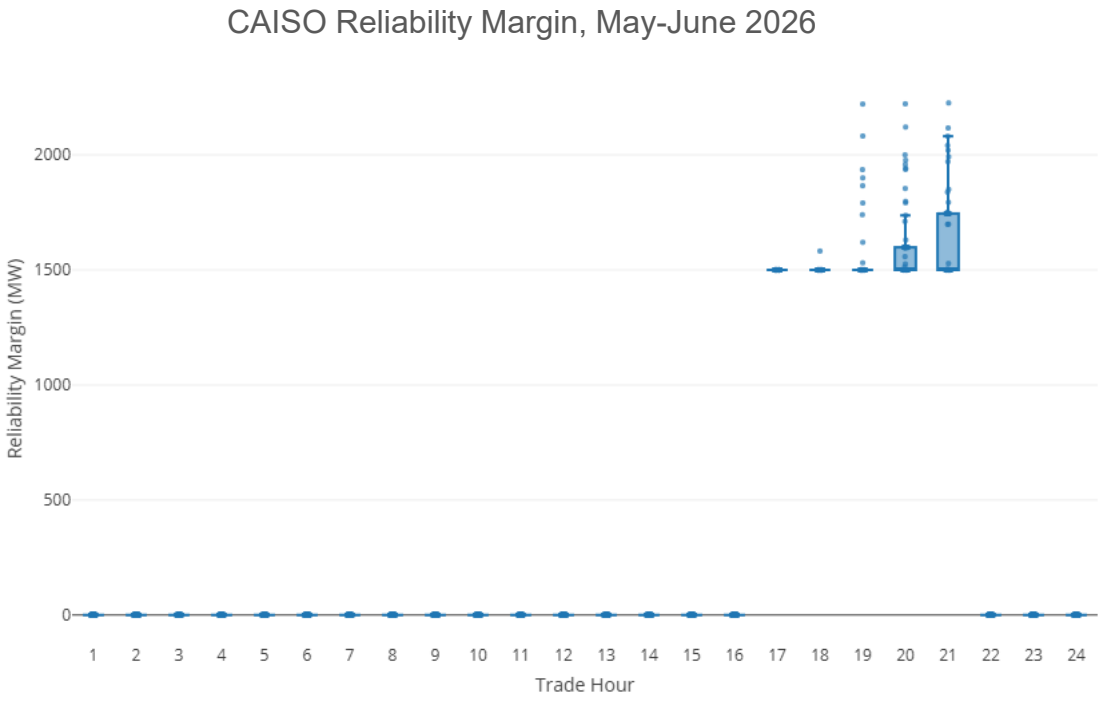


Daily average GHG allocations were lower overall in June than in May, with reduced allocations at the beginning and end of June.

EDAM net export constraint enforced on all days for CAISO area only

- The net export constraint is an optional tool for BAAs to limit their net transfer exports to their excess RSE-eligible capacity

- The constraint can be further tuned using a confidence factor for non-RSE eligible capacity and an additional reliability margin



The CAISO reliability margin is set based on the most severe single contingency

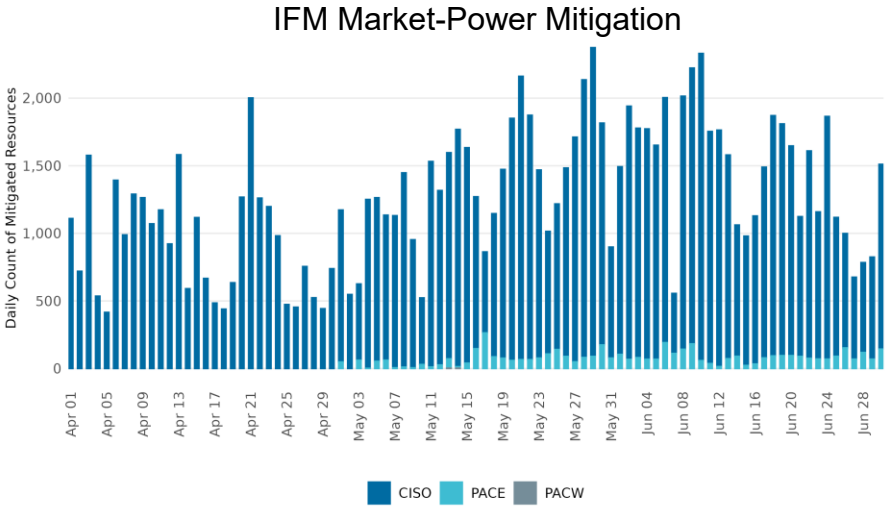
RUC load adjustments were applied to CAISO BAA on two days in June 2026

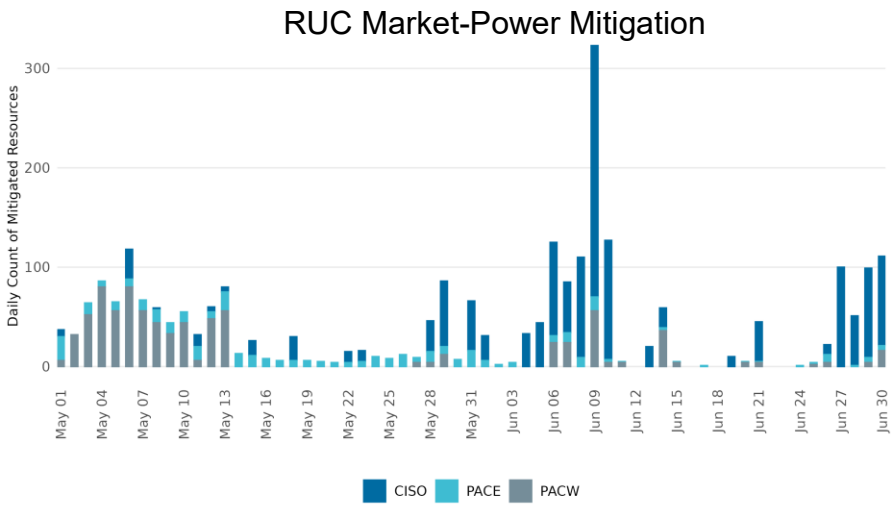
- RUC load adjustments are an optional adder to the load forecast in RUC to capture any additional operational concerns that may not be captured through the market

- The CAISO has laid out the conditions under which it will use the RUC load adjustments in the EDAM BPM based on the load forecast, cleared imbalance reserves, and other operational concerns

- RUC adjustments were applied for CAISO in 19 total hours across June 11 and June 12 up to a maximum of 810 MWs. No adjustments were made for other BAAs.

