

Memorandum

To: ISO Board of Governors
From: Stacey Crowley, Vice President, External Affairs
Anna McKenna, Vice President, Market Design & Analysis
Date: April 22, 2026
Re: **State, Regional, and Federal Affairs update**

This memorandum does not require ISO Board of Governors action.

STATE AFFAIRS

Regulatory Update

California Public Utilities Commission:

On February 26, 2026, the California Public Utilities (CPUC) adopted Integrated Resource Plan (IRP) resource portfolios that the ISO will analyze in its 2026-2027 transmission planning process. The CPUC's adopted base case resource portfolio reflects additional geothermal, long-duration storage, and mapped out-of-state wind resources, aligning resource procurement with forward-looking transmission planning to maintain reliability as demand grows and the resource mix evolves. The adopted sensitivity portfolio considers reduced onshore wind compared to the prior cycle and no offshore wind. The CPUC also adopted a requirement for load serving entities to procure an additional 6 gigawatts (GW) of additional clean resources during the 2029–2032 timeframe for reliability purposes. The ISO submitted comments on this decision supporting the IRP resource portfolio base case and sensitivity portfolios and the 6 GW procurement order.

In March 2026, the ISO continued to engage in Track 1 of the CPUC's resource adequacy proceeding. Track 1 will consider resource adequacy program reforms and refinements and establish forward resource adequacy procurement obligations. The ISO filed opening comments advocating for reforms that support reliability and cost-effective market outcomes, including (1) opposing restrictions on resource adequacy resources' bidding of, and eligibility to receive revenues from, imbalance reserves and reliability capacity products; (2) supporting limitations on how the CPUC's resource adequacy program integrates energy only capacity until the ISO can study energy only capacity's contribution to reliability; and, (3) supporting targeted refinements to storage resources' qualifying capacity and the adoption of unforced capacity methodologies for storage and thermal resources. The ISO also filed reply comments maintaining its positions. The CPUC is expected to issue a Proposed Decision in May 2026.

California Energy Commission:

On December 17, 2025, the California Energy Commission (CEC) hosted a workshop to present its annual electricity forecast and the hourly and peak demand forecast components of its draft 2025 California Energy Demand Forecast. At this workshop, CEC staff presented electricity results through 2045 for the combination of scenarios proposed for the planning forecast and local reliability scenario.

On January 21, 2026, the CEC adopted the 2025 Integrated Energy Policy Report demand forecast (2025 IEPR forecast). The 2025 IEPR forecasted an overall decrease in demand compared to the 2024 IEPR, driven primarily by lower levels of modeled transportation and building electrification resulting from recent federal policy changes. The ISO and the CPUC will continue use of the 2024 IEPR forecast for the next bulk system transmission planning studies and IRP cycle due to uncertainties introduced in the 2025 IEPR forecast regarding known loads, data centers, and impacts of recent federal policy changes.

On March 16, 2026, the ISO submitted comments on the CEC's draft guidelines for the Demand Side Grid Support (DSGS) program for Summer 2026. DSGS is part of the state's Strategic Reliability Reserve and is intended to support grid reliability through load reductions during periods of system stress. The ISO's comments reflected learnings from operational challenges experienced during prior DSGS events, including sudden and significant load drops that affected system frequency. The ISO comments supported the CEC staff proposal focused on address this issue by requiring large DSGS aggregations to conduct test events in northern and southern California on separate days and recommended that large aggregations be required to dispatch more gradually during both test and non-test events to mitigate impacts to system frequency.

Legislative Update

California State Legislature:

On December 23, 2025, Senate President Pro Tempore Monique Limón (D-Santa Barbara) announced her updated committee membership assignments in the Senate. Most notably:

- Senator Ben Allen (D-Pacific Palisades) is the new Chair of the Senate Energy, Utilities and Communications Committee.
- Senator Josh Becker (D-Menlo Park), who was the previous Chair of the Senate Energy, Utilities and Communications Committee, is the new chair of the Senate Natural Resources Committee.
- Senator Henry Stern (D-Los Angeles) is the Chair of the newly created Senate Emergency Management Committee.
- Senator John Laird (D-Santa Cruz) is the new Chair of the Senate Budget Committee.
- Senator Eloise Gómez Reyes (D-Colton) is the new Chair of Senate Budget Subcommittee #2 on Resources, Environmental Protection and Energy.

