

Memorandum

To: ISO Board of Governors

From: Roger Collanton, Vice President, General Counsel, Chief Compliance Officer, and Corporate Secretary

Date: July 8, 2026

Re: Regulatory update

This memorandum does not require ISO Board of Governors action.

Highlights

- FERC issues Orders to Show Cause to ISOs/RTOs regarding large loads.
- ISO files comments on CPUC proposed decision on resource adequacy rules.

Federal Energy Regulatory Commission

- **Resource Adequacy Modeling and Program Design Initiative (ER26-1593)**

On May 11, 2026, FERC issued an order accepting the ISO's tariff amendment to implement elements of its Resource Adequacy Modeling and Program Design initiative, including new default rules for the planning reserve margin and capacity accreditation, new informational reporting obligations for resource adequacy eligible capacity not shown as resource adequacy, and retire a legacy informational reporting obligation regarding the dispatch of non-resource adequacy capacity.

- **Large Loads Order Instituting Proceeding under Section 206 of the Federal Power Act (EL26-71)**

On June 18, 2026, FERC issued orders to show cause to jurisdictional ISOs/RTOs requiring demonstrations within 60 days as to why their tariffs remain just and reasonable with respect to the provision of transmission service to large loads. FERC's order instituting a show cause proceeding against the ISO and its participating transmission owners directs the ISO and its participating transmission owners, within 60 days, to either show cause as to why their tariffs remain just and reasonable and not unduly discriminatory or preferential without provisions addressing the elements listed below or explain what changes to their tariffs would remedy the identified concerns if FERC were to determine that the tariffs have in fact become unjust and

Regulatory Orders and Filings Through June 30, 2026

unreasonable or unduly discriminatory or preferential and proceeds to establish a replacement tariff.

(a) the application process, study procedures, and ongoing operational requirements that apply to Eligible Customers seeking transmission service on behalf of large loads;

(b) additional transparency concerning the network upgrade costs to provide transmission service to Eligible Customers on behalf of large loads; and a pro forma cost recovery agreement between ISO, the relevant transmission owner, and Eligible Customer taking transmission service on behalf of the large load to mitigate the risk of cost shifting among transmission customers, and a mechanism to ensure such payments are appropriately credited toward transmission owners' transmission revenue requirements consistent with FERC's cost-of-service regulations;

(c) the rates, terms, and conditions of service that apply to co-location arrangements of loads and generation;

(d) transmission services that reflect Eligible Customers taking transmission service on behalf of co-located loads, load with behind the meter generation, and flexible large loads that are willing and able to limit their use of the transmission system under certain conditions; and

(e) the rates, terms, and conditions of service applicable to interconnection customers serving electrically proximate large load or co-located load

FERC's order also requires the ISO to submit an informational report within 30 days on how ISO intends to ensure that adequate generation will be available to serve existing and new large loads.

- **Delaney-Colorado River Transmission, LLC/Ten West (DCRT) Rate Filing (ER23-2309/ER24-1394/EL26-34)**

On June 4, 2026, FERC issued an order to modify aspects of its January 30, 2026 Order, which determined that DCRT's rate filing was an initial rate and shifted the burden of proof to intervenors under section 206 of the Federal Power Act. The June 4 Order upheld these findings.

- **Extended Day-Ahead Market/Day-Ahead Market Enhancements Implementation Tariff Revisions (ER26-1294)**

On April 8, 2026, FERC issued an order accepting tariff clarifications to the ISO's Day-Ahead Market Enhancements and Extended Day-Ahead Market design. The revisions

Regulatory Orders and Filings Through June 30, 2026

address various implementation issues that have arisen since FERC accepted the initial market design, including proposed transitional measures for scheduling and modeling of ISO intertie transactions. On April 24, 2026, the ISO submitted a filing in compliance with FERC's Order to establish the actual effective date for tariff records.

- **Reconciliation of Overlapping Tariff Records Related to Extended Day-Ahead Market/Day-Ahead Market Enhancements Initiatives (ER26-2986)**

On June 29, 2026, the ISO filed a compliance filing to reconcile overlapping tariff records. This reconciliation reflects the sum of revisions to the same sections of the ISO tariff FERC previously accepted in various proceedings related to the Day-Ahead Market Enhancements and Extended Day-Ahead Market initiatives, consistent with the underlying orders in those proceedings.

