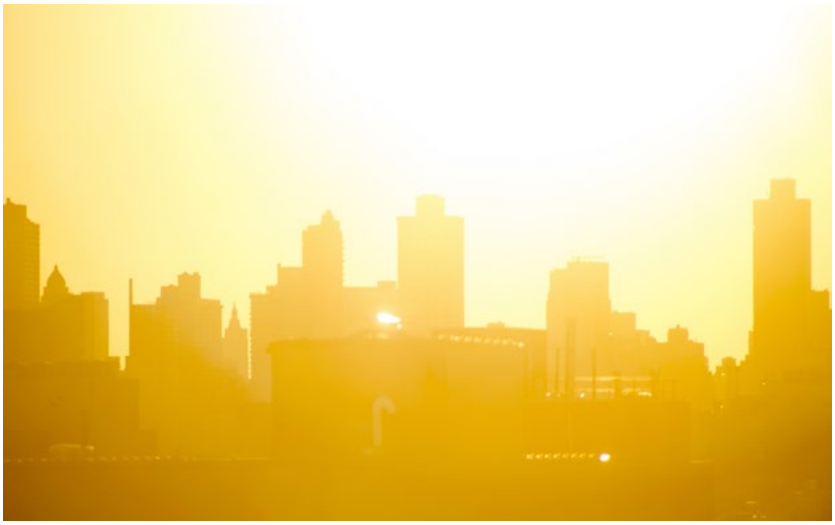
California ISO

WESTERN ENERGY MARKETS OBSERVATIONS

Nov 3, 2026

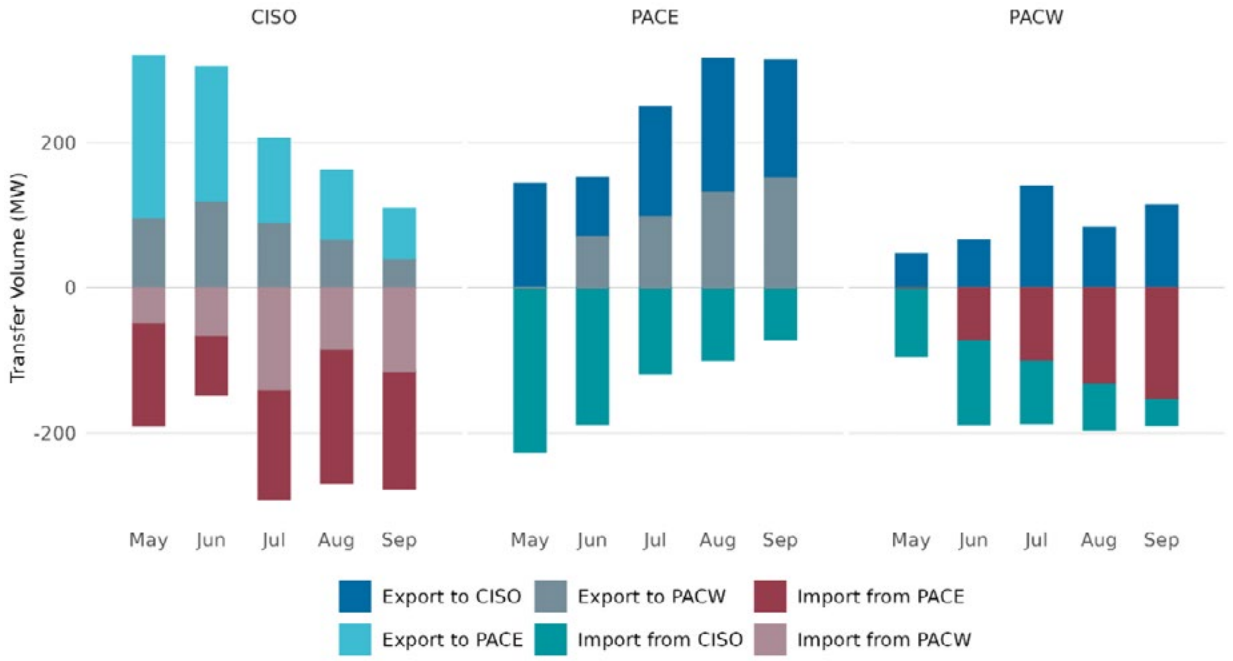
How EDAM trade evolved during its first summer