Relative to their fraction of EDAM resources, PAC resources were subject to mitigation less in IFM and more in RUC

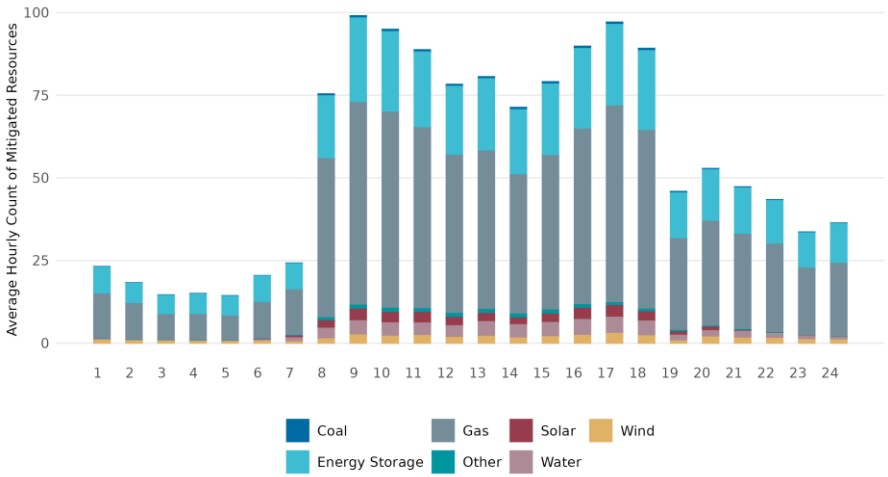




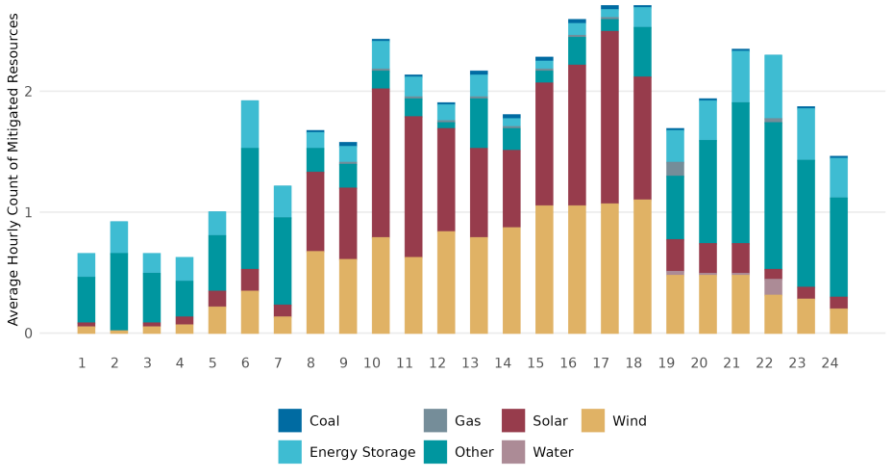
- ~91% of EDAM resources are in CAISO
- CAISO resources made up ~94.5% of IFM subject to mitigation
- CAISO, PACE, and PACW resources made up 55%, 14%, and 31% of RUC mitigation, respectively

The types resources subject to mitigation in RUC differed from those in IFM

IFM Market-Power Mitigation



RUC Market-Power Mitigation



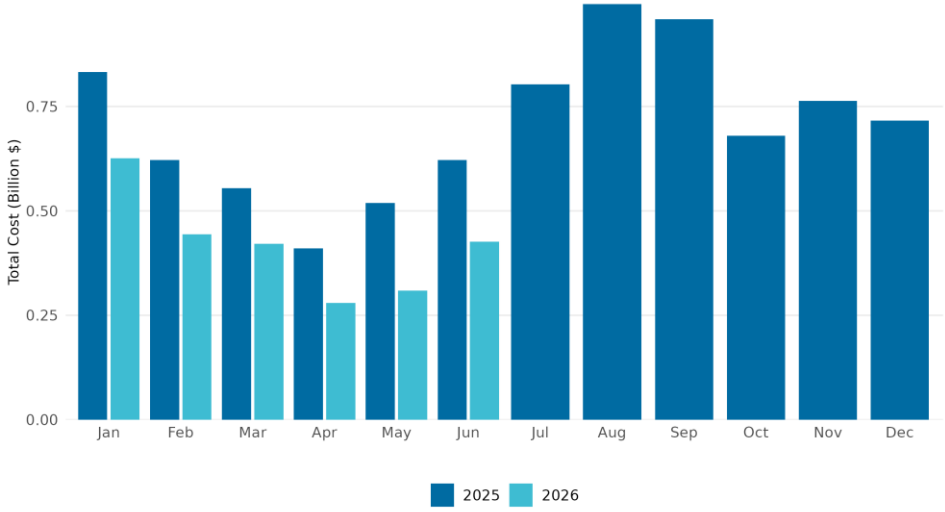
- Gas and energy storage resources made up most resources subject to mitigation in IFM
- Solar and wind resources were most resources subject to mitigation in RUC

Settlements data such as costs are derived from the first T+9BD cycle and is subject to adjustments

- The ISO is actively investigating several issues and disputes that may affect different settlements components as reflected in the T+9 calculations
- As these reviews are taking place, the ISO has and will continue to implement corrections and adjustments as needed
- These will be reflected in subsequent settlement recalculations, including at the T+70 true-up and future T+9 calculations
- The metrics provided in this monthly report about different costs are preliminary and subject to change
- Price corrections implemented within the 10BD window may not be reflected in this preliminary costs information