- **Two-Year Suspension of Subscriber Participating Transmission Owner (ER25-2442)**

On June 6, 2025, the ISO filed a tariff amendment to enhance the Subscriber Participating Transmission Owner model. Among other enhancements, the revisions suspended for two years the collection and payment of amounts that result from non-subscribers' scheduling of import transactions on SunZia Transmission's Subscriber Participating Transmission Owner transmission facilities. On August 5, 2025, FERC issued an order accepting these tariff revisions. Recently, the ISO submitted a filing to inform FERC the two-year suspension period commenced on April 9, 2026, with the transfer of operational control of SunZia Transmission's facilities to the ISO.

- **Certificate of Concurrence to Participating Transmission Owner Upgrade Facilities Agreement (ER26-1860)**

On May 4, 2026, FERC issued a letter order accepting the ISO's Certificate of Concurrence to the Affected Participating Transmission Owner Upgrade Facilities Agreement between Southern California Edison Company, Olympus Phase 1, LLC, Olympus Phase 2, LLC and Olympus Phase 3, LLC, and ISO.

- **Certificate of Concurrence to the Unexecuted Large Generator Interconnection Agreement with RTSW Solar Park IV LLC (ER26-2060)**

On May 22, 2026, FERC issued a letter order accepting the ISO's Certificate of Concurrence to the unexecuted Large Generator Interconnection Agreement among RTSW Solar Park IV LLC, Southern California Edison Company, and CAISO.

- **Yolo County v. CAISO (EL26-28)**

On April 20, 2026, FERC issued an order granting Yolo County's complaint appealing

Regulatory Orders and Filings Through June 30, 2026

\$96,000 in telemetry non-compliance penalties arising from failure to timely obtain an extension when Yolo County's resources were offline. The ISO filed responsive pleadings to Yolo County's complaint. As part of those pleadings, the ISO agreed there is a reasonable basis for the Commission to conclude the non-compliance penalties are excessive in this specific case.

- **TransAlta Centralia Generation LLC - Application for Cost Recovery (ER26-2422)**

On May 21, 2026, the ISO filed a protest in response to the application of TransAlta Centralia Generation LLC seeking acceptance of a tariff and approval to allocate specified costs to the ISO in connection with making Unit 2 at the Centralia Generating Station available during the past period December 16, 2025, up to and including March 13, 2026 pursuant to an emergency order issued by the Department of Energy under section 202(c) of the Federal Power Act.

- **Cost-of-Service Study Deferral and Cost Cap Update Tariff Amendment (ER26-2612)**

On May 22, 2026, the ISO submitted a tariff amendment to align its triennial cost-of-service study and administrative revenue cost cap with the launch of the Extended Day-Ahead Market. The amendment seeks authority to (1) defer the 2026 cost-of-service study by two years, and (2) update the ISO's Grid Management Charge revenue requirement cap for 2027 and 2028.

- **Interconnection Process Enhancements - 5 (ER26-2747)**

On June 5, 2026, the ISO submitted tariff amendments to adapt or enhance existing interconnection policies following substantial reforms from Order No. 2023 and Interconnection Process Enhancements initiative undertaken in 2023. The amendments will help serve first-ready projects and result from the most recent iteration of the ISO's Interconnection Process Enhancement initiative.

- **Startup Funding for the Regional Organization for Western Energy (ER26-2789)**

On June 11, 2026, the ISO submitted a tariff amendment to implement two new settlement charges as part of a plan to enable startup debt financing for the Regional Organization for Western Energy, also known as the "ROWE".

Non-conforming regulatory agreements

- **EIM Participating Resource Scheduling Coordinator Agreement between ISO and Powerex (ER26-2248)**

Regulatory Orders and Filings Through June 30, 2026

On June 8, 2026, FERC accepted a non-conforming Extended Day-Ahead Market Addendum to the EIM Participating Resource Scheduling Coordinator Agreement between ISO and Powerex Corporation.

