

Elliot E. Mainzer
President & Chief Executive Officer

Transmitted Electronically

February 1, 2026

Grant Mack and Christine Hironaka, The Office of Governor Newsom
1021 O Street, Suite 9000
Sacramento, CA 95814

The Honorable Monique Limon, Pro Tempore, California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Benjamin Allen, Chair, Senate Energy Utilities and Communications
Committee
1021 O Street, Suite 3350
Sacramento, CA 95814

The Honorable Robert Rivas, Speaker, California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Cottie Petrie Norris, Chair, Assembly Energy and Utilities Committee
1020 N Street, Room 408A
Sacramento, CA 95814

Subject: AB 825 Report Submittal

Dear Esteemed Members and Staff,

As requested under Assembly Bill 825, codified in Public Utilities Code 342.5(a), the California Independent System Operator is pleased to submit the attached report on ISO activities for the previous year.

As noted in the report, this initial annual submittal is responsive to questions enumerated by the legislation for the activities of the ISO in 2025. Once applicable, future annual reports will also include the requested information related to the independent regional organization, which is currently in the process of being formed.

Please direct any questions to Melicia Charles, the ISO's Director of State Affairs, at mcharles@caiso.com. The California ISO looks forward to working with you as we implement AB 825 to help ensure the most efficient and reliable electricity markets to benefit energy consumers in California and across the West.

Sincerely,

A handwritten signature in black ink, appearing to read "Elliot Mainzer". The signature is fluid and cursive, with the first name "Elliot" written in a larger, more prominent script than the last name "Mainzer".

Elliot Mainzer
President and Chief Executive Officer

Cc:

Kip Lipper
Nidia Bautista
Chase Hopkins
Laura Shybut



California ISO

2026 Assembly Bill 825 Report to the Governor and Legislature

February 1, 2026

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The Department of Market Monitoring

California Independent System Operator

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Assembly Bill 825 and the purpose of this report

Assembly Bill 825 (Petrie-Norris, Chapter 116, Statutes of 2025) was passed last year by the California Legislature and signed into law by Governor Gavin Newsom to further the expansion and use of voluntary wholesale energy markets throughout the Western United States. Specifically, the legislation enables the California Independent System Operator (ISO) to partner with an independent regional organization to govern and operate these markets for the benefit of ratepayers. The legislation establishes specific requirements that this regional organization must meet—including respect for state authority, transparent processes, and protection of consumer interests—before the ISO and California’s investor-owned electric utilities (IOUs) within its market footprint may transition to an arrangement where the voluntary wholesale energy markets are governed by an independent regional organization.

On or after January 1, 2028, the ISO may implement tariff changes that would need to be approved by the Federal Energy Regulatory Commission for this transition. These tariff changes would also be contingent upon confirmation from the ISO Board of Governors that the statutory conditions enacted by AB 825 have been met and authorized by the California Public Utilities Commission (CPUC) for the electric IOUs to participate, based on a determination by the CPUC that the statutory requirements have or will be met.

AB 825, as codified in Public Utilities (PU) Code section 345.2, requires the ISO to submit an annual report no later than February 1 of each year that must include the following information:

1. Any changes to its federal tariff sought, and those changes approved, by the Federal Energy Regulatory Commission.
2. The status of policy initiatives and recurring processes considered by the Independent System Operator during the prior year.
3. Actions undertaken by the Independent System Operator Board of Governors and, if applicable, the governing board of an independent regional organization whose electricity market California entities participate in.
4. An assessment of market activity during the prior year by any independent market monitor and, if applicable, independent market analysis maintained by an independent regional organization used by the Independent System Operator.
5. Actions undertaken within the transmission planning process of the Independent System Operator and the implementation of projects approved in that process.¹

In addition, AB 825 requires the Chair of the ISO Board of Governors and the chief executive officer of the ISO to appear annually before applicable energy policy committees of the California state Assembly and Senate.

Pursuant to PU Code 345.2, the ISO submits the following information on its activities for 2025. Once applicable, the ISO’s annual report will also include the requested information related to the independent regional organization, which is currently in the

¹ PU Code 345.2(a)

process of formation. For 2025, however, this report only contains activities of the ISO that were publicly available through the end of 2025.

1) Changes to federal tariffs

The ISO, as with other independent system operators (ISO) and regional transmission organizations (RTO), is regulated by the Federal Energy Regulatory Commission (FERC). FERC’s authority to regulate the voluntary wholesale energy markets operated by the ISO and its transmission operation functions derives from the Federal Power Act, codified as Title 16, Chapter 12 of the United States Code. This federal statute provides that FERC will regulate ISO/RTO legal tariffs to ensure the terms contained within are just, reasonable, and consistent with the public interest. The Federal Power Act also authorizes FERC to establish mandatory reliability standards for the bulk power system.

Each ISO/RTO must comply with the terms and conditions set forth in its independent legal tariff reviewed, approved, and maintained on file with FERC. Section 205 of the Federal Power Act authorizes ISO/RTOs to propose revisions to their federal tariff upon a showing that the new or changed items are just, reasonable, and not unduly discriminatory. Section 205 of the Federal Power Act also authorizes FERC to direct an ISO/RTO to revise its tariff if its existing tariff has been shown to be unjust, unreasonable, or unduly discriminatory. As part of its regulatory function, FERC also undertakes rulemaking processes in accordance with the federal Administrative Procedure Act. FERC requires the ISO to perform its regulated functions in accordance with the rates, terms, and conditions that are officially filed within its tariff accepted by FERC.

The following table lists all changes to the ISO tariff sought (Title of Filing), and those changes approved (Related Order), by FERC in 2025.

Filing Date	Title of Filing	Related Order
11/29/2023	ER23-2510 Filing in compliance with transmission service and market scheduling priorities order https://www.caiso.com/documents/nov29-2023-compliancefiling-wheelingthrough-er23-2510.pdf	8/6/25: Order accepting tariff amendment https://www.caiso.com/documents/aug-6-2025-letter-order-accepting-compliance-filing-wheeling-through-priority-er23-2510.pdf
3/24/2024	EL24-92 Complaint Seeking Tariff Changes: Cometa Energia S.A. de C.V. (Saavi) v. CAISO	6/27/24: Order denying complaint https://www.caiso.com/documents/jun-27-2024-order-denying-complaint-re-cometa-energia-el24-92.pdf 4/29/25: Order addressing arguments addressed on rehearing https://www.caiso.com/documents/apr-29-2025-order-addressing-arguments-raised-on-rehearing-and-setting-aside-prior-order-in-part-saavi-v-caiso-cometa-energia-complaint-el24-92.pdf