The summer of 2026 provided an important early test of the Extended Day-Ahead Market (EDAM)'s ability to coordinate resources across the West. That test continued into September, when CAISO recorded its highest peak load since EDAM launched. As electricity demand increased and system conditions became more challenging, the market enabled participants to share not only energy but also reserve and reliability products that help maintain grid reliability. These products include imbalance reserves, which provide flexibility when real-time conditions differ from day-ahead forecasts, and reliability capacity, which helps ensure sufficient resources are available to meet expected demand. By expanding the day-ahead market footprint, EDAM can take advantage of diversity in demand, weather, and resource availability across the region to help meet these needs more efficiently.



Trade patterns evolved significantly between May and August as summer conditions increased electricity demand across the West. During the spring immediately after EDAM's launch, California (CAISO) was generally a net exporter of energy, particularly during daytime hours when solar generation was abundant. By July and August, the pattern had reversed. CAISO became a net importer as summer temperatures increased electricity demand and reduced the availability of excess generation available for export.

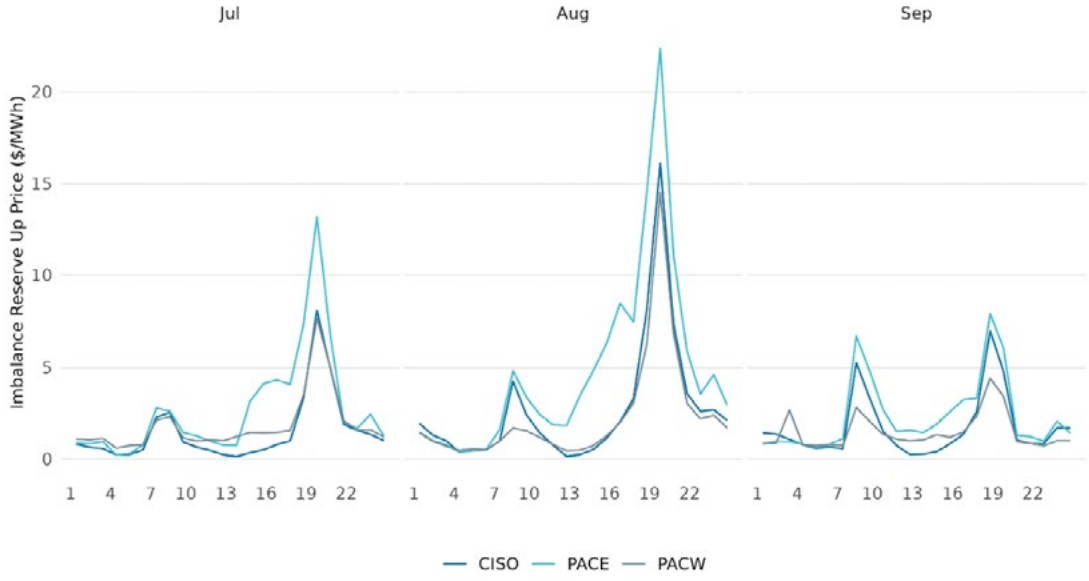
Hourly energy transfer data show exports steadily declined from May through August while imports increased during July and August. At the same time, PACE transitioned from a net importer to a significant net exporter of energy, while transfers between PACE and PACW expanded steadily, indicating growing use of the broader regional market and a wider range of trading relationships than were observed immediately following market launch.



It is important to note that the total volume of trade, averaging in the hundreds of megawatts, is still small relative to the total demand of the system. Though relatively small, these changing flows were driven by both higher demand and market economics, which ultimately determine their value on the system.