- Senator Sabrina Cervantes (D-Riverside) is the new Chair of the Senate Appropriations Committee.

Committee membership remains unchanged in the Assembly.

On January 5, 2026, the Legislature reconvened for the second year of a two-year legislative session with a continued focus on affordability issues, including costs of electric utility rates. State Affairs has reviewed over 1,000 newly introduced and amended bills since the start of the new year and is now closely tracking a number of bills that address the pace of transmission development, resource adequacy capacity, reforms to the California Environmental Quality Act, and oversight of data centers.

On January 15, 2026, the Assembly Utilities & Energy Committee held an informational hearing on the status of the Transmission Accelerator that was authorized by Senate Bill 254 (Becker, Chapter 119, Statutes of 2025). Neil Millar (Vice President, Transmission Planning and Infrastructure Development) represented the ISO at the hearing alongside representatives from the Governor's Office of Business and Economic Development (GO-Biz) and the California Infrastructure and Economic Development Bank (I-Bank). During the hearing, the panelists provided an overview of the actions being taken by their organizations to coordinate and implement the Transmission Accelerator.

On February 18, 2026, the Assembly Utilities & Energy Committee held an oversight hearing on clean energy development. Mr. Millar represented the ISO again at the hearing alongside representatives from the CPUC and GO-Biz. During the hearing, committee members asked several questions related to delays in the permitting and interconnection processes.

On February 25, 2026, the Assembly Utilities & Energy Committee held an oversight hearing to receive an update from California's energy organizations. Elliot Mainzer (President and CEO) and Joe Eto (Chair of the Board of Governors) represented the ISO alongside leadership from the CPUC, CEC, Office of Energy Infrastructure Safety, and Public Advocate's Office. During the hearing, Mr. Mainzer and Chair Eto presented the first annual report on ISO activities from the previous year, as mandated by Assembly Bill 825 (Petrie-Norris, Chapter 116, Statutes of 2025). They also highlighted the success of the Western Energy Imbalance Market and the upcoming launch of the Extended Day-Ahead Market.

The Senate Energy, Utilities and Communications Committee has held bill hearings on March 17 and April 7, 2026, and AU&E has held bill hearings on March 18 and April 8, 2026. Both committees will continue to hold bill hearings until the deadline for policy committees to pass out fiscal bills on April 24, 2026, and the deadline for policy committees to pass out nonfiscal bills on May 1, 2026. The deadline for bills to pass out of fiscal committees is on May 15, 2026.

Governor's Administration:

On January 8, 2026, Governor Gavin Newsom gave his final State of the State address at the State Capitol in Sacramento, California. During his address, the Governor proclaimed energy bill costs as the new “cost-of-eggs” issue, thanked the Legislature for passing of Assembly Bill 825 (Petrie-Norris, Chapter 116, Statutes of 2025), and highlighted how the new regional energy market will increase reliability and lower energy bill costs for Californians.

On February 18, 2026, Governor Newsom announced the re-appointment of Joe Eto to the ISO Board of Governors, as well as the appointment of former CPUC President Alice Reynolds to fill the spot vacated by Angelina Galiteva. Their appointments are still pending confirmation votes in the Senate Rules Committee and on the Senate floor. Once confirmed, their terms will expire on December 31, 2028.

REGIONAL AFFAIRS

Western Energy Markets Governing Body:

On March 3, 2026, the Western Energy Markets (WEM) Governing Body met virtually. Agenda items included a spotlight briefing by James Friedrich (Lead Policy Developer, Policy Development) on the ISO’s price formation enhancements policy initiative, followed by several presentations from stakeholders sharing their perspectives. Khaled Abdul-Rahman (Vice President, Chief Information and Technology Officer) provided an extended day-ahead marketing onboarding and implementation update. Guillermo Bautista Alderete (Director, Market Performance and Advanced Analytics) then provided a 2025 Q4 Western Energy Imbalance Market (WEIM) benefits and market update.

On April 28, 2026, the WEM Governing Body will meet in-person in Folsom, California. Agenda items will include Body of State Regulators and Regional Issues Forum updates, decision on financial planning initiative, Extended Day-Ahead Market (EDAM) onboarding and implementation update and a briefing on upcoming policy hot topics.