Filing Date	Title of Filing	Related Order
		10/16/2025: Order addressing arguments raised on rehearing https://www.aiso.com/documents/oct-16-2025-order-addressing-arguments-raised-on-rehearing-aiso-v-saavi-el24-92.pdf
5/16/2024	ER24-2042 Filing in compliance with FERC Rule Nos. 2023/2023-A https://www.aiso.com/documents/may16-2024-compliancefiling-ferc-orderno-2023-er24-2042.pdf	5/15/25: Order accepting tariff amendment https://www.aiso.com/documents/may-15-2025-order-accepting-aiso-tariff-amendment-in-compliance-with-order-2023-er24-2042.pdf
8/1/2024	ER24-2671 Filing of interconnection process enhancements 2023 tariff amendment https://www.aiso.com/documents/aug-1-2024-tariff-amendment-interconnection-process-enhancements-2023-er24-2671.pdf	9/30/24: Order accepting tariff amendment https://www.aiso.com/documents/sep-30-2024-ferc-order-accepting-tariff-amendment-interconnection-process-enhancements-2023-er24-2671.pdf 11/7/25: Order addressing arguments raised on rehearing https://www.aiso.com/documents/nov-7-2025-order-addressing-arguments-raised-on-rehearing-interconnection-process-enhancements-2023-er24-2671.pdf
10/11/2024	ER25-87 Filing of billing, credit and payment tariff amendment https://www.aiso.com/documents/oct-11-2024-tariff-amendment-billing-credit-and-payment-er25-87.pdf	1/28/25: Order accepting tariff amendment https://www.aiso.com/documents/jan-28-2025-order-accepting-billing-credit-and-payment-tariff-amendment-er25-87.pdf
10/21/2024	ER25-171 Filing of large generator interconnection agreement with SunZia Wind South, LLC	2/21/25: Order accepting agreement https://www.aiso.com/documents/feb-21-2025-letter-order-accepting-sunzia-filing-for-an-lgia-with-sunzia-wind-south-llc-and-the-aiso-er25-171.pdf
10/21/2024	ER25-172 Filing of large generator interconnection agreement with SunZia Wind North, LLC	2/21/25: Order accepting agreement https://www.aiso.com/documents/feb-21-2025-letter-order-accepting-sunzia-filing-for-an-lgia-with-sunzia-wind-north-llc-and-the-aiso-er25-172.pdf
11/1/2024	ER25-344 Certificate of Concurrence – Large Generator Interconnection Agreement – SunZia Wind South https://www.aiso.com/documents/nov-1-2024-certificate-of-concurrence-lgia-among-aiso-sunzia-transmission-and-sunzia-wind-south-er25-344.pdf 11/17/2025: Informational filing of effective date regarding SunZia Wind South Large Generator Information Agreement https://www.aiso.com/documents/nov-17-2025-informational-filing-of-effective-date-sunzia-south-er25-344.pdf	2/26/25: Order accepting certificate of concurrence https://www.aiso.com/documents/feb-26-2025-letter-order-accepting-certificate-of-concurrence-lgia-among-aiso-sunzia-transmission-and-sunzia-wind-south-er25-344.pdf
11/1/2024	ER25-345	2/26/25: Order accepting certificate of concurrence

Filing Date	Title of Filing	Related Order
	<p>Certificate of Concurrence – Large Generator Interconnection Agreement – SunZia Wind North https://www.aiso.com/documents/nov-1-2024-certificate-of-concurrence-lgia-among-aiso-sunzia-transmission-and-sunzia-wind-north-er25-345.pdf</p> <p>11/17/2025: Informational filing of effective date regarding SunZia Wind North Large Generator Information Agreement https://www.aiso.com/documents/nov-17-2025-informational-filing-of-effective-date-sunzia-north-er25-345.pdf</p>	<p>https://www.aiso.com/documents/feb-26-2025-letter-order-accepting-certificate-of-concurrence-lgia-among-aiso-sunzia-transmission-and-sunzia-wind-north-er25-345.pdf</p>
11/14/2024	<p>ER25-437 EDAM Access Charge in CAISO Balancing Authority Area tariff amendment https://www.aiso.com/documents/nov-14-2024-tariff-amendment-edam-access-charge-in-the-aiso-balancing-authority-area-er25-437.pdf</p>	<p>2/20/25: Order accepting tariff amendment https://www.aiso.com/documents/feb-20-2025-order-accepting-edam-access-charge-in-the-aiso-balancing-authority-area-tariff-amendment-er25-437.pdf</p>
11/22/2024	<p>ER25-543 CAISO, Great Basin Transmission LLC (SWIP-North project) development agreement https://www.aiso.com/documents/nov-22-2024-development-agreement-between-great-basin-and-aiso-regarding-swip-north-project-er25-543.pdf</p>	<p>1/21/25: Order accepting agreement https://www.aiso.com/documents/jan-21-2025-order-accepting-development-agreement-between-great-basin-and-aiso-regarding-swip-north-project-er25-543.pdf</p>
11/22/2024	<p>ER21-2579/ER25-526 Settlement agreement-CAISO, EDF Trading NA LLC, CXA La Paloma https://www.aiso.com/documents/nov-22-2024-settlement-agreement-in-docket-no-er21-2579-regarding-edf-trading-north-america-and-cxa-la-paloma-er25-526.pdf</p>	<p>3/20/25: Order accepting settlement agreement https://www.aiso.com/documents/mar-20-2025-letter-order-approving-settlement-agreement-between-aiso-cxa-la-paloma-and-edf-trading-er21-2579-and-er25-526.pdf</p>
11/22/2024	<p>ER25-542 Pathways 1 tariff amendment https://www.aiso.com/documents/nov-22-2024-tariff-amendment-pathways-step-1-er25-542.pdf</p> <p>7/1/2025 Informational filing of effective date https://www.aiso.com/documents/jul-1-2025-informational-filing-of-effective-date-pathways-step-1-er25-542.pdf</p>	<p>4/2/25: Order accepting tariff amendment https://www.aiso.com/documents/apr-2-2025-letter-order-accepting-tariff-amendment-pathways-step-1-er25-542.pdf</p>
11/26/2024	<p>ER25-576 Bid Cost Recovery to Storage Resources https://www.aiso.com/documents/nov-26-2024-tariff-amendment-bid-cost-recovery-to-storage-resources-er25-576.pdf</p>	<p>1/24/25: Order accepting tariff amendment https://www.aiso.com/documents/jan-24-2025-order-accepting-tariff-revisions-bid-cost-recovery-to-storage-resources-er25-576.pdf</p>
12/5/2024	<p>ER25-663 EDAM entity implementation agreement – BANC https://www.aiso.com/documents/dec-5-2024-edam-entity-implementation-agreement-between-aiso-and-banc-er25-663.pdf</p>	<p>1/27/25: Order accepting agreement https://www.aiso.com/documents/jan-27-2025-letter-order-accepting-edam-entity-implementation-agreement-between-aiso-and-banc-er25-663.pdf</p>
12/16/2024	<p>ER25-725</p>	<p>2/11/25: Order accepting agreement</p>

