

Memorandum

To: ISO Board of Governors
From: Stacey Crowley, Vice President, External Affairs
Anna McKenna, Vice President, Market Design & Analysis
Date: October 21, 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 June 2026, the California Public Utilities Commission (CPUC) issued an additional proposal for the Reliable and Clean Power Procurement Program framework after stakeholders were unable to reach consensus on two prior proposals. The new proposal is intended to strengthen the link between Integrated Resource Planning, transmission planning, and procurement while focusing on long-term resource development.

The ISO submitted opening and reply comments on the proposal. The ISO stated it supports the proposal and provided several suggestions to better align the linkage between resource and transmission planning and procurement, including explicit requirements for clean firm resources and locational procurement.

In August 2026, the CPUC released a ruling proposing resource portfolios to submit to the ISO for its 2027-2028 Transmission Planning Process, and seeking comments on potential geographically-targeted procurement in the Western LA Basin. The ISO submitted opening and reply comments on the ruling. The ISO generally stated it supports the recommended base case and sensitivity portfolios, and encouraged the CPUC to support the development of clean firm and dispatchable resources in future portfolios by maintaining flexibility for long-term resource and transmission opportunities and by providing consistent planning and procurement signals for out-of-state resources. The ISO also stated it supports geographically-targeted storage procurement in the Western LA Basin.

California Energy Commission:

On August 20, 2026, the California Energy Commission (CEC) hosted a workshop to review data inputs and assumptions for the 2026 Integrated Energy Policy Report Update

(2026 IEPR Update) energy demand forecast. CEC staff presented an overview of the inputs and assumptions that will be used in energy demand forecasting and modeling for the 2026 IEPR Update proceeding. Presentations included updates to economic and demographic inputs and historical energy consumption, as well as a discussion of utility energization applications (known loads) and data centers.

On August 31, 2026, the CEC hosted an additional workshop to review changes and updates to the 2026 IEPR Update energy demand forecast load modifiers and the electricity rate forecast. Load modifiers discussed in this workshop included behind-the-meter photovoltaic and storage, additional achievable energy efficiency, additional achievable fuel substitution, and additional achievable transportation electrification.

Legislative Update

End of session wrap up:

Following the end of the legislative session early last month, Governor Newsom signed a number of bills related to transmission planning and infrastructure, distributed energy resources, resource adequacy and data centers.

Below is a list of enacted bills that impact the ISO.

AB/SB 192 (Gabriel) – Transmission Infrastructure Accelerator: Requires the Transmission Infrastructure Accelerator to evaluate the draft results of the ISO's transmission planning process; authorizes the accelerator to select, upon release of the approved transmission planning process, one or more eligible transmission projects that may have the opportunity to receive public financing; and requires the accelerator to ensure that selected transmission projects eligible for public financing meet specified criteria and that project sponsors seeking funding for the selected transmission project meet specified criteria.

AB 2111 (Papan) – Memorandum of understanding: Requires the CPUC and CEC to update the memorandum of understanding with the ISO and ensure that the memorandum and workplan reflect the requirements of FERC Order No. 1920 by January 2028.

SB 886 (Padilla) – Data centers: Requires the CPUC to establish a tariff for the interconnection of a data center seeking to receive retail electric service at the transmission level; requires the CPUC to assign transmission facility upgrade costs to data centers based on a methodology determined by the CPUC; and, among other provisions, requires utilities to publish and update maps showing where large-load customers can interconnect without significant transmission upgrades.

SB 913 (Becker) – Aggregated distributed energy resources and resource adequacy: Requires the CPUC, in coordination with the ISO and the CEC, to enhance existing market-integrated pathways for aggregated distributed energy resources , as

defined, to qualify as resource adequacy capacity by June 2028; requires the CPUC to allow load-serving entities to include aggregated distributed energy resources in resource adequacy filings and other CPUC-ordered procurement; and requires the CPUC to develop recommendations for changes to the ISO's proxy demand resource and distributed energy resource aggregation participation models to be consistent with the PUC's requirements for aggregated distributed energy resources pursuant to these provisions and to communicate the recommendations to the ISO for consideration in a new or existing initiative.

REGIONAL AFFAIRS

Western Energy Markets Governing Body:

On August 25, the WEM Governing Body met virtually. Khaled Abdul-Rahman (VP, Chief Information and Technology Officer) provided an Extended Day-Ahead Market (EDAM) onboarding update. Guillermo Bautista Alderete (Director, Market Performance and Advanced Analytics) provided an overview of the 2026 Q2 Western Energy Markets benefits report. Greg Fisher (Lead Counsel) provided an overview of the WEM Governing Body's charter-required governance review. The Governing Body approved a motion approving Management's recommendation to forego further governance review beyond the ongoing Pathways initiative.