- **Nodal Pricing Model Agreement between the ISO and PacifiCorp (ER26-2405)**

On May 29, 2026, FERC issued an order accepting the ISO's notice of termination for the Nodal Pricing Model Agreement between the ISO and PacifiCorp.

- **Transmission Control Agreement - SunZia SPTO Specific (ER25-169)**

On April 13, 2026, the ISO submitted an informational filing as operational control of the SunZia facilities was granted to the ISO on April 9, 2026. This informational filing specified an effective date of April 9, 2026, for the tariff records related to SunZia accepted by the Commission.

- **Ironwood Pseudo-Tie Export Agreement (ER26-2829)**

On June 12, 2026, the ISO filed an agreement that sets forth the terms under which the ISO will support the pseudo-tie export of Arizona Public Service's Ironwood resource from the ISO balancing authority area into the Arizona Public Service balancing authority area. The agreement supplements the ISO tariff and the pro forma Western Energy Imbalance Market participation agreement to address the specifics necessary to facilitate the pseudo-tie export.

- **Multilateral Variable Energy Resource Agreement between ISO and SunZia (ER26-2595)**

On May 21, 2026, the ISO filed an agreement with SunZia wind entities that sets forth the terms under which the ISO will provide a Single-Tier Forecasting Pilot to facilitate market participation in the ISO balancing authority area by two aggregations of variable energy resources through "logical shares" from these resources and a pseudo-tie export of a portion of generation from these resource aggregations to an attaining balancing authority area participating in the Western Energy Imbalance Market.

California Public Utilities Commission (CPUC)

- **Resource Adequacy Program (R.25-10-003)**

On April 3, 2026, the ISO filed its Draft 2027 Local Capacity Technical Report in the CPUC's Resource Adequacy proceeding. On May 1, 2026, the ISO filed its Final 2027

Regulatory Orders and Filings Through June 30, 2026

Local Capacity Technical Report and Update regarding Flexible Capacity Needs Assessment. On May 13, 2026, the ISO filed its Final 2027 Flexible Capacity Needs Assessment and Final 2027 Availability Assessment Hours.

On June 22, 2026, the ISO filed comments on the CPUC's resource adequacy proposed decision. In these comments, the ISO raised concerns with the proposal to impose zero-dollar bidding requirements and revenue restrictions for resource adequacy resources selling Imbalance Reserve and Reliability Capacity products in the ISO markets. In its comments, the ISO recommends the CPUC allow resource adequacy resources to bid imbalance reserve and reliability capacity economically, consistent with the ISO tariff, and permit load-serving entities and counterparties to address any allocation of associated revenues through bilateral arrangements. The comments also express support on other key elements of the proposed decision.

The ISO also attended ex parte meetings with CPUC decisionmakers during which ISO participants discussed recommended changes to the proposed decision to eliminate proposed rules to restrict economic bidding of Imbalance Reserves and Reliability Capacity, consistent with the ISO tariff. The ISO filed notices of these ex parte meetings on June 29, 2026 and June 30, 2026.

On June 29, 2026, the ISO filed reply comments on the CPUC's resource adequacy proposed decision. In these comments, the ISO agreed with parties on the appropriate characterization of Imbalance Reserves as a reserve product rather than a capacity product, the risks associated with imposing zero-dollar bid requirements for Imbalance Reserves and Reliability Capacity, and concern for administratively prescribed allocation of associated revenues.

- **Collinsville 500/230 kV Substation Project (A.24-07-018)**

On June 5, 2026, the ISO filed testimony to rebut the opening testimony of California Forever (a landowner interest group) that claims the Collinsville 500/230 kV Substation Project was only approved by the ISO Board to support uncertain offshore wind development and therefore should not be approved for a Certificate of Public Convenience and Necessity. The testimony also describes the thermal overload constraints identified in the Transmission Planning Process that are driving the need for the Collinsville 500/230 kV Substation Project. On June 29, 2026, the ISO submitted sur-surrebuttal testimony explaining the need for the Collinsville 500/230 kV Substation Project to help mitigate thermal overloads, support expected load growth in the Greater Bay Area, and integrate offshore wind identified in the CPUC's latest resource portfolios.