Filing Date	Title of Filing	Related Order
	Amended California-Oregon Intertie path operating agreement https://www.aiso.com/documents/dec-16-2024-amended-california-oregon-intertie-path-operating-agreement-er25-725.pdf	https://www.aiso.com/documents/feb-11-2025-letter-order-accepting-amended-california-oregon-intertie-path-operating-agreement-er25-725.pdf
1/7/2025	ER25-875 Certificate of Concurrence-CAISO, SCE, Coso, Mordor; Coso Navy 2 Project https://www.aiso.com/documents/jan-7-2025-certificate-of-concurrence-regarding-the-lgia-between-aiso-sce-coso-mordor-coso-navy-2-project-er25-875.pdf	2/28/25: Order accepting certificate of concurrence https://www.aiso.com/documents/feb-28-2025-letter-order-accepting-certificate-of-concurrence-regarding-the-lgia-between-aiso-sce-coso-mordor-coso-navy-2-project-er25-875.pdf
1/14/2025	ER25-925 Certificate of Concurrence-LGIA: CAISO, PG&E, Metcalf https://www.aiso.com/documents/jan-14-2025-certificate-of-concurrence-large-generator-interconnection-agreement-between-aiso-pg-e-and-metcalf-er25-925.pdf	3/11/25: Order accepting certificate of concurrence https://www.aiso.com/documents/mar-11-2025-order-accepting-certificate-of-concurrence-lgia-between-aiso-pg-e-and-metcalf-er25-925.pdf
1/17/2025	ER25-968 Capacity Procurement Mechanism–Track 1 https://www.aiso.com/documents/jan-17-2025-tariff-amendment-capacity-procurement-mechanism-track-1-er25-968.pdf 4/21/2025: Informational filing of effective date https://www.aiso.com/documents/apr-21-2025-informational-filing-of-effective-date-capacity-procurement-mechanism-track-1-er25-968.pdf	3/25/25: Order accepting tariff amendment https://www.aiso.com/documents/mar-25-2025-letter-order-accepting-capacity-procurement-mechanism-tariff-amendment-er25-968.pdf
1/23/2025	ER25-1035 After-Market Fuel Cost Recovery Tariff Amendment https://www.aiso.com/documents/jan-23-2025-tariff-amendment-after-market-fuel-cost-recovery-er25-1035.pdf	3/18/25: Order accepting tariff amendment https://www.aiso.com/documents/mar-18-2025-letter-order-accepting-after-market-fuel-cost-recovery-tariff-amendment-er25-1035.pdf
2/6/2025	ER25-1236 Order No. 881 Supplement Filing https://www.aiso.com/documents/feb-6-2025-tariff-amendment-order-no-881-supplemental-filing-er25-1236.pdf	4/30/25: Order accepting tariff amendment https://www.aiso.com/documents/apr-30-2025-order-accepting-order-no-881-supplemental-tariff-amendment-er25-1236.pdf
2/28/2025	ER25-1449 Amended and restated joint-owned unit pilot agreement-CAISO, PNM, TEP https://www.aiso.com/documents/feb-28-2025-amended-and-restated-joint-owned-unit-pilot-agreement-between-aiso-pnm-tep-er25-1449.pdf	4/23/25: Order accepting agreement https://www.aiso.com/documents/apr-23-2025-letter-order-accepting-amended-and-restated-joint-owned-unit-pilot-agreement-between-aiso-pnm-tep-er25-1449.pdf
3/13/2025	ER25-169 Informational filing of effective date for Transmission Control Agreement incorporating LS Power https://www.aiso.com/documents/mar-13-2025-informational-filing-of-effective-date-regarding-the-tca-amendment-adding-ls-power-er25-169.pdf	12/13/24: Order accepting agreement https://www.aiso.com/documents/dec-13-2024-letter-order-accepting-transmission-control-agreement-amendment-er25-169.pdf

Filing Date	Title of Filing	Related Order
3/20/2025	EL25-44 Answer to complaint of Industrial Consumers of America, et al https://www.caiso.com/documents/mar-20-2025-answer-to-complaint-of-the-industrial-consumers-of-america-et-al-el25-44.pdf	N/A (pending)
3/28/2025	ER25-1804 Compliance filing – Order No. 904 https://www.caiso.com/documents/mar-28-2025-compliance-filing-regarding-order-no-904-er25-1804.pdf	10/16/25: Order accepting compliance filing https://www.caiso.com/documents/oct-16-2025-letter-order-accepting-compliance-filing-regarding-order-no-904-er25-1804.pdf
4/3/2025	ER25-1875 Spring Tariff Clarification filing https://www.caiso.com/documents/apr-3-2025-tariff-clarification-spring-2025-er25-1875.pdf	5/28/25: Order accepting tariff amendment https://www.caiso.com/documents/may-28-2025-letter-order-accepting-tariff-clarification-spring-2025-er25-1875.pdf
4/25/2025	ER25-2044 Interconnection Process Enhancements 2023-Track 3 tariff amendment https://www.caiso.com/documents/apr-25-2025-tariff-amendment-interconnection-process-enhancements-2023-track-3-er25-2044.pdf	6/24/25: Order accepting tariff amendment https://www.caiso.com/documents/jun-24-2025-letter-order-accepting-interconnection-process-enhancements-2023-track-3-er25-2044.pdf
5/30/2025	ER25-2387 DTBAOA-CAISO, Salt River Project https://www.caiso.com/documents/may-30-2025-dynamic-transfer-balancing-authority-operating-agreement-between-salt-river-project-and-caiso-er25-2387.pdf	7/23/25: Order accepting agreements https://www.caiso.com/documents/jul-23-2025-letter-order-accepting-multiple-agreements-between-salt-river-project-and-caiso-er25-2384-and-er25-2387.pdf
5/30/2025	ER25-2384 ABAOA-CAISO, Salt River Project https://www.caiso.com/documents/may-30-2025-adjacent-balancing-authority-operating-agreement-between-salt-river-project-and-caiso-er25-2384.pdf	7/23/25: Order accepting agreements https://www.caiso.com/documents/jul-23-2025-letter-order-accepting-multiple-agreements-between-salt-river-project-and-caiso-er25-2384-and-er25-2387.pdf
6/6/2025	ER25-2442 Subscriber Participating Transmission Owner Market Scheduling Options tariff amendment https://www.caiso.com/documents/jun-6-2025-tariff-amendment-subscriber-participating-transmission-owner-market-scheduling-options-er25-2442.pdf	8/5/25: Order accepting tariff amendment https://www.caiso.com/documents/aug-5-2025-order-accepting-subscriber-participating-transmission-owner-market-scheduling-options-tariff-amendment-er25-2442.pdf
6/24/2025	ER25-2603 Compliance and Waiver filing re NAESB Standards v.4 https://www.caiso.com/documents/jun-24-2025-tariff-amendment-compliance-and-waiver-filing-regarding-naesb-standards-version-4-er25-2603.pdf	9/25/25: Order accepting tariff amendment https://www.caiso.com/documents/sep-25-2025-letter-order-accepting-compliance-and-waiver-filing-naesb-standards-4-0-er25-2603.pdf
6/26/2025	ER25-2637 Congestion Revenue Allocation Enhancements in EDAM https://www.caiso.com/documents/jun-26-2025-tariff-amendment-congestion-revenue-allocation-enhancements-in-edam-er25-2637.pdf	8/29/25: Order accepting tariff amendment https://www.caiso.com/documents/aug-29-2025-order-accepting-congestion-revenue-allocation-enhancements-in-edam-tariff-amendment-er25-2637.pdf

