California ISO

# Memorandum

**To:** ISO Board of Governors

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

**Date:** October 22, 2026

**Re:** **Regulatory update**

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***This memorandum does not require ISO Board of Governors action.***

## Highlights

- *FERC holds Section 206 large load proceedings in abeyance to allow time for Section 205 Filings.*
- *FERC extends settlement dispute timeline for recalculation settlement statements for the trading days in the months of May and June 2026.*
- *FERC rejects without prejudice TransAlta Centralia tariff and request for cost allocation order in connection with Federal Power Act 202(c) emergency order requiring operation of unit 2 of the Centralia Generating Station in the State of Washington.*
- *ISO and SPP submit joint market seams coordination report.*
- *CPUC initiates rulemaking to implement requirements of Assembly Bill 825 required before electrical corporations within the CAISO's balancing authority area in an energy market governed by an independent regional organization.*

## Federal Energy Regulatory Commission

- **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.

On July 20, 2026, the ISO filed an informational report on how the ISO intends to ensure that adequate generation will be available to serve existing and new large loads. The

informational report detailed ISO, CPUC, and CEC coordination, generation adequacy projections, and current stakeholder initiatives.

On August 3, 2026, the ISO filed a motion to hold the instant proceeding in abeyance for 90 days from the deadline to respond, *i.e.,* until November 16, 2026. This motion explains that the abeyance period would provide the ISO sufficient time to work with stakeholders to develop policies necessary to address FERC's preliminary findings in the order to show cause, and to submit a filing to the Commission under Section 205 of the Federal Power Act.

On August 14, 2026, FERC granted motions for abeyance filed by the ISO, DCR Transmission, L.L.C., and Joint Participating Transmission Owners,
Responses to the show cause order will be due on November 16, 2026, and answers to responses will be due on December 16, 2026

- **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.

On July 30, 2026, the ISO filed an initial post-hearing brief arguing that the Presiding Judge should disallow most of the costs for which DCRT seeks recovery above the agreed-to, binding cost cap in DCRT's Approved Project Sponsor Agreement. On September 10, 2026, the ISO filed a post-hearing reply brief addressing arguments in DCRT's Initial Brief regarding.

- **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.

On August 5, 2026, the ISO filed an answer to the July 21, 2026, answer of Centralia to rebut Centralia's arguments concerning cost causation and the application of the rule against retroactive ratemaking. The ISO's answer also explains that Centralia did not comply with the Department of Energy's order by not taking all necessary measures to make Unit 2 available to the ISO.

On October 1, 2026, FERC issued an order rejecting without prejudice Centralia's application because its proposal is inconsistent with cost causation principles. FERC's order finds the Department of Energy identified an emergency in the WECC Northwest assessment area and states that if Centralia chooses to file another cost allocation and cost recovery proposal, it should identify the load serving entities within the geographic scope of the emergency described in the emergency orders and propose a mechanism that allocates the costs of keeping Unit 2 at the Centralia Generating Station in operation to these load serving entities.

- **Interconnection Process Enhancements – 5.0 (ER26-2747)**

On June 5, 2026, the ISO submitted tariff revisions arising from the most recent iteration of the ISO's interconnection process enhancement initiative. On July 9, 2026, the ISO submitted an answer to protests, including concerns regarding the removal of language that provides for reimbursement of network upgrade costs for interconnection customers that do not achieve commercial operation after construction proceeds. The ISO agreed that FERC could reject this change.

On August 4, 2026, FERC issued an order accepting in part and rejecting in part the ISO's tariff revisions. FERC's order accepts each of our changes except for the proposal to remove the requirement to reimburse for constructed network upgrades where an interconnection customer does not achieve commercial operation but the interconnection customer or another generating facility in the future makes use of the upgrades.

On September 1, 2026, the ISO submitted a filing in compliance with the FERC Order on Tariff Revisions issued on August 4, 2026. FERC accepted the proposed tariff revisions, effective August 5, 2026, as compliant with the August 4 Order.