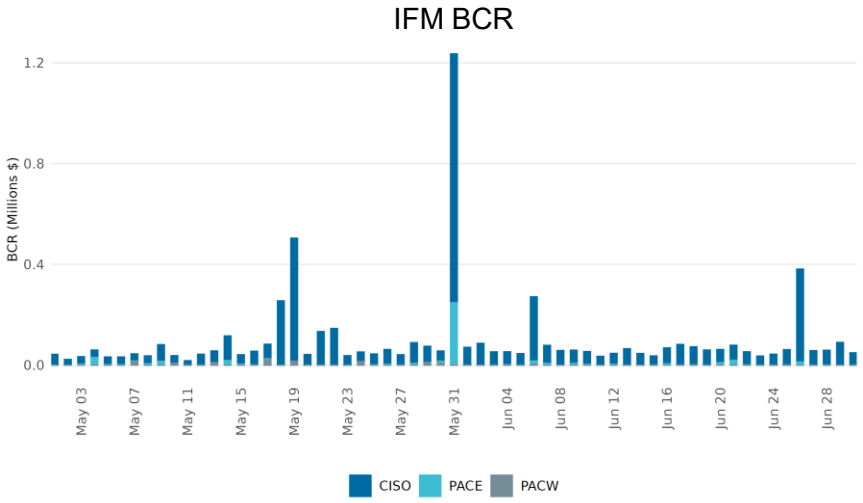
CAISO total market costs continue to follow seasonal and longer-term trends with no significant impact from EDAM

- Total costs increased in June, consistent with historical trends
- Costs in 2026 have been relatively low

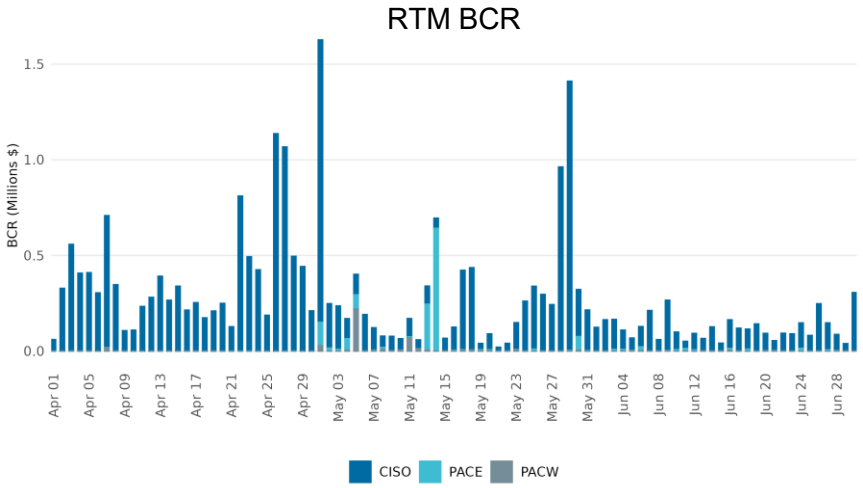


This metric includes cost for energy and AS from both day-ahead and real time markets, bid cost recovery, offsets and now the cost of imbalance reserves and reliability capacity

IFM BCR declined from May to June across all EDAM BAAs



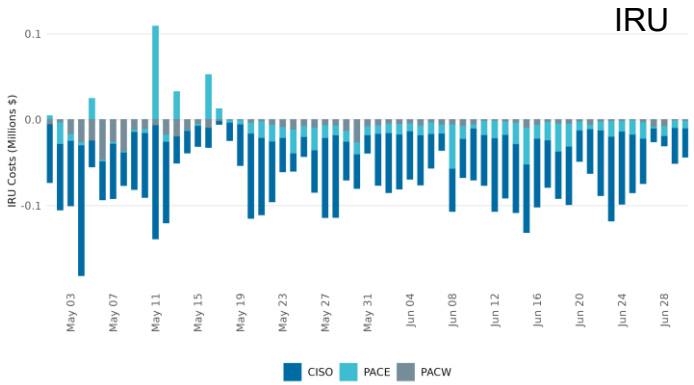
BCR (Million $)	IFM			RTM		
	April	May	June	April	May	June
CISO	1.64	3.15	2.21	11.65	8.24	3.56
PACE	-	0.36	0.11	0.0011	1.28	0.11
PACW	-	0.097	0.005	0.019	0.4	0.26

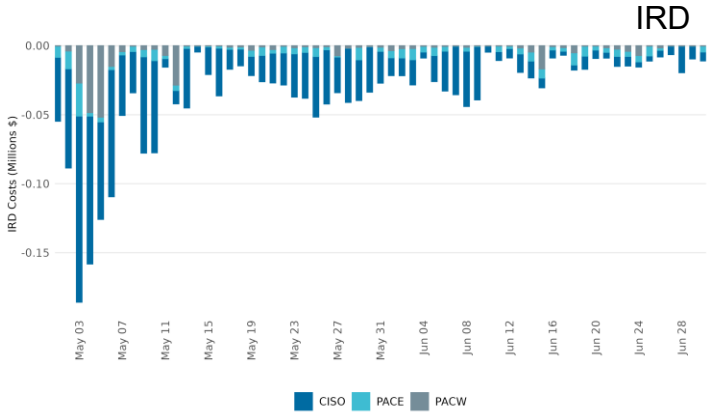


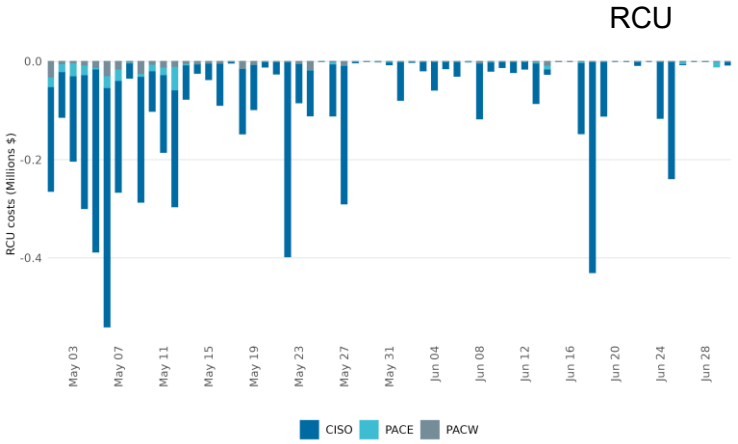
Data issues identified to impact the following trade dates:

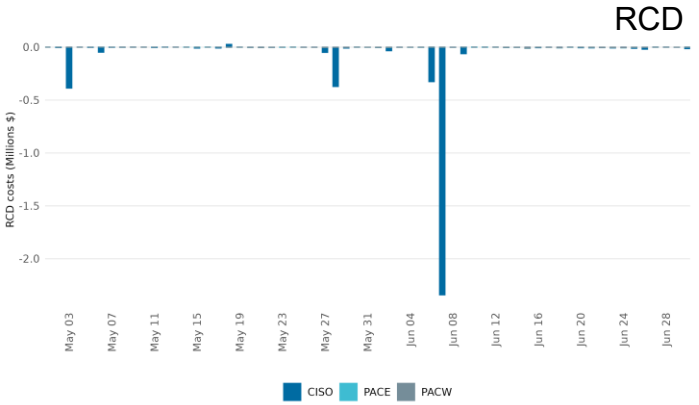
- IFM BCR: May 19th and 31st
- RTM BCR: May 1st and 29th