Filing Date	Title of Filing	Related Order
7/3/2025	ER25-2789 WEIM implementation agreement-CAISO, IID https://www.aiso.com/documents/jul-3-2025-weim-implementation-agreement-between-imperial-irrigation-district-and-caiso-er25-2789.pdf	8/25/25: Order accepting agreement https://www.aiso.com/documents/aug-25-2025-order-accepting-weim-implementation-agreement-between-caiso-and-iid-er25-2789.pdf
7/14/2025	ER25-2042 Second compliance filing re Order No. 2023 https://www.aiso.com/documents/jul-14-2025-tariff-amendment-ferc-order-no-2023-second-compliance-filing-er24-2042.pdf 10/3/2025: Supplement to Order No. 2023 compliance filing https://www.aiso.com/documents/oct-3-2025-order-no-2023-supplement-to-compliance-filing-er24-2042.pdf	11/21/25: Order accepting compliance filing https://www.aiso.com/documents/nov-21-2025-letter-order-accepting-second-order-no-2023-compliance-tariff-amendment-er24-2042.pdf
7/16/2025	ER25-2865 LGIA: CAISO, SDG&E, Arlington Valley Solar re Saddle Mountain Solar https://www.aiso.com/documents/jul-16-2025-large-generator-interconnection-agreement-between-caiso-sdg-e-arlington-valley-solar-regarding-saddle-mountain-solar-er25-2865.pdf	11/10/25: Order accepting agreement https://www.aiso.com/documents/nov-10-2025-letter-order-accepting-large-generator-interconnection-agreement-between-caiso-sdg-e-and-arlington-valley-solar-regarding-saddle-mountain-solar-er25-2865-207-96-kb.pdf
7/31/2025	ER25-3064 Fourth amendment to Market Efficiency Enhancement agreement – CAISO, SMUD https://www.aiso.com/documents/jul-31-2025-fourth-amendment-to-the-market-efficiency-enhancement-between-smud-and-caiso-er25-3064.pdf	10/2/25: Order accepting agreement https://www.aiso.com/documents/oct-2-2025-letter-order-accepting-fourth-amendment-to-the-market-efficiency-enhancement-agreement-between-smud-and-caiso-er25-3064.pdf
8/21/2025	ER25-3255 2025 summer tariff clarification filing https://www.aiso.com/documents/aug-21-2025-tariff-clarification-filing-2025-er25-3255.pdf	11/13/25: Order accepting tariff amendment https://www.aiso.com/documents/nov-13-2025-letter-order-accepting-tariff-clarification-filing-2025-er25-3255.pdf
9/23/2025	ER25-3491 Tariff amendment -Extend WEIM Assistance Energy Transfer Feature https://www.aiso.com/documents/sep-23-2025-extend-weim-assistance-energy-transfer-feature-tariff-amendment-er25-3491.pdf	11/21/25: Order accepting tariff amendment https://www.aiso.com/documents/nov-21-2025-order-accepting-extending-assistance-energy-transfer-feature-tariff-amendment-er25-3491.pdf
9/29/2025	ER25-3552 EIM Entity Agreement: CAISO, Power Watch https://www.aiso.com/documents/sep-29-2025-eim-entity-agreement-between-caiso-and-power-watch-er25-3552.pdf	11/21/25: Order accepting agreement https://www.aiso.com/documents/nov-21-2025-order-accepting-filing-of-eim-entity-agreement-between-caiso-and-power-watch-er25-3552.pdf
10/24/2025	ER25-2603 Supplemental compliance filing re NAESB standards v.4 https://www.aiso.com/documents/oct-24-2025-supplemental-compliance-filing-regarding-naesb-standards-version-4-er25-2603.pdf	N/A (pending)

Filing Date	Title of Filing	Related Order
12/9/2025	ER26-704 Order No. 1920 compliance filing https://www.caiso.com/documents/dec-9-2025-tariff-amendment-order-no-1920-compliance-filing-er26-704.pdf	N/A (pending)
12/12/2025	ER26-748 ABAOA-CAISO, Salt River Project, Schedule A Amendment https://www.caiso.com/documents/dec-12-2025-amendment-to-adjacent-balancing-authority-operating-agreement-between-caiso-and-salt-river-project-er26-748.pdf	N/A (pending)

2) Status of policy initiatives and recurring processes

The ISO engages a diverse range of stakeholders through various [policy initiatives](#) and [recurring processes](#) to develop and implement new wholesale energy market designs, policies and electric infrastructure planning. These public processes allow for any interested stakeholders to engage and provide valuable feedback through proposals, meetings, and comments throughout the year.

The ISO has published a 2025 Final Policy Initiatives Roadmap and dispositions of submitted initiatives to its [website](#). The 2025-2026 Roadmap included in this report outlines the updated process that the ISO used over the course of 2025 and will continue using in 2026 to solicit stakeholder submissions, facilitate discourse among stakeholders about their ideas, consider stakeholder prioritization, and incorporate that feedback into the ISO’s final policy initiative work plan for 2026-2028.

The ISO’s policy initiatives are developed through a comprehensive public process shown below.

Figure 2.1 Policy Initiative Process



The following list includes a description of active policy initiatives and recurring processes in 2025.

Policy Initiatives	
	Overview
Congestion revenue rights (CRR) enhancements	Congestion revenue rights are a financial tool that helps manage the costs of congestion on the transmission grid. This initiative aims to enhance the CRR market and consider changes to CRR allocation and auction design as needed.
Day-ahead market enhancements (DAME)	Explores a new day-ahead product that will address reliability needs and uncertainty that can occur between the day-ahead and real-time market.
Extended day-ahead market (EDAM) – includes EDAM enhancements and congestion revenue allocation.	Developing an approach to extend participation in the day-ahead market to the Western Energy Imbalance Market (WEIM) entities in a framework similar to the existing WEIM approach for the real-time market. EDAM will improve market efficiency by integrating renewable resources using day-ahead unit commitment and scheduling across a larger geographic area.
Demand and distributed energy market integration	Considers enhancements to, or development of, participation models and market rules facilitating the representation of demand and distributed energy in the ISO's day-ahead and real-time markets.
EDAM enhancements	Addresses specific balancing authority area elements required for EDAM participation.
Finance enhancements	Considers several finance-related topics, including cost-of-service studies, revenue requirements and finance enhancements.
Gas resource management	Focuses on ensuring gas resources can fully participate in ISO-run markets while efficiently recovering their operational cost.
Greenhouse gas coordination	Developing durable electricity market solutions for climate policies across the West.
Penalty enhancements: demand response, investigation and tolling	Defines a demand response monitoring data penalty structure, streamlines and updates various processes and removes the ISO reporting requirement for federal entity Rules of Conduct violations.
Price formation enhancements	Explores several topics related to price formation in the ISO markets focused on real-time market pricing.
Resource adequacy modeling and program design	Considers reforms needed to the ISO's resource adequacy rules, requirements, and processes to ensure the future reliability and operability of the grid.
Storage bid cost recovery and default energy bid enhancements	Focusing on revising Bid Cost Recovery provisions as they apply to energy storage in stand-alone and co-located configurations.
Storage design and modeling	Explores enhancements to energy storage market design, modeling, and processes.
WEIM resource sufficiency evaluation enhancements	Considers outstanding enhancements to the WEIM Resource Sufficiency Evaluation, such as the consideration of load conformance, identifying the correct metrics and quantity of uncertainty that should be tested for, and how to treat block hourly exports from the ISO balancing authority area that may be cleared due to advisory WEIM transfers.
Recurring Processes	
2025 Independent release	Assesses market initiative implementation impacts to determine target timeframes, project milestones and other resource considerations. It is a collaborative process between the ISO and market participants to optimize the costs and benefits of the implementation approach prior to committing resources.
2024-2025 Transmission planning process	Evaluates the ISO control grid, examines conventional grid reliability requirements and projects, summarizes key collaborative activities and provides details on key study areas and associated findings.

<p>2025-2026 Transmission planning process</p>	<p>Evaluates the ISO control grid, examines conventional grid reliability requirements and projects, summarizes key collaborative activities and provides details on key study areas and associated findings.</p>
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Figure A.1 in Appendix A below shows the current status of each policy initiative through Q4 of 2026.

3) Actions undertaken by the ISO Board of Governors

The ISO Board of Governors (ISO Board) holds regular meetings to help shape ISO policies, approve grid planning and wholesale energy market design changes, and review and approve the annual ISO budget. These general session meetings are [publicly posted](#) and open to the public.