On October 20-21, 2026, the WEM Governing Body held a regional general session meeting and joint general session meeting with the ISO Board of Governors, respectively, in Salt Lake City, Utah.

WEM Body of State Regulators:

On August 14, the BOSR met virtually. Agenda items included: 1) an ISO briefing on price formation enhancements, and 2) an update on ROWE governance and organizational matters (i.e., the Board briefing book, stakeholder process, and Nominating Committee and Executive Director search).

On September 11, the BOSR met virtually. Agenda items included: 1) an ISO seams coordination update; 2) an ISO policy initiative schedule update; 3) a PacifiCorp EDAM update; 4) a ROWE update; and 5) an EDAM Entities resource adequacy proposal update.

On September 22-23, the BOSR and ISO sponsored a states' markets training in Folsom, California for commissioners, commission staff, and other state representatives.

On October 9, the BOSR met virtually. Agenda items included: 1) an ISO policy initiatives roadmap & process update and 2) an EDAM Entities resource adequacy proposal update.

On October 13, the BOSR met in joint-closed session with the Western Resource Adequacy Program's Committee of State Representatives and Southwest Power Pool's

Markets+ States Committee to discuss cross-cutting issues. The ISO and SPP participated in a portion of the meeting to discuss and answer questions about the joint ISO-SPP seams coordination report submitted to FERC on September 30, 2026.

WEM Regional Issues Forum:

On October 5, 2026, the Regional Issues Forum (RIF) met in Sacramento, California. Discussion items included: 1) the RIF to ROWE Stakeholder Representatives Committee transition; 2) EDAM enhancements; and 3) 2027-2029 Policy Roadmap and upcoming Roadmap changes. Meeting materials and a recording are available on the RIF [webpage](#).

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

On September 16, 2026, NV Energy committed to joining the Extended Day-Ahead Market (EDAM) and will begin participating in EDAM in 2028 along with BHE Montana and Imperial Irrigation District. NV Energy serves over 1.5 million customers in Nevada and will utilize participation in EDAM to unlock additional benefits for Nevada customers.

EDAM expanded in October 2026 when Portland General Electric (PGE) began participation in EDAM. PGE is the third balancing authority to join EDAM, with PacifiCorp's two balancing authorities joining in May 2026. In fall 2027, four additional entities are scheduled to join: the Balancing Authority of Northern California, Los Angeles Department of Water and Power, the Public Service Company of New Mexico, and Turlock Irrigation District.

Additional entities are exploring potential participation in EDAM, reflecting continued interest in the development and expansion of the market.

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 September 10, 2026, the ISO hosted its second public stakeholder meeting to share preliminary results from the consultant's analysis, answer questions and receive feedback from stakeholders. Comments on the preliminary findings were due on September 24, 2026. The ISO will publish a draft final report and seek public comment ahead of final submission of the report to the California legislature in December 2026.

Additionally, the Pathways Initiative concluded its work in September 2026, resulting in the advancement of a five-member slate for the inaugural Board of the Regional Organization of Western Energy and the development of a comprehensive Briefing Book to serve as a foundation for that new Board. The inaugural Board members were formally appointed on September 30, 2026, by unanimous vote of the Formation Board of the ROWE. ROWE Board members include former WEM Governing Body Members, Rebecca Wagner and Deborah Smith; John Di Stasio; Evelyn Kahl; and Paul Kjellander.

FEDERAL AFFAIRS

Administration

On September 24, the DOE announced it intends to fund 31 grid improvement projects from the SPARK initiative across 26 states, for a total of about \$1.9 billion. Secretary Wright has issued repeated 202(c) orders for grid stress in the mid-Atlantic and the Carolinas.

Congress

Before Congress left Washington, D.C., for the mid-term election, a group of senators introduced a bill resulting from the multi-year permitting reform discussions. The Bipartisan American Affordability and Jobs Act of 2026, S. 5653, was introduced on September 30, 2026, by the leadership of the Senate Environment and Public Works Committee (Chair Capito (R-WV) and Ranking Member Whitehouse (D-RI)) and the Senate Energy and Natural Resources Committee (Chair Lee (R-UT) and Ranking Member Heinrich (D-NM)). The bill proponents have called for the bill to advance on November 9 with a manager's amendment (package of pre-negotiated and non-controversial amendments). The bill is large in scope, but among its many provisions, contains many significant transmission items, including permitting reform for infrastructure projects, transmission planning reform, large-load rate reform, and more. The ISO is currently reviewing the legislation.