- **High Distributed Energy Resources Grid (R.21-06-017)**

On April 20, 2026, the ISO filed comments in the CPUC's rulemaking to preview the

Regulatory Orders and Filings Through June 30, 2026

ISO's "operational coordination framework" being undertaken in partnership with the distribution utilities to enhance coordination at the Transmission/Distribution interface. The comments also express support for participation in scheduled and upcoming workshops on the topic.

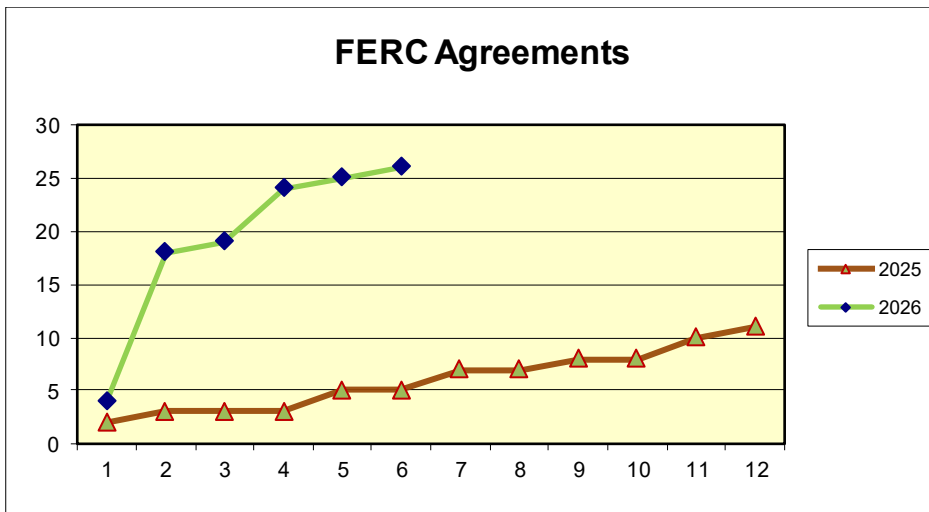
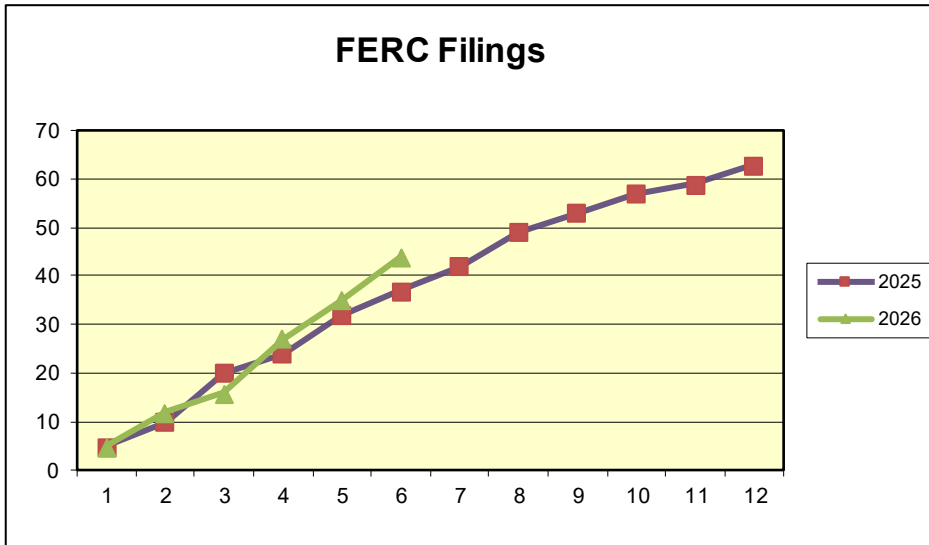
California Air Resources Board (CARB)

On May 4, 2026, the ISO submitted comments on the modifications to the proposed amendments to the California Air Resources Board's regulations related to the California Cap on Greenhouse Gas Emissions and Market Based Compliance Mechanisms. In these comments, the ISO supports the proposed updates and confirms its commitment to coordinate with the California Air Resources Board and ISO market participants to provide data necessary to support applicable reporting requirements.