EDAM evaluates supply offers, needs for energy and reliability products, and available transmission capability to identify the lowest-cost resources available across the market footprint. As demand increased during the summer, the value of flexible capacity also increased. Imbalance reserve up (IRU) prices reached their highest monthly levels through August for both CAISO and PACE, while reliability capacity prices were higher and more volatile in August than in July.

September added an important distinction between peak conditions and monthly averages. CAISO demand reached 50,335 MW on September 9, exceeding the California Energy Commission's month-ahead forecast of 46,360 MW. High loads contributed to significant energy price increases in CAISO and PACW that day, and CAISO ancillary service prices were also elevated. Across September as a whole, however, average hourly demand declined from July and August, and wholesale prices fell from August levels to levels generally comparable to July. These results illustrate how market prices respond to changing conditions rather than following a steady upward seasonal trend.



Differences in demand patterns and generation resources across the three regions created many of these trading opportunities. California's resource mix includes a large amount of solar generation, which tends to produce abundant energy during midday hours. This often creates surplus supply and increases the availability of downward flexibility products, such as imbalance reserve down, during daylight hours when generation can exceed demand. In contrast, California's largest flexibility needs occur during the morning and especially evening ramp periods, when solar generation rapidly declines while electricity demand remains high. The performance report shows the highest average imbalance reserve up prices and reliability capacity prices occurring during these ramping periods, particularly around the evening peak, reflecting the increasing value of flexible resources during those hours.

PACE and PACW contributed different resource capabilities that complemented California's load and renewable profile. PACE relied primarily on wind, coal, and gas resources to provide reserves and reliability products, while PACW relied heavily on hydroelectric and wind generation. Hydroelectric resources are particularly effective at responding quickly to changing system conditions, making them well suited to provide flexible reserve products when demand or renewable output changes unexpectedly. Because wind, hydro, and solar resources produce energy at different times of day and under different weather conditions, the regions frequently had different imbalance reserve requirements and surplus capability available. EDAM was able to capture these diversity benefits by allowing energy and reliability products to flow to where they were most valuable rather than requiring each balancing area to meet all needs with local resources.

The increasing transfer activity observed from May through August suggests that participants were making greater use of regional differences in demand and resource availability. California was generally a net exporter of imbalance reserves while importing reliability capacity and, later in the summer, importing increasing amounts of energy. PACE emerged as a major exporter of energy and several reliability products, while transfers between PACE and PACW increased compared with the limited direct transfers observed during the market's first month. The September report places these summer trends in a broader seasonal context: CAISO demand exceeded 40,000 MW on four days, compared with 23 days in August, even though September included the higher single-hour peak. The report attributes many changes in September market outcomes to seasonal fundamentals rather than changes in EDAM market design or performance. It also notes that outcomes continued to stabilize as participants gained experience and settlement issues were addressed.

Overall, EDAM's first summer and the September transition illustrate how regional coordination responds to both sustained summer demand and shorter periods of high system needs. From May through August, California shifted from a net exporter of energy to a net importer, while neighboring regions increasingly supplied energy and reliability-related products. September then combined the highest CAISO peak since EDAM implementation with lower average demand and prices than August. Despite that peak, the report found that load remained below monthly Resource Adequacy showings, indicating sufficient capacity and comfortable reliability margins. Together, these observations show why market performance should be assessed across changing conditions: transfer volumes and prices reflect the resources, demand, and transmission capability available at a particular time, rather than needing to increase each month to demonstrate value.

The trends described here represent only the first few months of EDAM operations. As additional entities join the market and seasonal conditions continue to change, market outcomes will continue to evolve. To support transparency and help stakeholders track these developments, the California ISO publishes a monthly EDAM Performance Report that provides detailed analysis of prices, transfers, reliability products, congestion, and market outcomes across participating balancing authority areas. These reports provide an ongoing view of how the market is performing and adapting over time.

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