The following includes all actions taken by the ISO Board in these meetings from January 2025 – December 2025:

Meeting date	Agenda item	Supporting documentation
2/12/2025	Decision on December 18, 2024, joint general session minutes for the ISO Board of Governors and WEM Governing Body	Minutes
3/26/2025	Decision on February 12, 2025, joint general session minutes for the ISO Board of Governors and WEM Governing Body	Minutes
3/26/2025	Joint ISO Board of Governors and WEM Governing Body decision on Market Surveillance Committee reappointment	Memo Motion
3/26/2025	ISO Board of Governors decision on December 19, 2024, general session minutes	Minutes
3/26/2025	ISO Board of Governors decision on interconnection process enhancements track 3	Memo Motion
5/21/2025	Decision on March 26, 2025, joint general session minutes for the ISO Board of Governors and WEM Governing Body meeting	Minutes
5/22/2025	ISO Board of Governors decision on March 26, 2025, general session minutes	Minutes
5/22/2025	ISO Board of Governors decision on energy management system upgrade project	Memo Motion
5/22/2025	ISO Board of Governors decision on subscriber participating transmission owner market scheduling options	Memo Motion
5/22/2025	ISO Board of Governors decision on 2024-2025 Transmission Plan	Memo Motion
6/19/2025	Decision on May 21, 2025, joint general session minutes for the ISO Board of Governors and WEM Governing Body meeting	Minutes
6/19/2025	Joint ISO Board of Governors and WEM Governing Body decision on extended day-ahead market congestion revenue allocation	Memo Motion
7/23/2025	ISO Board of Governors decision on May 22, 2025, general session minutes	Minutes
7/23/2025	ISO Board of Governors decision on consent agenda (WEIM assistance energy transfer proposal)	Memo

		Attachment 1 (Governing Body memo and motion) Board motion
10/29/2025	Decision on June 19, 2025, joint general session minutes for the ISO Board of Governors and WEM Governing Body meeting	Minutes
10/30/2025	ISO Board of Governors decision on July 23, 2025, general session minutes	Minutes
10/30/2025	ISO Board of Governors decision on resource adequacy modeling and program design – track 1 – modeling and default rules	Memo Motion
10/30/2025	ISO Board of Governors decision on resource adequacy modeling and program design – track 3A – resource visibility	Memo Motion
10/30/2025	ISO Board of Governors decision on investment policy	Memo Motion
12/17/2025	Decision on October 29, 2025, joint general session minutes for the ISO Board of Governors and WEM Governing Body Meeting	Minutes
12/18/2025	ISO Board of Governors decision on October 30, 2025, general session minutes	Minutes
12/18/2025	ISO Board of Governors decision on consent agenda (gas resource management proposal)	Board memo Attachments (Governing Body memo , Governing Body motion) Board motion
12/18/2025	ISO Board of Governors decision on 2026 Budget	Memo Motion
12/18/2025	ISO Board of Governors decision on Business Practice Manual for BPM change management	Memo Motion
12/18/2025	Annual election of ISO Board of Governors Chair and Vice Chair	Motion

4) An assessment of market activity

Overview

FERC requires every regional transmission operator to have an independent market monitor. The ISO’s Department of Market Monitoring (DMM) serves as the independent market monitor for the California ISO markets and Western Energy Imbalance Market (WEIM). FERC regulations establish four core functions for independent market monitors:

- Review and report on the performance of wholesale markets, including quarterly and annual reports.
- Evaluate existing and proposed market rules and provide recommendations to ISO management, federal and state regulators, and other stakeholders.

- Notify FERC’s Office of Enforcement and Regulatory Accounting when a market participant or the ISO has engaged in conduct that may require investigation.
- Market monitors may also perform functions related to inputs for market power mitigation (e.g., cost-based bids used in the ISO’s automated market power mitigation procedures).

Appendix P of the FERC tariff provides a detailed description of DMM’s role, responsibilities, and other requirements.² The following section provide links to reports on ISO market activity and recommendations provided by DMM in 2025.

a) Reports on market issues and performance

The following includes DMM’s 2024 annual report on market issues and performance, and four quarterly reports covering Q4 2024 through Q3 2025. The table also includes quarterly reports covering WEIM resource sufficiency evaluations from Q4 2024 through Q3 2025, and special reports completed in 2025 covering demand response and battery resource issues. DMM expects to publish the Q4 2025 market issues and performance report by March 31, 2026 and the 2025 annual report by June 30, 2026.

Date	Title of Report	Link to Summary and Report
Annual report		
8/7/2025	2024 Annual Report on Market Issues and Performance	2024-annual-report-on-market-issues-and-performance-aug-07-2025.pdf
Quarterly reports		
3/26/2025	Q4 2024 Report on Market Issues and Performance	2024-fourth-quarter-report-on-market-issues-and-performance-mar-26-2025.pdf
6/23/2025	Q1 2025 Report on Market Issues and Performance	2025-first-quarter-report-on-market-issues-and-performance-jun-23-2025.pdf
10/3/2025	Q2 2025 Report on Market Issues and Performance	2025-second-quarter-report-on-market-issues-and-performance.pdf
12/30/2025	Q3 2025 Report on Market Issues and Performance	2025-third-quarter-report-on-market-issues-and-performance.pdf
WEIM resource sufficiency evaluation quarterly reports		
1/24/2025	Western Energy Imbalance Market Resource Sufficiency Evaluation Metrics Report covering Q4 2024	q4-2024-metrics-report-on-resource-sufficiency-evaluation-in-weim-jan-24-2025.pdf
5/27/2025	Western Energy Imbalance Market Resource Sufficiency Evaluation Metrics Report covering Q1 2025	q1-2025-metrics-report-on-resource-sufficiency-evaluation-in-weim-may-27-2025.pdf

²https://www.caiso.com/documents/appendixp_caisodepartmentofmarketmonitoring_asof_apr1_2017.pdf

Date	Title of Report	Link to Summary and Report
9/4/2025	Western Energy Imbalance Market Resource Sufficiency Evaluation Metrics Report covering Q2 2025	q2-2025-metrics-report-on-resource-sufficiency-evaluation-in-weim-sep-04-2025.pdf
12/10/2025	Western Energy Imbalance Market Resource Sufficiency Evaluation Metrics Report covering Q3 2025	q3-2025-metrics-report-on-resource-sufficiency-evaluation-in-weim-dec-10-2025.pdf
Special reports		
2/20/2025	Demand response issues and performance 2024	demand-response-issues-and-performance-2024-feb-20-2025.pdf
5/29/2025	2024 Special Report on Battery Storage	2024-special-report-on-battery-storage-may-29-2025.pdf

b) Memorandums to the ISO Board of Governors and Western Energy Markets Governing Body

DMM submits a public memorandum to the ISO Board of Governors and WEM Governing Body for each set of public meetings held by these entities. Some of these memorandums provide DMM's assessments of ISO market performance, and some provide DMM's assessments of decisional items going before the Board and Governing Body. This section provides all such memorandums submitted by DMM in 2025.