Procurement costs of Imbalance Reserves and Reliability Capacity see some change from May to June







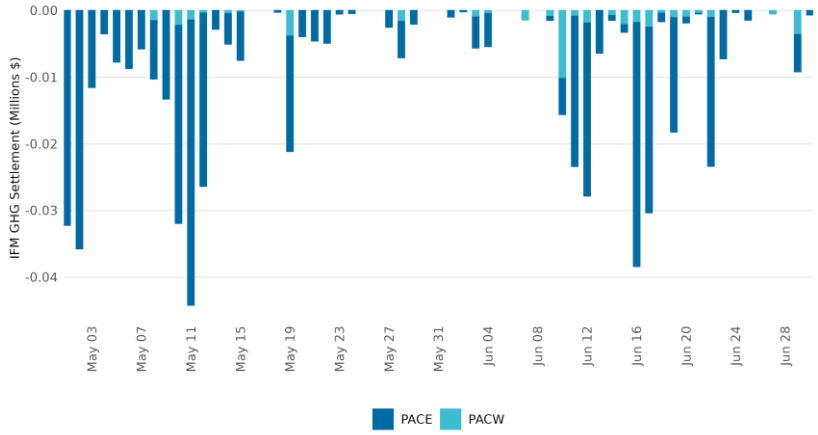


PACE has five days with positive settlement values. These are days impacted by data and calculation issues currently being addressed.

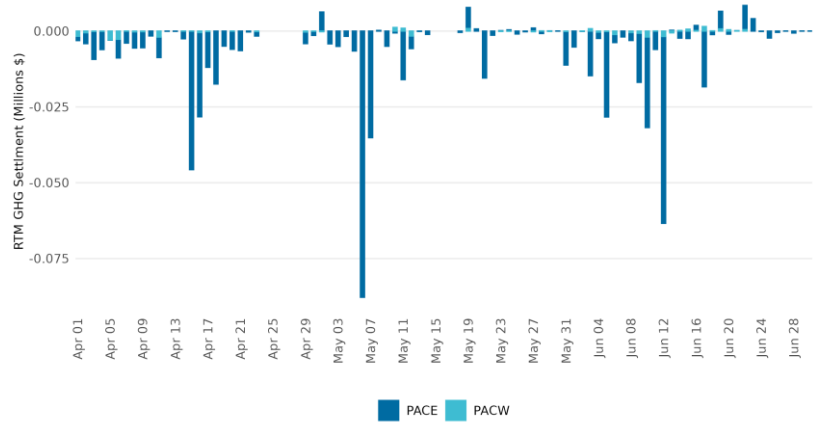
Settlement costs (million $)	IRU		IRD		RCU		RCD	
	May	June	May	June	May	June	May	June
CISO	-1.79	-1.73	-1.25	-0.360	-4.05	-1.53	-0.861	-2.81
PACW	-0.365	-0.102	-0.213	-0.055	-0.211	-0.011	-0.019	-0.049
PACE	-0.029	-0.493	-0.135	-0.115	-0.233	-0.002	-0.002	-0.014

GHG settlement is now performed for both day-ahead and real-time markets

IFM



RTM

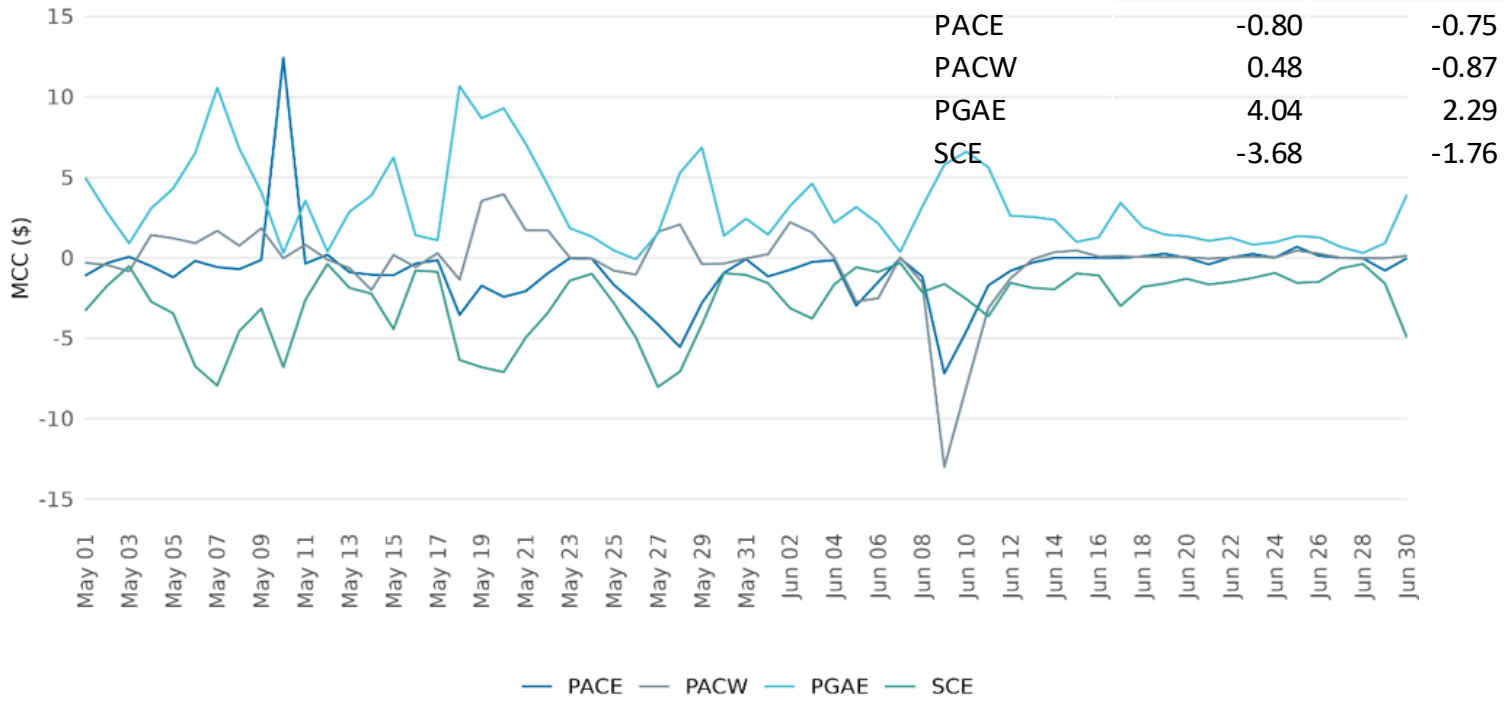


Negative values indicate a payment to the Scheduling Coordinator and positive values, which will only occur in RTM, indicate a buyback amount