- **Extended Day-Ahead Market Settlement Dispute Deadlines (ER26-3104)**

On July 7, 2026, the ISO filed a petition for limited waiver to extend the dispute deadline for T+70B recalculation settlement statements for the first two months of the Day-Ahead Market Enhancements and Extended Day-Ahead Market to allow scheduling coordinators the opportunity to validate, and potentially dispute, their settlement statements given the timing required for updates to their own shadow settlement systems. On August 4, 2026, the ISO filed an answer to joint comments. The answer reiterates the ISO's commitment to: discuss settlement configuration issues with market participants and seek further relief if warranted. On August 25, 2026, FERC issued an order granting the ISO's petition.

- **Model Loop Flow in Congestion Revenue Rights Process (ER26-3305)**

On July 28, 2026, the ISO filed a tariff amendment seeking authority to model the

expected impact of loop flow in the year-ahead congestion revenue rights processes. The ISO already performs this modeling in the month-ahead congestion revenue rights processes. This amendment seeks the same authority in the annual process. On September 25, 2026, FERC issued an order accepting our tariff revisions. FERC's order finds the inclusion of loop flows in the annual congestion revenue rights processes may better inform the application of the simultaneous feasibility test for the allocation and auction of congestion revenue rights and can help the ISO more closely tailor congestion revenue rights issued from the annual process to match the day-ahead market.

- **Western Seams Coordination (AD26-10)**

On July 16, 2026, FERC issued an order directing the ISO and Southwest Power Pool, Inc. (SPP) to submit a joint report by September 30, 2026, on the status of the work to coordinate operations along their seams in the Western Interconnection. The ISO and Southwest Power Pool submitted a Joint Report on September 30, 2026. The joint report provides information about ongoing efforts to ensure reliable and efficient operations between and among ISO, Southwest Power Pool, and affected balancing authorities in the West, including those that elect to participate in organized markets and those that do not.

- **Terminus Hydroelectric, LLC v. CAISO (EL26-41)**

On January 16, 2026, Terminus Hydroelectric, LLC submitted a request for waiver of section 37.6. to nullify $21,000 in penalties assessed by the ISO to Terminus for its failure to timely restore telemetry or submit telemetry reporting exemption requests. On August 24, 2026, FERC issued an Order denying Terminus's waiver request.

## California Public Utilities Commission (CPUC)

- **Rulemaking to Implement Assembly Bill 825 Related to Independent Regional Organization (R26-09-009)**

On September 17, 2026, the CPUC instituted a rulemaking pursuant to California Assembly Bill No. (AB) 825 (2025-2026) to address 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. Comments on the preliminary scope and schedule for the proceeding are due October 27.

- **Electric Integrated Resource Planning (R.20-05-003)**

On August 14, 2026, the ISO submitted opening comments on a CPUC proposal for the structure of a Reliable and Clean Power Procurement Program, which is intended to coordinate integrated resource planning, transmission planning, and procurement, with a

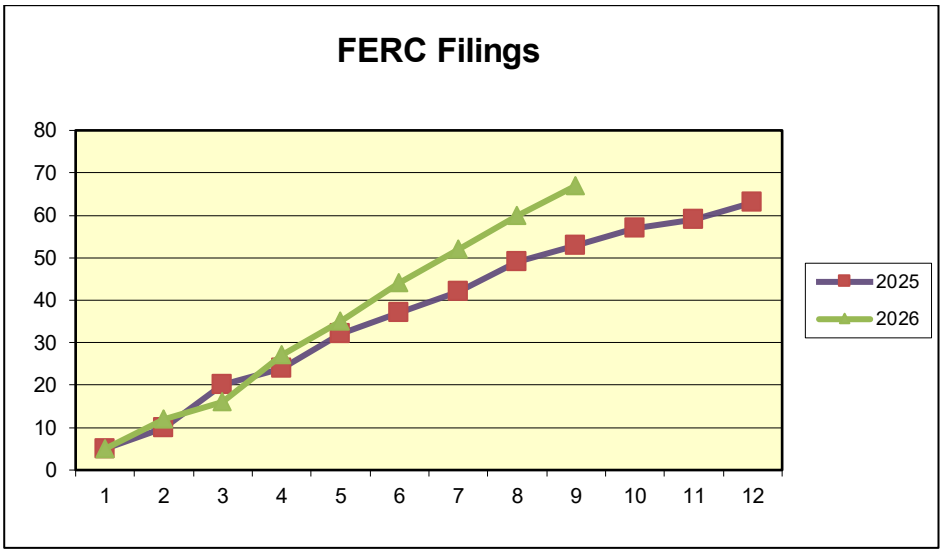
focus on long-term procurement. The ISO's comments support the proposal generally and recommend modifications to provide sufficient lead time for procurement and project development.