Date	Subject of Memo	Link to Memo
2/5/2025	Memo to ISO Board of Governors and Western Energy Markets Governing Body: Market performance update Includes highlights of market performance in the fourth quarter of 2024, and update on the growth of output from renewables and battery storage capacity in 2024	https://www.aiso.com/documents/department-of-market-monitoring-update-feb-2025.pdf
3/19/2025	Memo to ISO Board of Governors and Western Energy Markets Governing Body: Demand response update Provides analysis of demand response activity during the high load days of summer 2024 in the California ISO and the WEIM	https://www.aiso.com/documents/department-of-market-monitoring-update-mar-2025.pdf
5/14/2025	Memo to ISO Board of Governors and Western Energy Markets Governing Body: Comments on proposal for subscriber participating transmission owner market scheduling options	https://www.aiso.com/documents/dmm-comments-subscriber-participating-transmission-owner-market-scheduling-options-may-2025.pdf
6/12/2025	Memo to ISO Board of Governors and Western Energy Markets Governing Body: Comments on EDAM congestion revenue allocation proposal	https://www.aiso.com/documents/decision-on-edam-congestion-revenue-allocation-dmm-comments-june-2025.pdf
7/15/2025	Memo to ISO Board of Governors and Western Energy Markets Governing Body: Battery storage update	https://www.aiso.com/documents/department-of-market-monitoring-update-jul-2025.pdf

Date	Subject of Memo	Link to Memo
9/3/2025	Memo to ISO Board of Governors and Western Energy Markets Governing Body: Market performance update Summarizes prices and power flows in the WEIM in Q2 2025	https://www.aiso.com/documents/department-of-market-monitoring-update-sep-2025.pdf
10/22/2025	Memo to ISO Board of Governors and Western Energy Markets Governing Body: Comments on proposed tariff changes to resource adequacy modeling and program design tracks 1 and 3a	https://www.aiso.com/documents/dmm-comments-on-decision-on-resource-adequacy-modeling-and-program-design-tracks-1-and-3a-oct2025.pdf
12/9/2025	Memo to ISO Board of Governors and Western Energy Markets Governing Body: Comments on ISO's proposed changes to gas resource management	https://www.aiso.com/documents/decision-on-gas-resource-management-and-extended-day-ahead-market-congestion-department-of-market-monitoring-comments-dec-2025.pdf

c) Regulatory filings

This section provides public comments DMM submitted in 2025 to the Federal Energy Regulatory Commission on significant tariff change filings made by the ISO.

Date	Description of Filing	Link to Filing
2/7/2025	DMM motion to intervene and comments on ER25-968 capacity procurement mechanism track 1	dmm-motion-to-intervene-and-comments-on-er25-968-capacity-procurement-mechanism-track-1-febr-07-2025.pdf
6/27/2025	DMM motion to intervene and comments on ER25-2442 subscriber participating transmission owner market scheduling option	dmm-motion-to-intervene-and-comments-on-er25-2442-subscriber-participating-transmission-owner-market-scheduling-option-jun-27-2025.pdf
7/17/2025	DMM Comments on ER25-2637 EDAM Congestion Revenue Allocation	dmm-comments-on-er25-2637-edam-congestion-revenue-allocation-jul-17-2025.pdf
8/14/2025	DMM Comments on EL10-56 WECC Soft Price Cap	dmm-comments-on-el10-56-wecc-soft-price-cap-aug-14-2025.pdf
10/14/2025	DMM Comments on ER25-3491 WEIM Assistance Energy Transfer Extension	dmm-comments-on-er25-3491-weim-assistance-energy-transfer-extension-oct-14-2025.pdf

d) Comments on stakeholder initiatives

The following provides public comments that DMM submitted in 2025 as part of the ISO’s stakeholder initiative process. The comments provide DMM’s assessments of the ISO’s draft and final proposals for significant market design changes.

Date	Subject of Comments	Link to Summary and Comments
Congestion revenue rights (CRR) enhancements		
2/14/2025	Comments on Congestion Revenue Rights Enhancements - Jan 28, 2025 Working Group	https://www.caiso.com/documents/dmm-comments-on-congestion-revenue-rights-enhancements-jan-28-2025-working-group-meeting-no-2-feb-14-2025.pdf
3/26/2025	Comments on Congestion Revenue Rights Enhancements - Feb 27, 2025 Working Group	https://www.caiso.com/documents/dmm-comments-on-cr-enhancements-feb-27-2025-working-group-meeting-no-3-mar-26-2025.pdf
4/16/2025	Comments on Congestion Revenue Rights Enhancements - Apr 1, 2025 Working Group	https://www.caiso.com/documents/dmm-comments-on-cr-enhancements-apr-1-2025-working-group-meeting-no-5-apr-16-2025.pdf
5/27/2025	Comments on Congestion Revenue Rights Enhancements - May 12, 2025 Working Group	https://www.caiso.com/documents/dmm-comments-on-cr-enhancements-may-12-2025-working-group-meeting-no-6-may-27-2025.pdf
9/22/2025	Comments on Congestion Revenue Rights Enhancements - Sep 8, 2025 Working Group	https://www.caiso.com/documents/dmm-comments-on-congestion-revenue-rights-enhancements-sep-08-2025-working-group-no-7-sep-22-2025.pdf
Day-ahead market enhancements (DAME)		
1/13/2025	Comments on DAME EDAM Configurable Parameters - Dec 11, 2024 Working Group	dmm-comments-on-dame-edam-configurable-parameters-working-group-dec-11-2024-jan-13-2025.pdf
10/21/2025	Comments on Day-Ahead Market Enhancements Configurable Parameters Implementation Working Group	https://www.caiso.com/documents/comments-on-day-ahead-market-enhancements-configurable-parameters-implementation-working-group-oct-21-2025.pdf
12/10/2025	Comments on Day-Ahead Market Enhancements Configurable Parameters Implementation - Nov 20, 2025 Working Group	https://www.caiso.com/documents/dmm-comments-on-day-ahead-market-enhancements-configurable-parameters-implementation-nov-20-2025-working-group-dec-10-2025.pdf
Demand and distributed energy market integration		

Date	Subject of Comments	Link to Summary and Comments
2/21/2025	Comments on Demand and Distributed Energy Market Integration - Feb 5, 2025 Working Group	https://www.caiso.com/documents/dmm-comments-on-demand-and-distributed-energy-market-integration-feb-05-2025-working-group-feb-21-2025.pdf
3/28/2025	Comments on Demand and Distributed Energy Market Integration	https://www.caiso.com/documents/dmm-comments-on-demand-and-distributed-energy-market-integration-mar-28-2025.pdf
5/1/2025	Comments on Demand and Distributed Energy Market Integration - Apr 7, 2025 Working Group	https://www.caiso.com/documents/dmm-comments-on-demand-and-distributed-energy-market-integration-apr-07-2025-working-group-may-01-2025.pdf
7/7/2025	Comments on Demand and Distributed Energy Market Integration - Jun 13, 2025 Working Group Discussion Paper	https://www.caiso.com/documents/dmm-comments-on-demand-and-distributed-energy-market-integration-jun-13-2025-working-group-discussion-paper-jul-7-2025.pdf
7/22/2025	Comments on Demand and Distributed Energy Market Integration - Jul 8, 2025 Working Group	https://www.caiso.com/documents/dmm-comments-on-demand-and-distributed-energy-market-integration-jul-08-2025-working-group-jul-22-2025.pdf
11/6/2025	Comments on Demand and Distributed Energy Market Integration Working Group	https://www.caiso.com/documents/dmm-comments-on-demand-and-distributed-energy-market-integration-working-group-nov-06-2025.pdf
Extended day-ahead market (EDAM) – includes EDAM enhancements and congestion revenue allocation.		
4/7/2025	Comments on EDAM Congestion Revenue Allocation - Mar 17, 2025 Issue Paper	https://www.caiso.com/documents/dmm-comments-on-edam-congestion-revenue-allocation-mar-17-2025-issue-paper-apr-07-2025.pdf
4/16/2025	Comments on Extended Day-Ahead Market Congestion Revenue Allocation Draft Final Proposal	https://www.caiso.com/documents/comments-on-extended-day-ahead-market-congestion-revenue-allocation-draft-final-proposal-april-16-2025.pdf
6/2/2025	Comments on Extended Day-Ahead Market Congestion Rent Allocation - May 19, 2025 Revised Draft Final Proposal	https://www.caiso.com/documents/dmm-comments-on-edam-congestion-rent-allocation-draft-final-proposal-jun-02-2025.pdf
7/3/2025	Comments on Jun 12, 2025 Presentations on Congestion Revenue Rights Settlement and Modeling in EDAM	https://www.caiso.com/documents/dmm-comments-on-jun-12-2025-crr-settlement-and-modeling-in-edam-jul-03-2025-pdf.pdf