	IFM GHG Costs ($ million)		RTM GHG Costs ($ million)	
BAA	**May**	**June**	**May**	**June**
PACW	-0.01	-0.029	0.0005	-0.002
PACE	-0.283	-0.197	-0.182	-0.18

EDAM congestion continues to have low impacts on PACE and PACW LMPs

	Average MCC ($/MWh)	
DLAP/ELAP	May	June
PACE	-0.80	-0.75
PACW	0.48	-0.87
PGAE	4.04	2.29
SCE	-3.68	-1.76



- Congestion costs at PACE and PACW were minimal for most of June with several days of significant impact from congestion in the CAISO area
- The magnitude of congestion observed at PACW and PACE continues to be considerably lower than that seen within the CAISO area

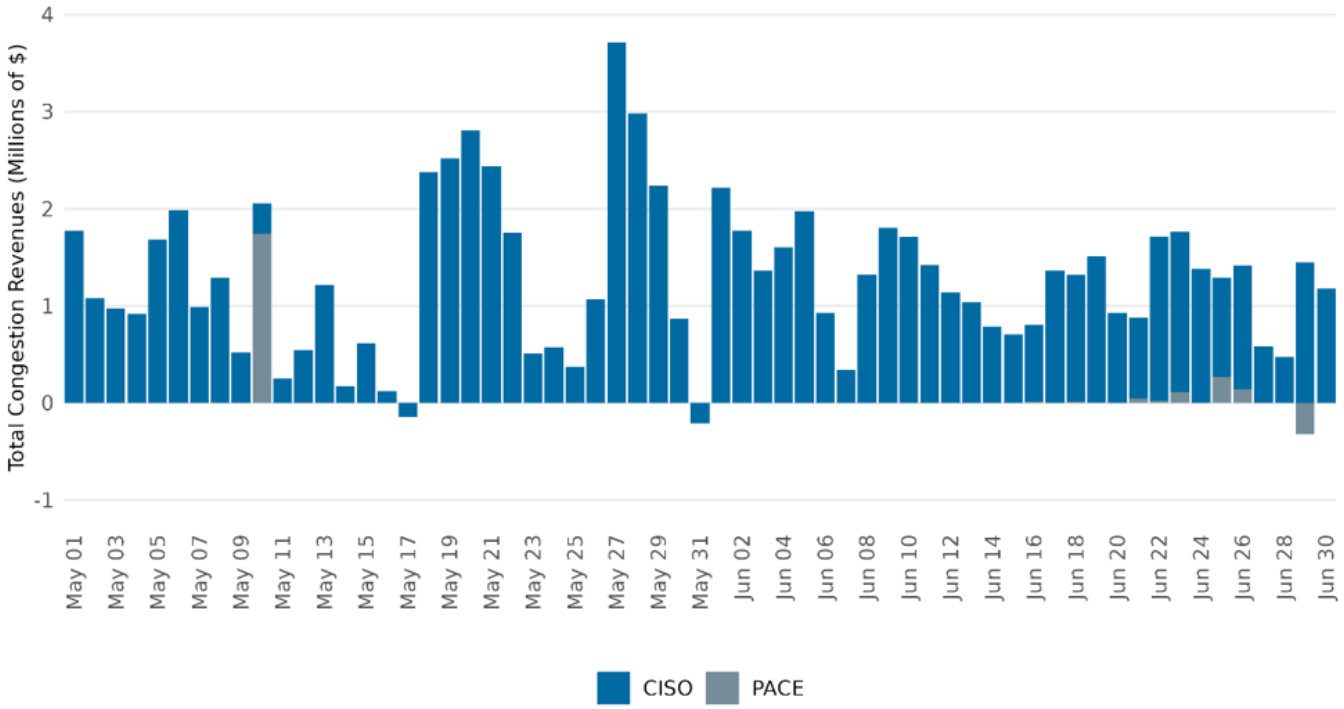
Congestion impacts across EDAM areas is low for June

Congestion Price Impact ($/MWh)								
	May				June			
Source of Congestion	PACE	PACW	PGAE	SCE	PACE	PACW	PGAE	SCE
CISO	**-0.62**	**0.80**	**4.12**	**-3.00**	**-0.75**	**-0.94**	**2.15**	**-1.40**
Base	-0.60	0.74	3.92	-2.84	-0.66	-0.76	2.04	-1.34
IRD	-0.01	-0.02	0.08	-0.05	-0.02	-0.05	0.04	-0.05
IRU	-0.01	0.07	0.12	-0.10	-0.06	-0.13	0.07	-0.01
PACE	**0.42**		**-0.06**	**-0.18**	**0.08**	**0.03**	**-0.03**	**-0.06**
Base	0.41		-0.06	-0.17	0.02	0.01	-0.03	-0.03
IRD	0.00		0.00	0.00	0.01		0.00	0.00
IRU	0.01		0.00	0.00	0.04	0.03	0.00	-0.03

