

Memorandum

To: ISO Board of Governors
From: Stacey Crowley, Vice President, External Affairs
Anna McKenna, Vice President, Market Design & Analysis
Date: July 8, 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:

In April 2026, the ISO continued to engage in Track 1 and Track 2 of the California Public Utilities Commission's (CPUC's) High Distributed Energy Resource (DER) proceeding, which aims to advance a state-level framework that enables DERs to be efficiently and reliably leveraged to meet the needs of California's evolving electric grid. The ISO filed opening comments explaining the work it is currently undertaking, in partnership with distribution utilities and other entities, in developing a complementary framework for DER integration and operation on the transmission and distribution system. The ISO refers to the set of processes and anticipated data exchanges in support of these objectives as an "operational coordination framework." As such, the ISO has continued to enhance its focus on improving coordination and data exchange across the transmission-distribution interface.

On June 5, 2026, as part of the CPUC's High DER proceeding the ISO hosted a joint workshop with the CPUC at the ISO's headquarters on DER visibility and transmission system operator to distribution system operator coordination. The objectives of the workshop were to enhance DER visibility, strengthen transmission system operator-distribution system operator coordination, and facilitate state-led collaboration to align transmission system operators, distribution system operators, and participating entities on shared priorities for DER integration and grid operations under a high-DER future.

On June 1, 2026, the CPUC issued a Proposed Decision in its Resource Adequacy proceeding. The ISO filed opening comments supporting a number of determinations in the PD, including the adoption of an Unforced Capacity Framework for 2028. The ISO opposed the PD's 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. The ISO explained these products were introduced in the day-ahead

market to more efficiently price and procure the flexibility needed to manage inherent uncertainty in a system with variable load and resources. Removing or suppressing economic prices undermine the market's ability to achieve reliability and market efficiency goals.

California Energy Commission:

On April 23, 2026, the California Energy Commission (CEC) hosted a statewide summit on Tribal energy enterprise and workforce development. This summit was built on a series of regional roundtables held with tribes across California to better understand tribal priorities in energy development and identify ways the CEC can support tribal energy sovereignty, economic development, and workforce opportunities. The summit included presentations and discussions with representatives from multiple California state agencies working at the intersection of energy, infrastructure, and workforce development. Participants heard about current state processes relevant to tribal energy development and will have opportunities to provide input. ISO staff presented on Tribal engagement development and Federal Energy Regulatory Commission's Order No. 1920.

On June 19, 2026, the CEC hosted the first of two workshops to examine California's geothermal energy resources and benefits to the state, as well as challenges and strategies to developing these resources. The CEC examined six topics: California's geothermal resource potential and planning, Tribal engagement, local and community engagement, permitting, financing and bankability, and workforce development and training. Elliot Mainzer participated on the dais of the workshop.

Legislative Update

California State Legislature:

In late June and early July, the Senate and Assembly voted on hundreds of bills that were introduced in their houses. Bills that advanced were heard in the second house policy committees through July 2, 2026.

On July 1, 2026, Mark Rothleder (Senior Vice President and Chief Operating Officer) participated in an Assembly Energy and Utilities Committee oversight hearing on summer reliability, along with Siva Gunda (Vice Chair of the CEC), John Reynolds (President of the CPUC) and Delphine Hou (Deputy Director of the Department of Water Resources). Mark Rothleder discussed the forecasted grid conditions and weather for this summer.

The legislature went into summer recess at the adjournment of session on July 2 returning on August 3, 2026. Bills with a budget impact will be heard in the Appropriations Committees after the Legislature returns from summer recess in August.

Governor's Administration:

The Senate & Assembly reached an agreement on the Legislature's Version of the budget prior to their June 15, 2026, deadline, which are reflected in [AB 109](#) and [SB 109](#). Linked are summaries from the [Senate](#) & [Assembly](#). Governor Newsom approved the budget on June 29, 2026.

REGIONAL AFFAIRS

Western Energy Markets Governing Body:

On April 28, 2026, the Western Energy Markets (WEM) Governing Body met in-person in Folsom, California. Agenda items included a decision on financial planning initiatives—cost-of-service study extension and revenue requirement cap increases; and a decision on rate design for Regional Organization of Western Energy (ROWE) start-up funding. Khaled Abdul-Rahman (Vice President, Chief Information and Technology Officer) provided an extended day-ahead market (EDAM) and western energy imbalance market (WEIM) implementation update. Becky Robinson (Director, Market Policy Development) then gave a briefing on upcoming policy hot topics—intertie schedule modeling and congestion revenue allocation.

On June 17, 2026, the WEM Governing Body met in-person in Santa Ana Pueblo, New Mexico in conjunction with the Regional Issues Forum meeting. Agenda items included a ROWE Formation Committee update, and a spotlight briefing by Milos Bosanac (Manager, Policy Development) on EDAM congestion revenue allocation initiative. Neil Millar (Vice President, Infrastructure and Operations Planning) provided a briefing on west-wide transmission activities. Guillermo Bautista Alderete (Director, Market Performance and Advanced Analytics) then gave a Q1 2026 WEIM benefits and market update. Finally, the Governing Body unanimously reappointed Anita Decker to the governing body and elected Andrew Campbell as chair and Debrah Smith as vice chair for the coming year.

On July 14-15, 2026, the WEM Governing Body will meet in-person in Folsom, California.

WEM Body of State Regulators:

On May 12, 2026, the Body of State Regulators (BOSR) held an in-person meeting 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. Mark Rothleder provided a seams update, highlighting the ISO's upcoming regional seams workshops. Additional agenda items included 1) regional resource adequacy developments; and 2) an update on the ROWE Nominating Committee.

