



WESTERN ENERGY MARKETS OBSERVATIONS

Oct 12, 2026

The bridge from capacity planning to the operating day

The Extended Day-Ahead Market (EDAM) and Day-Ahead Market Enhancements (DAME), launched by the California Independent System Operator in May, include a reliability test known as the resource sufficiency evaluation (RSE).

Before a region can rely on energy or capacity from its neighbors, it must demonstrate that it has enough resources to meet its own expected demand and manage forecast uncertainty. In this way, the RSE serves as a bridge between long-term resource planning and day-to-day market operations, translating resource adequacy commitments into resources that can be counted on in the market.

In the EDAM, the ISO selects and dispatches the cheapest resources needed to meet demand across the market's independent balancing areas. Before being able to access cheaper resources from neighbors, each region has to have:

- enough generation to meet internal demand,
- enough flexible resources to respond to expected changes in wind generation, solar generation, and electricity demand, and
- enough reserves to meet internal ancillary service requirements.

If all these conditions are met, energy and capacity can flow between EDAM areas. This test is performed hourly for each balancing area.

The first few months of EDAM provide an opportunity to see how these requirements vary across regions and how they support transfers between balancing areas.



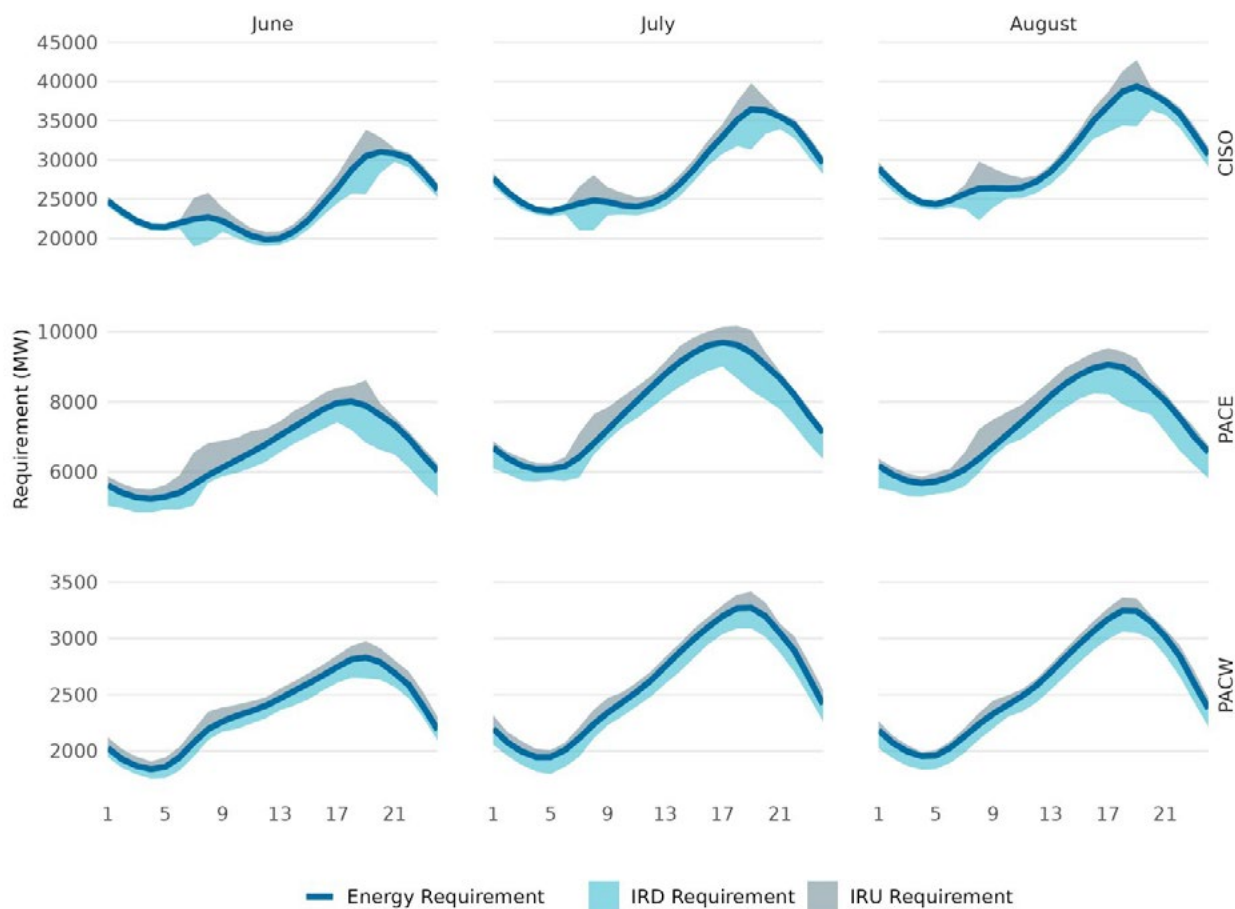
First, pass the test

Regions successfully met the resource sufficiency requirements in nearly every hour between May and August. CAISO has had a 100% pass rate in both directions on every day since EDAM's launch. PacifiCorp West (PACW) and PacifiCorp East (PACE) both had very high pass rates, only failing for a few hours in May and June. These high pass rates enabled robust transfers of energy and capacity products across the EDAM footprint.

The pass rate was closely related to the requirements in each region, which vary by hour and region depending on the underlying supply and demand dynamics. The requirements vary across EDAM regions because their resource mixes and demand patterns differ. CAISO's large amount of solar generation creates larger flexibility requirements during the morning and evening net-load ramps. By contrast, PACE and PACW have smaller demand requirements and less pronounced solar-driven swings, resulting in more stable needs throughout the day.

These requirements increase when demand rises, as they did during the summer months, or when additional flexibility is needed to manage uncertainty in wind and solar generation. As a result, EDAM regions must bring enough capacity to meet a range of operating conditions throughout the day, not just a single forecasted peak.

Average hourly energy and imbalance reserve requirements
from June to August for each of the three EDAM regions



Unlocking energy and capacity transfers

After the RSE is passed, the market schedules the lowest cost resources to meet demand and uncertainty requirements across the entire footprint, subject to transfer limits. Over the first three months of EDAM operation, transfers generally followed expected economic and reliability patterns. Energy and capacity products flowed from areas with surplus or lower-cost resources to areas with higher demand, higher costs, or greater reliability needs. As system conditions evolved from spring to summer, transfer patterns adjusted accordingly, directing resources to where they provided the greatest value while maintaining reliability across participating regions.

The RSE also creates accountability. Regions that fail the evaluation face financial penalties, and performance metrics are publicly reported. Together, these incentives encourage market participants to secure sufficient resources rather than rely on neighboring systems. The near-universal pass rates observed since EDAM's launch suggest these incentives are working as intended.

CAISO has committed to publishing detailed analysis of each of the first six months of trading in the Extended Day-Ahead Market and holding calls to answer questions stakeholders may have regarding the results. For more information, [visit the Monthly Extended Day-Ahead Market \(EDAM\) performance reports page](#). This page will be updated throughout the year as more reports are published.

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