**Calculated by sum of mcc impact / total number of intervals for the month*

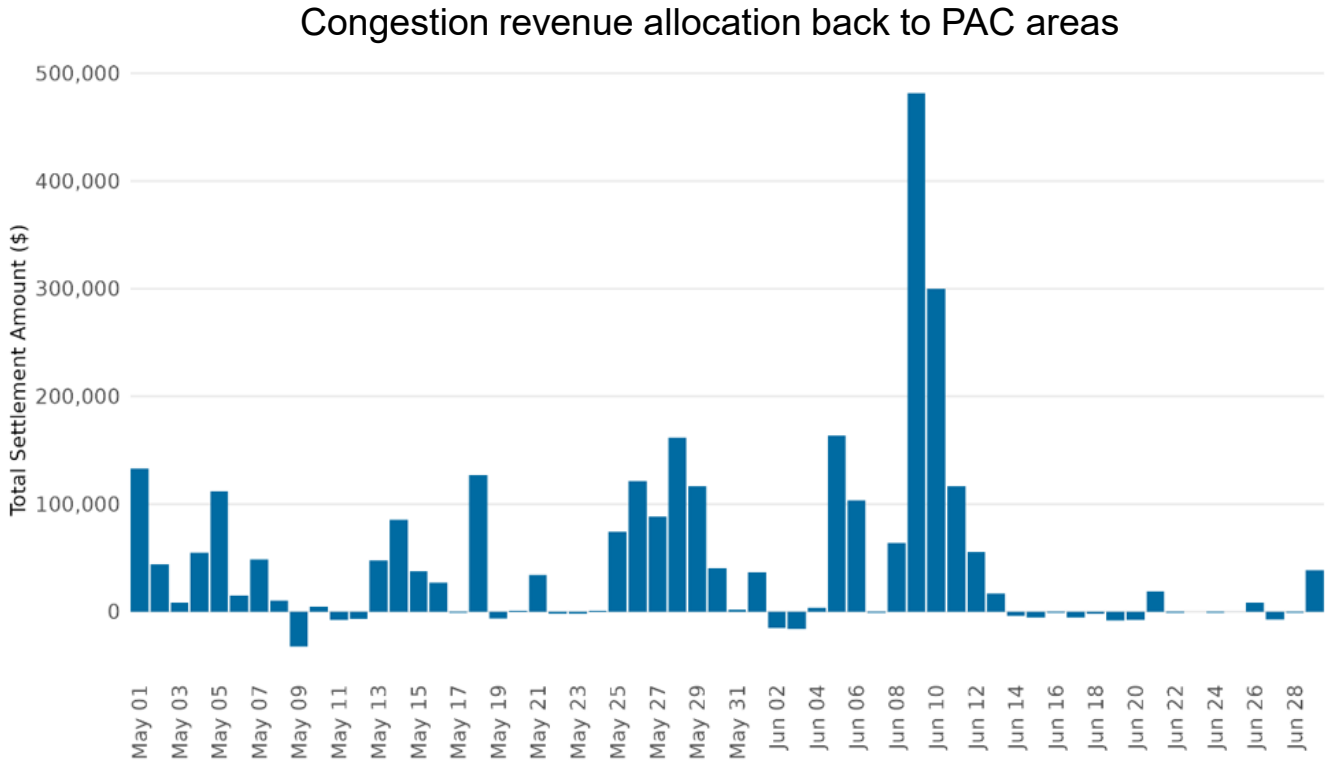
- In June, PACE constraints, on average, impacted PGAE by -$0.03 and SCE by -$0.06
- PACW congestion was limited to ITCs in June
- The most significant congestion impact continues to be from CAISO constraints on CAISO areas (internal flows)

Over 99 percent of congestion revenues in June were collected from congestion sourced in the CAISO area



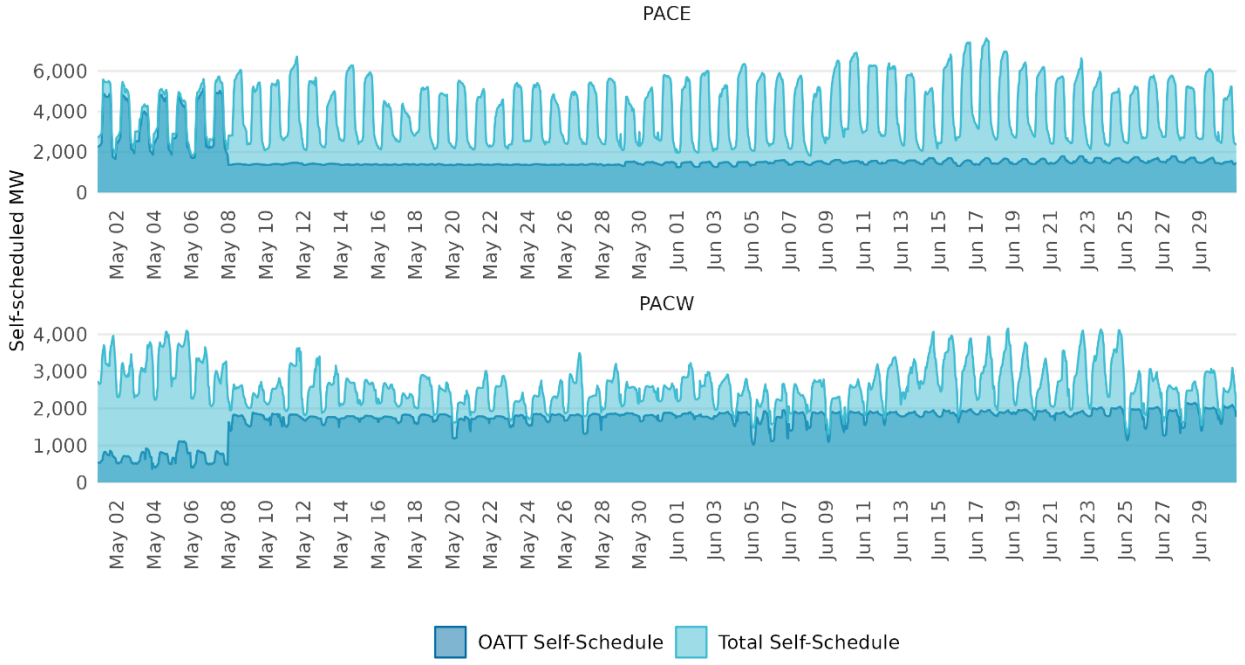
Total EDAM congestion revenues in June were $37.8M, with $37.57M sourced from the CAISO BAA and ~$280k from PACE

Congestion revenue allocation related to parallel flows from PAC areas on CISO congestion totaled $2.67M across May and June



Congestion revenue allocated back to PAC areas totaled $1.34M in May and $1.33M in June

The volume of CRA eligible self-schedules has been steady since EDAM go-live



The proportions of OATT balanced self-schedules to overall self-schedules for PACE and PACW were 48% and 59% in May and 36% and 77% in June, respectively

The ISO is tracking several EDAM Market Issues

Several of the items listed in this section have been previously introduced and discussed in ISO calls. The ISO will continue to address the resolution of these issues as necessary.