WEM Body of State Regulators:

On January 9, 2026, the Body of State Regulators (BOSR) met virtually. Amelia Blanke (Principal Economist & Director, Market Strategy and Governance) provided an overview of the ISO’s 2026 policy catalog and roadmap process. Additional agenda items included: 1) a review of the BOSR’s 2026 priorities; and 2) a briefing on the Regional Issues Forum Enhancement Project.

On February 6, 2026, the BOSR met virtually. Stacey Crowley (Vice President, External Affairs) provided an update on the Formation Board of the Regional Organization for Western Energy (ROWE) start-up funding initiative. Guillermo Bautista Alderete provided an overview of the ISO’s EDAM benefits draft methodology. Additional agenda items

include: 1) updates on the WEM Governing Body Nominating Committee; and 2) an update on the ROWE Nominating Committee.

On March 13, 2026, the BOSR met virtually. Milos Bosanac (Manager, Policy Development) provided a briefing on the ISO's EDAM congestion revenue allocation-phase 2 initiative. Additional agenda items included updates on: 1) the Pathways Formation Committee and ROWE Nominating Committee; 2) the EDAM entities resource adequacy proposal; and 3) FERC's Western Interconnection bilateral price cap decision.

On April 10, 2026, the BOSR met virtually. Alyssa Krag-Arnold (Lead Policy Integration and Governance Specialist, Market Strategy and Governance) provided an update on the ISO's 2026 policy catalog and roadmap process. Additional agenda items included brief updates on the ISO's upcoming seams workshops and the EDAM entities resource adequacy proposal.

The BOSR will hold its next in-person meeting on May 12, 2026, in San Diego, California, in conjunction with the spring joint meeting between the Committee on Regional Electric Power Cooperation and the Western Interconnection Regional Advisory Body.

WEM Regional Issues Forum:

On March 16, 2026, the Regional Issues Forum (RIF) met in Folsom, California. Agenda items included: 1) a roundtable discussion of the ISO policy initiatives catalog & roadmap; 2) a RIF enhancements update; and 3) a WEIM/EDAM resource adequacy briefing.

On June 16, 2026, the RIF will hold its next meeting in Santa Ana Pueblo, New Mexico, in conjunction with the WEM Governing Body regional meeting on June 17, 2026.

Participation in Western Energy Imbalance Market and Extended Day-Ahead Market:

The ISO and PacifiCorp are in the final stretch of the complex, multi-year effort to align systems, rules and operations to enable the launch of EDAM on May 1, 2026. Internal teams are focused on operational readiness to ensure a reliable market start.

Additionally, the ISO will be welcoming two new participants to the WEIM on May 6, 2026: BHE Montana and Black Hills Energy. Black Hills enhances the geographic diversity of the real-time market footprint by extending into South Dakota. BHE Montana has signaled following its entry into WEIM, it intends to join EDAM as well, to fully optimize its generation portfolio and create a unified energy footprint in the region.

On April 3, 2026, the Public Utilities Commission of Nevada (PUCN) granted Nevada Energy's (NVE) request to join EDAM; NVE is aiming to join EDAM in 2028. The ISO provided witnesses to support NVE's application. NVE is reviewing the final PUCN Order.

West-Wide Governance Pathways Initiative:

Members of the Pathways Initiative requested that the ISO consider development of a mechanism to support start-up funding for the new Formation Board of the ROWE. This resulted in the development of the proposal that provided for stakeholder feedback and is before ISO Board of Governors and WEM Governing Body as a decisional item this month. If approved, it would allow the ISO to co-sign a loan with the ROWE to be repaid in 2028 by participants in the market.

In addition, ISO staff has initiated its work with BEAR Consulting to develop the Jobs Study required by Assembly Bill 825 (Petrie-Norris, Chapter 116, Statutes of 2025). This study will evaluate the economic impacts within California of the bill's implementation, with a particular focus on jobs related to building and maintaining powerplants. ISO staff will be collaborating with the Pathways Initiative and the ROWE throughout the remainder of this year, and beyond, to implement other requirements of the bill.