Date	Subject of Comments	Link to Summary and Comments
11/11/2025	Comments on the Intertie Scheduling EDAM Implementation - Nov 5, 2025 Workshop	https://www.aiso.com/documents/dmm-comments-on-the-intertie-scheduling-edam-implementation-nov-05-06-2025-workshop-nov-11-2025.pdf
EDAM enhancements		
2/4/2025	Comments on Day-Ahead Sufficiency Draft Final Proposal	https://www.aiso.com/documents/dmm-comments-on-day-ahead-sufficiency-draft-final-proposal-feb-04-2025.pdf
Gas resource management		
3/11/2025	Comments on the Gas Resource Management Issue Paper	https://www.aiso.com/documents/dmm-comments-on-the-gas-resource-management-issue-paper-mar-11-2025.pdf
5/2/2025	Comments on Gas Resource Management Straw Proposal Scoping and Alignment	https://www.aiso.com/documents/dmm-comments-on-gas-resource-management-straw-proposal-scoping-and-alignment-may-02-2025.pdf
8/26/2025	Comments on Gas Resource Management Straw Proposal	https://www.aiso.com/documents/dmm-comments-on-gas-resource-management-straw-proposal-aug-26-2025.pdf
10/3/2025	Comments on Gas Resource Management Draft Final Proposal	https://www.aiso.com/documents/dmm-comments-on-gas-resource-management-draft-final-proposal-oct-03-2025.pdf
10/15/2025	Supplemental Comments on Gas Resource Management Draft Final Proposal	https://www.aiso.com/documents/dmm-supplemental-comments-on-gas-resource-management-draft-final-proposal-oct-15-2025.pdf
Greenhouse gas coordination		
2/11/2025	Comments on Greenhouse Gas Coordination - Jan 21, 2025 Working Group	https://www.aiso.com/documents/dmm-comments-on-greenhouse-gas-coordination-jan-21-2025-working-group-feb-11-2025.pdf
6/12/2025	Comments on Greenhouse Gas Coordination - May 22, 2025 Working Group	https://www.aiso.com/documents/dmm-comments-on-greenhouse-gas-coordination-may-22-2025-working-group-jun-12-2025.pdf

Date	Subject of Comments	Link to Summary and Comments
8/20/2025	Comments on Greenhouse Gas Coordination - Jul 21, 2025 Working Group	https://www.aiso.com/documents/dmm-comments-on-greenhouse-gas-coordination-jul-21-2025-working-group-aug-20-2025.pdf
Price formation enhancements		
2/27/2025	Comments on Price Formation Enhancements - Scarcity Pricing Working Group Sessions	https://www.aiso.com/documents/dmm-comments-on-price-formation-enhancements-scarcity-pricing-working-group-sessions-feb-27-2025.pdf
9/19/2025	Comments on Price Formation Enhancements Straw Proposal	https://www.aiso.com/documents/comments-on-price-formation-enhancements-straw-proposal-sep-19-2025.pdf
12/12/2025	Comments on Price Formation Enhancements - Scarcity Pricing - Nov 10 and 20, 2025 Working Groups	https://www.aiso.com/documents/dmm-comments-on-price-formation-enhancements-scarcity-pricing-nov-10-and-20-2025-working-groups-dec-12-2025.pdf
Resource adequacy modeling and program design		
3/13/2025	Comments on Resource Adequacy Modeling and Program Design Working Group	https://www.aiso.com/documents/dmm-comments-on-resource-adequacy-modeling-and-program-design-working-group-mar-13-2025.pdf
6/17/2025	Comments on Resource Adequacy Modeling and Program Design Track 3A - Resource Visibility Straw Proposal	https://www.aiso.com/documents/dmm-comments-on-resource-adequacy-modeling-and-program-design-track-3a-resource-visibility-straw-proposal-jun-17-2025.pdf
6/25/2025	Comments on Resource Adequacy Modeling, Default Rules, and Ambient Derates (Track 1) Straw Proposal	https://www.aiso.com/documents/dmm-comments-on-resource-adequacy-modeling-default-rules-and-ambient-derates-track-1-straw-proposal-jun-25-2025.pdf
9/16/2025	Comments on Resource Adequacy Modeling and Program Design, Modeling and Default Rules (Track 1) Draft Final Proposal	https://www.aiso.com/documents/dmm-comments-on-resource-adequacy-modeling-and-program-design-modeling-and-default-rules-track-1-draft-final-proposal-sep-16-2025.pdf
9/16/2025	Comments on Resource Adequacy Modeling and Program Design Track 3A - Resource Visibility Draft Final Proposal	https://www.aiso.com/documents/dmm-comments-on-resource-adequacy-modeling-and-program-design-track-3a-resource-visibility-draft-final-proposal-sep-16-2025.pdf

Date	Subject of Comments	Link to Summary and Comments
9/19/2025	Comments on Resource Adequacy Modeling and Program Design Track 2 - Outage and Substitution Straw Proposal	https://www.aiso.com/documents/comments-on-resource-adequacy-modeling-and-program-design-track-2-outage-and-substitution-straw-proposal-sep-19-2025.pdf
Storage design and modeling		
1/8/2025	Comments on Storage Design and Modeling -December 11, 2024 Working Group Session	dmm-comments-on-storage-design-and-modeling-working-group-session-dec-11-2024-jan-8-2025.pdf
3/7/2025	Comments on Storage Design and Modeling Working Group Sessions 2 and 3	https://www.aiso.com/documents/dmm-comments-on-storage-design-and-modeling-working-group-sessions-2-and-3-mar-07-2025.pdf
5/23/2025	Comments on Storage Design and Modeling Issue Paper and Straw Proposal on Outage Management, Nonlinearity, and State-of-Charge Clarification	https://www.aiso.com/documents/dmm-comments-on-storage-design-and-modeling-issue-paper-and-straw-proposal-on-outage-management-nonlinearity-and-soc-clarification-may-23-2025.pdf
6/11/2025	Comments on Storage Design and Modeling - May 28, 2025 Presentation	https://www.aiso.com/documents/dmm-comments-on-storage-design-and-modeling-may-28-2025-presentation-jun-11-2025.pdf
7/16/2025	Comments on Storage Design and Modeling - Jun 30, 2025 Working Group Presentation	https://www.aiso.com/documents/dmm-comments-on-storage-design-and-modeling-jun-30-2025-working-group-presentation-jul-16-2025.pdf
9/5/2025	Comments on Storage Design and Modeling - Aug 14, 2025 Working Group Presentation	https://www.aiso.com/documents/dmm-comments-on-storage-design-and-modeling-aug-14-2025-working-group-presentation-sep-05-2025.pdf
10/14/2025	Comments on Storage Design and Modeling - Sep 29, 2025 Working Group Presentation	https://www.aiso.com/documents/dmm-comments-on-storage-design-and-modeling-sep-29-2025-working-group-presentation-oct-14-2025.pdf
11/26/2025	Comments on Storage Design and Modeling - Nov 12, 2025 Working Group Presentation	https://www.aiso.com/documents/dmm-comments-on-storage-design-and-modeling-nov-12-2025-working-group-presentation-nov-26-2025.pdf
Subscriber participating transmission owner market scheduling option		