- Negative RCD Prices: Negative prices for RC awards have been observed due to several factors, including software issues with MSG transitions, SP-Tie pricing, market-driven conditions related to optimality of solution and price formation. Status: on-going

- Infeasible Solar RCU Awards: A logic issue from the interaction between VER forecasts and Pmin re-rates resulted in infeasible RCU awards to solar resources. Status: Fixed on July 6, 2026

- Storage Resources and RCD: Due to a logic issue, storage resources are unable to provide RCD despite being economic and having sufficient state-of-charge headroom. Status: on-going

The ISO is tracking several EDAM Market Issues

- In RUC when RCU and RCD bid prices are $0, the optimization may procure both RCU and RCD in the same hour. This is not a logic issue but reflects an interplay with $0 bids. CAISO will continue monitoring to ensure the new market functionality is working as intended.

- Missing Shift Factors in the Market Participant Portal and CRR System: Complete shift factor data is not available in the MPP due to missing values in the payload transmitted from the market application. The CRR settlement system is also missing shift factors related to the IRU and IRD deployment scenarios. Status: on-going

- Missing IR deployment scenarios in the CRR clawback mechanism: The CRR clawback calculation does not account for IR deployment scenarios due to incomplete payload data from the market application to the CRR system. This issue impacts May 1, 2026 and remains on-going. CAISO is working to correct this in the T+70 BD settlement statements.

The ISO is tracking several EDAM Market Issues

- Flow Discrepancies for Intertie Constraints in the CRR system: When interties are mapped to multiple Intertie Constraints, the IFM flow calculation logic produces inaccurate results, leading to downstream misallocation of CRR revenues. Status: on-going

- High Reliability Capacity Down prices due to solution limited by IFM commitment: Reliability Capacity Down can only be awarded to resources that are on-line and committed by the IFM. Additionally, down capacity range is limited by energy self-schedules, A/S and IR awarded in IFM. This issue is not a software issue but due to the requirement to run RUC only after IFM is complete. Status: on-going

- Ramping Interval for Imbalance Reserve: Imbalance Reserve awards were limited by 60-minute ramp capability rather than the expected 30-minute ramp capability due to an incorrect parameter setting in the market application. Status: Fixed on July 3, 2026.

The ISO is tracking several EDAM Market Issues

- Commitment Costs in the day-ahead RSE: The RSE test is considering non-zero minimum load costs and transition costs which economically prevents some resources from providing energy and Imbalance Reserve. CAISO is working with its software vendor to ensure that commitment costs are considered $0 in the RSE test only. Status: on-going

- Missing MPM Results on OASIS: The Market Power Mitigation mechanism is working in the day-ahead market by identifying non-competitive constraints and mitigating applicable resources, however the results of the MPM are not fully published on OASIS on the MPM Nomogram/Branch Shadow Prices and MPM Nomogram/Branch Competitive Paths displays. Status: on-going

Stakeholders appreciated CAISO's efforts in developing the monthly EDAM Report and recognized the detailed analysis and transparency it provides

- SCE provided feedback focused on adding more information about transfer capability and transfer utilization across EDAM and WEIM, the impact of GHG costs on market outcomes, and additional metrics on price differences and price convergence across EDAM balancing authority areas

- SCE also requested more reporting on IR and RC, including bidding behavior, procurement levels, and how the procured quantities were used in real-time operations to better evaluate the performance of these new market products

CAISO received stakeholder feedback on the monthly EDAM report

- PG&E's requested more visibility into settlement-related issues, including updates on known issues and their impacts, and suggested providing faster responses to stakeholder questions

- PG&E also requested additional analysis of congestion, including the lack of congestion on PACW transmission constraints and more reporting on congestion across transmission constraints, energy, and imbalance reserves

- PG&E suggests analysis on IR procurement compared to actual forecast changes, resource participation in the IR and RC products, and the frequency of high-price intervals to provide a better understanding of market performance

CAISO received stakeholder feedback on the monthly EDAM report

- WPTF recommended expanding the EDAM Performance Report with additional metrics and explanations to help stakeholders better understand how EDAM market design features are working

- WPTP requests more information about the impact of deployment scenarios on congestion and market outcomes, adding transparency around MPM metrics, and reporting additional details on negative RC prices and awarded quantities

- WPTF also requested more explanation of the EDAM Net Export Constraint, including examples of how it affects market transfers and commercial transactions

CAISO received stakeholder feedback on the monthly EDAM report

- CAISO appreciates the feedback and recommendations provided by stakeholders. The comments highlight opportunities to further enhance the EDAM performance report by adding more transparency, metrics, and analysis

- For June's report, there are additional metrics on Imbalance reserves, transfers and market power mitigation

- The ISO will consider participants' suggestions for further expanding the scope and depth of the upcoming reports

California ISO

Market Design Update

Market Policy Development

Congestion revenue rights (CRR) enhancements

- The design development is focusing on key challenges:
  - Improving revenue adequacy and auction efficiency.
  - Updating how CRR products are defined to better align with evolving hedging needs.
    - Breaking existing on-peak period into more granular “time of use” periods.
    - Allowing storage locations as a sink to hedge storage charging.
- Initiative activity:
  - Phase 1 is pursuing enhanced loop flow modeling authority to improve revenue adequacy
    - Phase 1 is being voted on by the ISO Board of Governors in July 2026, allowing implementation in time for the 2027 annual CRR process
  - Phase 2 will continue discussions in Q3 2026 on auction efficiency, product definition, and additional measures for improving revenue adequacy
- Proposed decisional classification: ISO Board of Governors

Commitment cost bidding flexibility

- Revisiting with stakeholders the 2018 *commitment cost and default energy bid* changes that expanded the ability for resources to bid in their commitment costs, paired with a new test for market power associated with those offers.
  - Changes have not been implemented nor filed with FERC.
- The ISO is working with stakeholders in 2026 to:
  - Provide education of approved changes including potential commercial impacts – workshops were held in March and June and are expected to continue through Q3.
  - Identify and stakeholder any changes that may be necessary to implement the design given subsequent market design changes.
- Proposed decisional classification: TBD if decision is necessary

Demand and distributed energy market integration

- Key areas of design focus in 2026:
  - Recognize end-use customer exports within a demand response aggregation so long as the aggregated resource does not export.
    - Draft final proposal published in July; refining proposal further and targeting decision in October.
  - Update market models for demand flexibility to better reflect regional market participation, including the consideration of a new reliability-triggered demand response product.
  - Incorporate data requirements for large loads.
  - Update reliability demand response model to include minimum on time.
  - Future working group: explore real-time demand and pumped load bidding with stakeholders.
    - Issue paper on these topics posted in March.
- Proposed decisional classification: primary authority of the WEM Governing Body.