FEDERAL AFFAIRS

Administration:

The global energy markets continue to be impacted by the ongoing conflict between the United States and Israel against Iran. On March 11, 2026, President Trump directed the United States Department of Energy (DOE) to release 172 million barrels from the Strategic Petroleum Reserve. That announcement was followed on March 23, 2026, by a DOE Request for Proposal for a crude oil exchange from the Strategic Petroleum Reserve. The impact of the conflict on California electricity prices has been muted.

President Donald Trump delivered his first State of the Union of his second term on February 24, 2026. He previewed the Ratepayer Protection Pledge, which was announced the following week, but did not call for other significant federal energy policy developments, such as permitting reform. At the White House announcement of the Ratepayer Protection Pledge on March 4, 2026, President Trump was joined by executives from Amazon, Google, OpenAI, Meta, Microsoft, Oracle and others who voluntarily joined the non-binding Pledge. President Trump stated that because of the Pledge utility bills will go down. The Pledge includes a promise by the signers to build, buy, or provide their own electricity supplies and pay the full cost of infrastructure upgrades needed to serve their data centers. President Trump has called on Congress to codify the Pledge, but Congress has not yet acted on this prompt.

DOE continues to issue emergency orders to sustain coal-fired power plants, including in Colorado, Indiana, and Washington. DOE also announced a new effort to replace the existing DOE headquarters with the Lyndon B. Johnson building, which currently serves as the headquarters for the United States Department of Education.

DOE Office of Electricity (OE) released the Speed to Power through Accelerated Reconductoring and other Key Advanced Transmission Technology Upgrades (SPARK)

Funding Opportunity Announcement (FOA). This FOA is an approximately \$1.9 billion program intended to accelerate upgrades to the power grid.

DOE, alongside the United States Department of Commerce, announced a public-private partnership with SoftBank and AEP Ohio to redevelop DOE land, modernize energy infrastructure, and develop advanced computing in Southern Ohio.

The United States Department of Interior has begun to consider permits for some solar projects on federal lands but has not reconsidered wind projects.

Congress:

Congress recently completed its spring recess and is focused on several large items: funding the war in Iran, resolving Fiscal Year (FY) 26 appropriations for the United States Department of Homeland Security, and appropriations for the entire federal government in FY 27. President Trump has stated that he will not sign any legislation until the Save America Act, which addresses election law reforms sought by President Trump, is passed into law. The Act does not have sufficient support to pass in the Senate, which leaves open the question of what, if any, legislation will advance this year.

President Trump announced his budget proposal for FY 27 on April 3, 2026. Among many developments, the budget proposal includes increased funding for the nuclear components of DOE and a decrease in funding for DOE renewable programs and the elimination of the Low Income Home Energy Assistance Program. The budget proposal also calls for the consolidation of the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement into a new office called the Marine Minerals Administration.

As the Department of Interior has resumed review of solar permits, Senate Democrats have stated they are open to restarting negotiations on legislation to approve large infrastructure projects. While progress has reportedly been made in negotiations, there is not an agreement to include transmission lines in the package, which is a key ask of Democrats and is opposed by Republicans. Before the spring Congressional recess began, Senators John Hickenlooper (D-Colorado), Alex Padilla (D-California), Catherine Cortez Masto (D-Nevada), Ruben Gallego (D-Arizona), and Angus King (I-Maine) released draft legislation, building on the Energy Permitting Reform Act of 2024, focused on transmission reform. House Democrats also announced H.R. 7977, the Energy Bills Relief Act, that is aimed at reducing energy costs. There is currently a lack of bipartisan sponsors for both the Senate Democrats draft legislation on transmission reform and on H.R. 7977.

The Senate Energy and Natural Resources Committee held a hearing on March 25, 2026, titled "Full Committee Hearing to Examine the State of the Bulk Power System." The House Energy and Commerce Committee also held a hearing on March 17, 2026, titled "Winter Storm Fern Lessons: Supplying Reliable Power to Meet Peak Demand."



The Senate Energy and Natural Resources Committee held a confirmation hearing on February 25, 2026, for FERC Commissioner David LaCerte for another term. On a 12-8 vote, Commissioner LaCerte's nomination passed out of Committee. At the time of the drafting of this report, his nomination is pending before the full Senate for a confirmation vote.