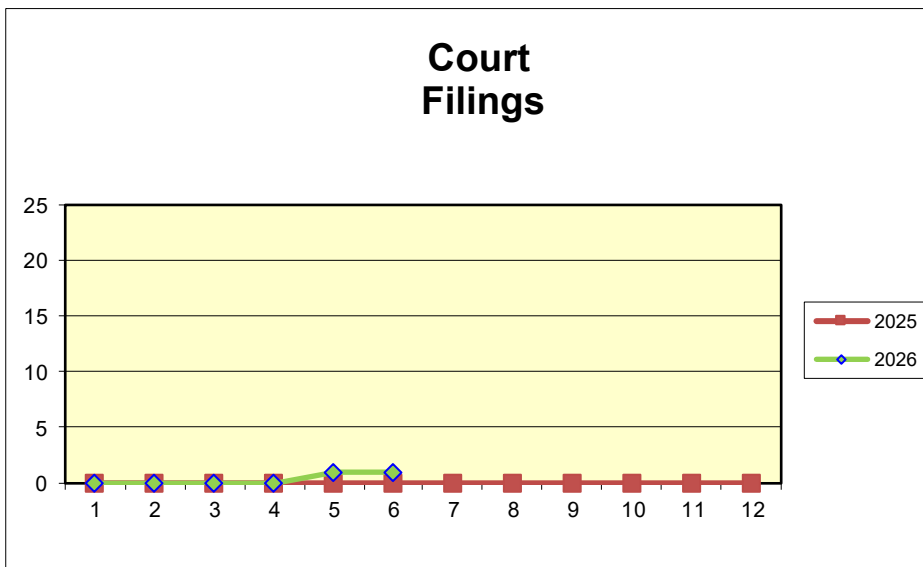
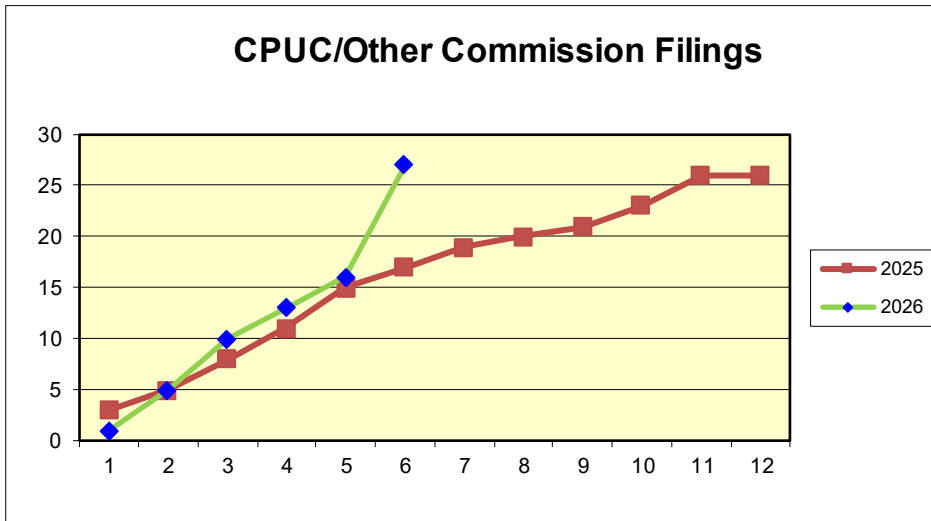
U.S. Energy Information Administration (EIA)

On April 22, 2026, the ISO joined with other ISOs/RTOs (ISO New England Inc., Electric Reliability Council of Texas, Inc., New York Independent System Operator, Inc., PJM Interconnection, L.L.C., and Midcontinent Independent System Operator, Inc.) to file comments in response to the notice issued in the Federal Register on March 23, 2026, involving EIA's information collection data request related to spinning reserves.

Regulatory Orders and Filings Through June 30, 2026



Regulatory Orders and Filings Through June 30, 2026



Regulatory Orders and Filings Through June 30, 2026