On June 12, 2026, the BOSR met virtually. Agenda items included 1) an overview of the proposed regional resource adequacy framework; 2) a discussion of Western Interstate Energy Board's resource adequacy advisory group draft comments; 3) WEM Governing Body Nominating Committee update; and 4) a ROWE Board Nominating Committee update.

The BOSR will hold its next meeting, virtually, on July 10, 2026.

WEM Regional Issues Forum:

On June 16, 2026, the Regional Issues Forum (RIF) met in Santa Ana Pueblo, New Mexico in conjunction with the WEM Governing Body Meeting. Agenda items included: 1) a discussion on day-ahead market enhancements and EDAM implementation and an update on the market launch; 2) a discussion on intertie bidding; and 3) a regional resource adequacy update.

On October 5, 2026, the RIF will hold its next meeting in Sacramento, California, in conjunction with the ISO Symposium on October 6, 2026.

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

In April 2026, Nevada Energy (NVE) applied for and received approval to join EDAM from the Public Utility Commission of Nevada (PUCN). NVE petitioned for reconsideration of a few items from the PUCN's original order. On May 27, 2026, the PUCN modified and voted to approve their order to remove restrictions that were placed on NVE in their move to join EDAM (e.g. NVE can begin incurring costs related to joining EDAM in 2026).

Portland General Electric (PGE) will be joining EDAM in October 2026. PGE was in Market Simulation beginning in March 2026 through May 2026. PGE successfully cut over to Parallel Operations on June 1.

In April, the 2027 EDAM cohort (BANC, LADWP, TID, PNM) began onboarding in preparation to join in fall 2027. The Imperial Irrigation District also began onboarding to join both WEIM and EDAM in fall 2028.

West-Wide Governance Pathways Initiative:

California Assembly Bill 825 (AB 825) requires the ISO to conduct a study of the impacts of implementing the Pathways Step 2 proposal, as reflected in AB 825, on "the creation or retention of jobs in California" and it must specifically include "the impact on jobs constructing and maintaining powerplants in California." ISO hired BEAR Consulting to complete this study.

On June 9, 2026, the ISO held a public stakeholder meeting to discuss the study methodology, answer questions and take feedback from stakeholders. Comments on the methodology were due on June 23, 2026. The next stakeholder meeting will be held on July 22, 2026.

FEDERAL AFFAIRS

Administration

The conflict between the United States and Iran continues to be a primary driver of federal energy policy. The ongoing conflict affecting the Strait of Hormuz has added urgency to domestic energy supply discussions and placed a renewed focus on energy affordability concerns.

The U.S. Department of Energy (DOE) appointed Travis Kavulla as the next Administrator and CEO of the Bonneville Power Administration. This appointment comes at a pivotal time as BPA considers its day-ahead market decision. Kavulla started at BPA on June 29, 2026.

DOE continues to use its authority under section 202(c) of the Federal Power Act to shore up resources in advance of summer load demands. Some of these orders were issued for extended periods, which is an example of DOE's expanded application of this authority, while other orders have been for a shorter duration.

On May 21, 2026, DOE issued a Presidential Permit authorizing Basin Electric Power Cooperative to transmit power across two 230 kV lines from North Dakota to Canada. DOE states the project will add up to 650 megawatts of transfer capability between the United States and Canada.

On June 18, 2026, FERC issued show-cause orders directing all six U.S. grid operators to justify or reform their interconnection tariffs for large loads, such as data centers.¹ This is in response to Sec. Wright's October 23, 2025, letter to FERC requesting consideration of an advanced notice of proposed rulemaking.

On June 11, 2026, a federal district court reinstated 11 Department of Energy grants, after the Trump administration reached an agreement with grant recipients. The agreement states that DOE terminated the awards primarily because of grant recipients being located in democratic states. The projects were in Connecticut, New York and Colorado and focused on energy efficiency, critical minerals reclamation, and solar and hydrogen technologies.

Congress

Congress remains focused on funding the war in Iran, appropriations for the federal government in FY 27, and potentially passing another reconciliation bill, among other items. President Trump's proposed FY 27 budget reduces support for renewable energy and promotes fossil fuels and nuclear energy. As August Congressional recess approaches, Congress is also focused on the upcoming mid-term elections. For example, House Democrats announced the creation of five working groups to develop different components of affordability legislation that will part of the first bill of a House Democratic majority should Democrats win back control of the chamber in the midterms. Rep. Mike Levin (D-CA) and Rep. Bikki Budzinski (D-CA) are leading the gas and utilities working group.

After President Trump announced the Ratepayer Pledge this spring, a non-binding commitment signed mostly by large technology companies, he urged Congress to codify it.

¹ ISO's Show Cause Order is available here: [E-10 | EL26-71-000 | Federal Energy Regulatory Commission](#)



Congress is now considering codifying aspects of that Pledge and there may be bipartisan support for some aspects of it.

In a rare bipartisan moment for an energy issue, President Trump signed S.1020, legislation to extend construction deadlines for hydropower projects. The legislation, sponsored by Sens. Daines (R-MT) and Fetterman (D-PA), would allow the FERC to extend the construction start period for projects licensed before March 2020 by up to six years, in two-year increments. Congress has shown bipartisan support for expediting permitting for geothermal projects on public lands.

On May 18, 2026, the Senate confirmed FERC Commissioner LaCerte to a second term as Commissioner, extending his term until June 30, 2021, and Kyle Haustveit as Under Secretary of Energy. On May 13, 2026, the House Energy and Commerce Committee, Energy Subcommittee held a hearing titled "Energy Hearing: Wires, Rates, and States: permitting Transmission for Reliable and Affordable Power". The ISO was praised by multiple witnesses for its proactive transmission planning practices.