Extended day-ahead market (EDAM) congestion revenue allocation

- Phase 2 of the initiative focuses on development of a long-term durable congestion revenue allocation design and potential near-term enhancements.
- This phase of the initiative began in December 2025.
- Working group has established broad consensus on design principles as reflected in stakeholder comments.
- In April, working groups shifted focus toward identification and evaluation of conceptual design alternatives.
- ISO is presenting analysis evaluating performance and impacts of the phase 1 design in effect with EDAM in operation.
- Currently working on additional analysis to support evaluation of design concept alternatives identified through the working groups.
- Proposed decisional classification: TBD

Intertie schedule modeling enhancements

- FERC approved tariff clarifications on April 8 regarding intertie schedule modeling on ISO balancing area interties supporting a transitional design for EDAM launch.
- The ISO launched stakeholder workshops in March to consider evolution of the design for modeling intertie schedules for the CAISO balancing area.
- Monthly workshops are discussing evolution in modeling, impacts to resource adequacy processes, and bidding under different modeling designs.
- Proposed decisional classification: TBD

Storage design and modeling

- Straw proposal on default energy bids, uplift, and state-of-charge management posted July 2026.
  - Lays out a sequenced approach for policy development, targeting a draft final proposal on default energy bids, bidding enhancements, and uplift considerations by the end of 2026.
  - Details two storage default energy bid enhancement approaches, favoring the time-of-day approach for further development.
  - Proposes a “greater-of” default energy bid methodology for hybrid resources.
  - Includes a reframed storage bidding framework for discussion.
- Proposed decisional classification for the items detailed above: primary authority of the WEM Governing Body.

Price formation enhancements (PFE)

- PFE continues under a two-track framework.
  - Track 1 advances near-term changes: revised straw proposal posted July 2 on BAA-level market power mitigation and incremental scarcity pricing.
  - Track 2 addresses longer-term changes: working group discussions on comprehensive scarcity pricing and BAA-level mitigation for CAISO BAA.
- Recent stakeholder engagement informed Track 2 timing and scope.
  - March 3 WEM Governing Body spotlight briefing and July 14 Market Expert briefing highlighted views on sequencing.
- Track 1 current status
  - Meetings held July 13-14; comments due July 28.
- Track 1 target governance decision: October 2026
- Proposed decisional classification: primary authority of the WEM Governing Body.
- Implementation date not yet established; fast-start pricing postponed.

Resource adequacy design development

- Track 2: Received stakeholder feedback on the May straw proposal.
- Revised straw proposal published in July, comments due early August.

Track 1: Modeling & Default Rules

- Loss of load expectation modeling.
- Updated default planning reserve margin and default counting rules.

Track 2: Outage and Substitution & Availability and Performance Incentives

- Updating outage and substitution processes.
- Reforming availability and performance incentives.

Track 3: Visibility and Backstop Reform

- Increase the ISO's visibility into available backstop capacity (3A).
- Increase transparency to stakeholders on backstop decision making.
- Update the current backstop product.
- Create longer-term solutions for the CAISO balancing authority area around curing deficiencies and assigning costs related to the EDAM resource sufficiency evaluation.

Decisional classification: ISO Board of Governors

2026 market policy catalog & roadmap

- **January/February:** Stakeholders submitted proposals for new market policy initiatives
- **March/April**: Stakeholder prioritization workshops for catalog submissions + RIF roundtable
- **April/May**: Stakeholders prioritization rankings
- **June**: 2026 market policy catalog and updated 2026 market policy roadmap released
- **September**: Draft 2027-2029 market policy roadmap released for stakeholder review

2026 market design initiatives roadmap

		2026			
		Q1	Q2	Q3	Q4
Commitment Cost Bidding Flexibility		**Public dialogue: next steps**			
Congestion Revenue Rights Enhancements					
	Phase 1: Enhanced loop flow modeling	**Policy development**		**Decision**	**Implementation**
	Phase 2: Further enhancements	**Policy development**			
Demand and Distributed Energy Market Integration		**Policy development**			**Decision**
EDAM Congestion Revenue Allocation					
	Phase 1	**Implementation**			
	Phase 2	**Policy development**			
EDAM Enhancements		**As needed**			
Intertie Schedule Modeling Enhancements			**Policy development**		
Finance Enhancements		**Policy development**	**Decision**		
Gas Resource Management				**Implementation**	
Greenhouse Gas Coordination				**Implementation**	

Implementation dates are considered "no sooner than"

2026 market design initiatives roadmap (cont.)

		2026			
		Q1	Q2	Q3	Q4
Price Formation Enhancements					
	Scarcity pricing & market power mitigation	**Policy development**			**Decision**
	Fast start pricing	**Postponed**			
Resource Adequacy Modeling and Program Design					
	Track 1: Modeling and default rules		**Implementation**		
	Track 2: Outage substitution and availability and incentive mechanisms	**Policy development**			**Decision**
	Track 3a: Resource visibility				**Implementation**
	Track 3b: Backstop reform and long-term EDAM RSE solutions				**Policy development**
Storage Design and Modeling					
	Topic group 1: Outage management enhancements	**Policy development**		**Implementation**	
	Topic group 2: Uplift & default energy bids	**Policy development**			
	Topic group 3: State-of-charge management	**Policy development**			
	Topic group 4: Mixed-fuel & distribution-level resources	**Policy development**			
Variable Operations and Maintenance Cost: Triennial Review			**Policy development**		**Decision** / **Implementation**
WEIM Resource Sufficiency Evaluation Enhancements		**Postponed**			

Implementation dates are considered "no sooner than"

Market design initiative process

Learn more in the Stakeholder Process Guide.

For an overarching view of where each initiative is in the development process, view the Policy Initiatives Timeline (updated weekly).

Release Update

Release Management

California ISO

Next Forum:

October 29, 2026

**Tentative until confirmed though a in the ISO's Daily Briefing*

Reference

- Visit user group webpage for more information: https://www.caiso.com/meetings-events/topics/market-performance-and-planning-forum

- If you have any questions, please contact Brenda Marquez at bmarquez@caiso.com or isostakeholderaffairs@caiso.com

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Symposium program - Oct. 6
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Sacramento, CA

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