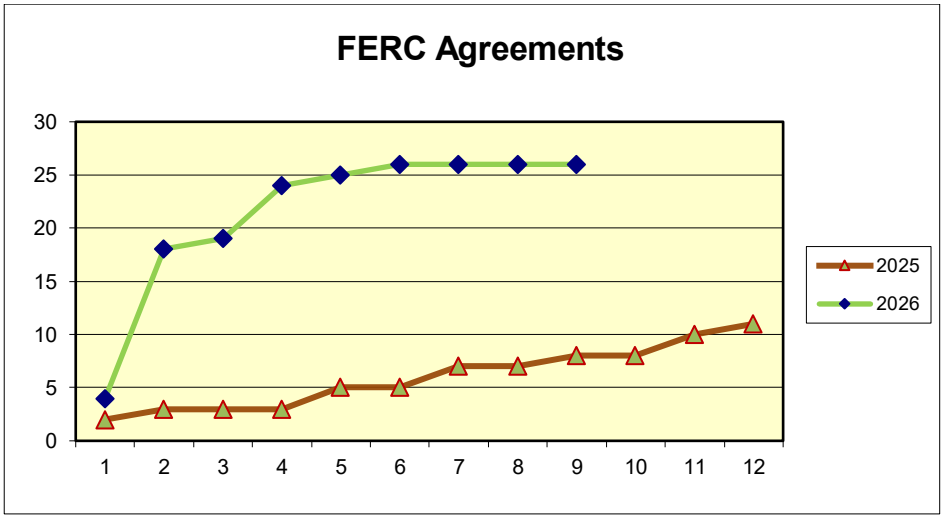
On September 2, 2026, the ISO filed reply comments recommending the CPUC (1) adopt an attribute-based need determination framework that includes locational procurement requirements; (2) modify the Reliable and Clean Power Procurement Program framework to include a compliance pathway for existing resources; (3) extend the commercial operation date deadline and provide additional flexibility for long lead-time resources; and (4) issue a procurement order for 2033-2034 to address a gap between existing orders and procurement under the new Reliable and Clean Power Procurement Program framework.

- **Integrated Resource Planning (R.25-06-019)**

On September 28, 2026, the ISO filed opening comments in response to a ruling on electricity portfolios for the 2027-2028 transmission planning process and potential for geographically targeted procurement. The ISO expressed support for the ruling's recommended resource portfolios and encouraged the CPUC to maintain flexibility for long-term resource and transmission development to ensure that long lead-time resources are available when needed. The ISO also recommended the Commission provide clear and consistent planning and procurement signals for out-of-state resources. Lastly, the ISO recommended future portfolios preserve resource diversity and support reliability attributes necessary to support system needs.

# Regulatory Orders and Filings Through October 1, 2026



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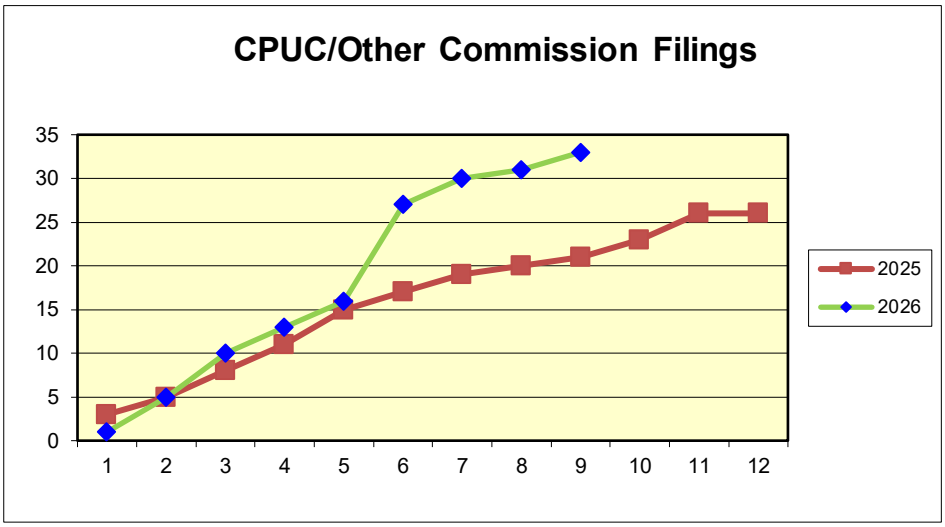


