# Memorandum

**To:** ISO Board of Governors

**From:** Stacey Crowley, Vice President, External Affairs

Anna McKenna, Vice President, Market Design & Analysis

**Date:** August 19, 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 July 2, 2026, the California Public Utilities Commission (CPUC) adopted a decision in Track 1 of its Resource Adequacy proceeding. The Decision adopted targeted reforms to the resource adequacy program, including the adoption of an Unforced Capacity Framework for 2028 as well as other adjustments related to resource counting, procurement, compliance, and market implementation.

Among the determinations in the decision was the imposition of a zero-dollar bidding requirement for resource adequacy resources selling reliability capacity in the markets the ISO operates and revenue allocation restrictions for resources selling reliability capacity and imbalance reserves. The ISO submitted comments and held ex parte meetings prior to the adoption of the decision urging the CPUC not to impose the requirements and explaining the 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. The ISO further emphasized that removing or suppressing economic prices undermines the market’s ability to achieve reliability and market efficiency goals.

**California Energy Commission:**

On July 9, 2026, the California Energy Commission (CEC) hosted the second 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:**

On August 3rd, the Legislature resumed after summer recess, and we are now in the final weeks of session. Bills went through Appropriations Suspense through August 13th. August 21st is the last day to amend bills on the floor for regular policy bills. Leadership priority bills have until August 28th to be amended. Session ends on Monday, August 31st. The Governor will have until September 30th to sign or veto bills.

On August 4th, ISO Board Chair Eto and President Mainzer provided an update on summer reliability, EDAM and AB 825 activities alongside CPUC Executive Director Leuwam Tesfai, CEC Vice-Chair Siva Gunda and Department of Water Resources Deputy Director Delphine Hou.

On August 5th, Chair Eto and fellow ISO Board member Alice Reynolds were unanimously approved for confirmation by the California state Senate Rules Committee.

## REGIONAL AFFAIRS

**Western Energy Markets Governing Body:**

On July 14, the Western Energy Markets (WEM) Governing Body met in-person in Folsom, California. Agenda items included a briefing on scarcity pricing from Susan Pope (WEM Governing Body Market Expert). Becky Robinson (Director, Markets Policy Development) provided a briefing on upcoming policy hot topics - storage design and modeling initiative.

On August 25, 2026, the WEM Governing Body will meet virtually.

**WEM Body of State Regulators:**

On July 10, the Body of State Regulators (BOSR) met virtually. Guillermo Bautista Alderete (Director, Market Performance and Advanced Analytics) provided a market performance update. Additional agenda items included: 1) ROWE update; and 2) ROWE nominating committee update.

The BOSR will hold its next meeting virtually on August 14, 2026.

**WEM Regional Issues Forum:**

On July 17, Scott Olson (Director Policy, Regulation, and Markets West, Avangrid) became new Chair of the Regional Issues Forum (RIF) with the departure of Lindsey Schlekeway. Scott Olson previously served as the RIF Vice Chair. On July 21, Kalia Savage (Principal

Transmission and Markets Policy Analyst, Portland General Electric) was selected as Vice Chair. Vijay Singh (Organized Markets Adviser, PacifiCorp) will continue to serve as RIF Secretary.

On August 5, the Western Energy Imbalance Market sector appointed Trisha Blevins (Energy Markets Department Manager, Turlock Irrigation District) as its new sector liaison. TID was previously in the Extended-Day Ahead Market sector but transitioned to the WEIM sector upon appointment.

On October 5, 2026, the RIF will hold its next meeting in Sacramento, California, from 1:00 – 4:00 p.m. PT, in conjunction with the ISO Symposium on October 6, 2026.

**Participation in Western Energy Imbalance Market and Extended Day-Ahead 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 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 September 10, 2026.

In addition, 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 approval by the ISO Board and WEM Governing Body of a proposal to allow the ISO to co-sign a loan with the ROWE to be repaid in 2028 by participants in the market. To implement this proposal, the ISO needed to make changes to its tariff that was filed with FERC. No comments were filed in response to those proposed changes and FERC accepted the ISO’s filing on August 10, 2026.

## FEDERAL AFFAIRS

### Administration

In July, the Trump administration announced a larger group of signatories to the Rate Payer Protection Pledge. The Ratepayer Protection Pledge is a voluntary federal initiative designed to protect Americans from rising utility costs caused by the rapid expansion of data centers. President Trump announced the original pledge during his State of the Union address on February 24, 2026. A small group of large technology companies signed the pledge on

February 24, 2026. A larger group of entities, including Pacific Gas & Electric and other utilities, signed the pledge on July 23, 2026.

The Department of Energy continues to issue Section 202(c) orders, primarily in the MISO and PJM service territories. On July 25th, the Department of Energy announced the "Golden Era of American Nuclear Energy" has arrived and emphasized a number of developments in the nuclear industry.

**Congress**

Congress is on August recess until early September. Before the House left for August recess it passed a number of large items, including a short-term continuing resolution to fund the federal government through December 4 (current funding expires September 30th), a $95 billion budget reconciliation plan, and the FY 2027 National Defense Authorization Act, a congressional stock trade ban, and portions of the Save America Act. The Senate is considering these bills before leaving for its recess but is also considering key nominations and other matters. The key senators leading the long-discussed federal permitting reform pushed any announcement of an agreement to at least September.

When Congress returns from August recess, the focus will be on the mid-term elections in November. To that end, Democrats announced a number of draft bills in preparation of Democrats potentially gaining a majority in either the House or Senate.