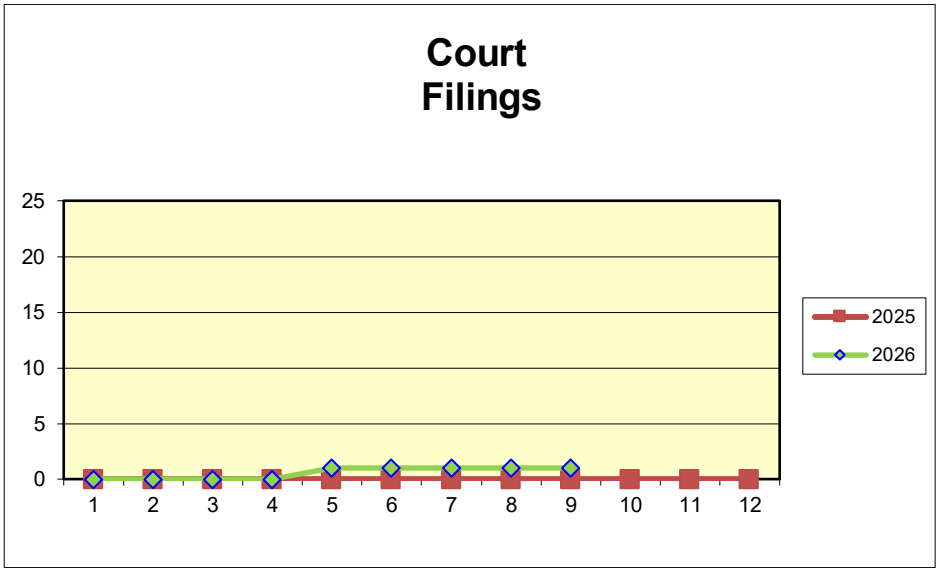

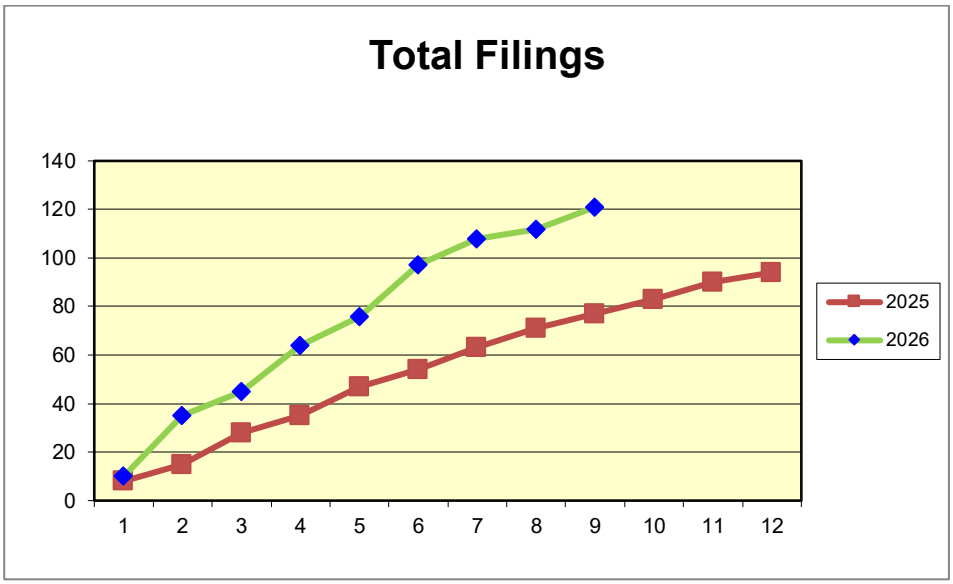
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2025
2026