Date	Subject of Comments	Link to Summary and Comments
4/4/2025	Comments on Subscriber Participating Transmission Owner Market Scheduling Option Draft Final Proposal	https://www.aiso.com/documents/dmm-comments-on-subscriber-participating-transmission-owner-market-scheduling-option-draft-final-proposal-apr-4-2025.pdf
WEIM assistance energy transfer program extension		
4/30/2025	Comments on WEIM Assistance Energy Transfer Program Extension - Apr 16, 2025 Meeting	https://www.aiso.com/documents/dmm-comments-on-weim-assistance-energy-transfer-program-extension-apr-16-2025-meeting-apr-30-2025.pdf

5) Actions undertaken within the transmission planning process

The ISO prepares an annual [transmission plan](#) as part of its core responsibility to identify and plan the development of solutions to comprehensively meet the future needs of the ISO-operated transmission grid. The plan provides an evaluation of the ISO-operated grid, examines conventional grid reliability requirements and projects, summarizes key collaborative activities, and provides details on key study areas and associated findings. The plan is prepared through the annual transmission planning process (TPP), where the ISO identifies potential system limitations as well as opportunities for system reinforcements that improve reliability and efficiency. The TPP involves close consultation with the CPUC and the California Energy Commission (CEC) and includes significant stakeholder input, with opportunities for feedback on the draft transmission plan before final recommendations are presented to the ISO Board.

The TPP is set out in [Section 24 of the ISO's FERC tariff](#), which requires the ISO to develop a comprehensive transmission plan designed to maintain system reliability in a manner consistent with state and federal policy directives and “to reduce congestion costs, production supply costs, transmission losses, or other electric supply costs resulting from improved access to cost-effective resources.” The primary purpose of the annual transmission plan is to identify, using the best available information at the time the plan is prepared, needed transmission facilities based upon three main categories of transmission solutions: reliability, public policy, and economic needs.

As part of its TPP, the ISO examines wires and non-wires alternatives that include conventional generation, preferred resources (e.g., energy efficiency, demand response, renewable generating resources, grid-enhancing technologies), and market-based energy storage solutions as a means to meet local transmission system needs. The ISO may also identify transmission solutions needed to maintain the feasibility of long-term congestion revenue rights, provide a funding mechanism for location-constrained generation projects, or provide for merchant transmission projects. In recommending solutions for identified needs, the ISO takes into account an array of considerations, with advancing the state’s objectives of a cleaner future grid playing a major part in those considerations.

a) Current planning process

The annual planning process is structured in three consecutive phases with each planning cycle identified by a beginning year and a concluding year. For example, the 2022-2023 planning cycle began in January 2022 and concluded in May 2023 with Phase 3 being initiated after ISO Board approval of the transmission plan.

Phase 1 includes establishing the assumptions and models for use in the planning studies, developing and finalizing a study plan, and specifying the public policy mandates that planners will adopt as objectives in the current cycle. This phase takes roughly three months from January through March of the beginning year in the planning cycle.

Phase 2 has the ISO performing a variety of technical, integrated and complimentary reliability, economic and policy-driven grid system studies to identify solutions to meet the various needs that culminate in the annual comprehensive transmission plan. This phase takes approximately 12 months and ends with ISO Board approval of the transmission plan. Identifying non-transmission alternatives that the ISO is relying upon in lieu of transmission solutions also takes place at this time. During this phase, the ISO performs all necessary technical studies, conducts its series of at least four public stakeholder meetings and develops an annual comprehensive transmission plan for the ISO-controlled grid.

Phase 3 includes competitive solicitation for prospective developers to build and own new and large regional transmission facilities identified in the ISO Board-approved plan. In any given planning cycle, Phase 3 may not be needed, depending on whether the final plan includes regional transmission facilities that are open to competitive solicitation in accordance with criteria specified in the ISO tariff.

b) The ISO's 2024-2025 Transmission Plan

The ISO completed the 2024-2025 Transmission Plan (Plan) as part of its core responsibilities articulated above that are related to transmission and infrastructure planning. The Plan was prepared through the annual TPP and approved by the ISO Board in May 2025.

The need for additional generation of electricity over the next 10 years has escalated in California as it continues transitioning to a highly advanced, decarbonized grid required by the state's greenhouse gas emission reduction and clean-energy policies. This in turn has been driving an accelerated pace for new transmission development in the last two, current, and future planning cycles.

To help ensure the state has the transmission available to achieve this transition reliably and cost-effectively, the ISO's 2024-2025 Transmission Plan, in close coordination with the CPUC and CEC, synchronizes transmission planning with energy resource, interconnection queuing and procurement. The 2024-2025 Plan recommended 31 transmission upgrades for a total infrastructure investment of an estimated \$4.8 billion at buildout. This year's plan enables the forecasted load growth and critical energy resource development, including:

- Over 30 gigawatts (GW) of solar photovoltaic generation distributed across the state in solar development regions that include the Westlands area in the Central

Valley, Tehachapi, the Kramer area in San Bernardino County, Riverside County, and also in southern Nevada and western Arizona;

- Over 7 GW of in-state onshore wind generation in existing wind development regions, including Tehachapi;
- 2 GW of geothermal development, primarily in the Imperial Valley and in southern Nevada;
- Access for battery energy storage projects co-located with clean, renewable generation projects across the state, as well as stand-alone energy storage located closer to major load centers in the Los Angeles Basin, greater Bay Area, and San Diego;
- The import of over 9 GW of out-of-state wind generation from Idaho, Wyoming and New Mexico, by enhancing corridors from the ISO border in southeastern Nevada and from western Arizona into California load centers; and
- Over 4.5 GW of offshore wind with 2.9 GW in the Central Coast (Morro Bay call area) and 1.6 GW in the North Coast area (Humboldt call area). The current plan reflects an increase in the year-over-year rate of peak demand growth from 0.99 to 1.53, and in particular, a change from 1.22 to 2.14 in the Greater Bay area, which represents an increase in the 2035 peak load forecast of over 2,000 megawatts (MW) in the Greater Bay from the previous planning cycle.

Similar to previous transmission plans, the 2024-2025 Plan was drafted in close coordination with the state's primary energy planning and regulatory entities, the CPUC and the CEC, as well as other local regulatory authorities. The updated, proactive and coordinated strategic direction was set forth in a joint Memorandum of Understanding (MOU) signed by the ISO and the state's two primary state energy entities in December 2022.³ The MOU tightens the linkages between energy resource and transmission planning, interconnections, and procurement so California is better equipped to meet its reliability needs and clean-energy policy objectives required by Senate Bill 100 (De Leon, Chapter 312, Statutes of 2018).⁴ As set out in the MOU, expectations are that the CPUC⁵ will continue to provide energy resource planning information to the ISO as it did for this transmission planning cycle. The ISO will develop a final transmission plan, initiate the transmission projects and communicate to the electricity industry specific geographic zones that are being targeted for transmission projects along with the capacity made available in those zones. The CPUC will in turn provide clear direction to load-serving entities (i.e., electric IOUs, community choice aggregators and energy service providers) to focus their energy resource procurement in those key transmission zones, in alignment with the transmission plan. To bring this more coordinated approach

³ [ISO CEC and CPUC Memorandum of Understanding - Dec 2022](#)

⁴ SB 100, the 100% Clean Energy Act of 2018, authored by Senator Kevin De León, was signed into law by Governor Jerry Brown on September 10, 2018. Among other provisions, SB 100 built on existing legislation including SB 350 and revised the previously established goals to achieve the 50% renewable resources target by December 31, 2026, and to achieve a 60% target by December 31, 2030. The bill also set out the state policy that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers and 100% of electricity procured to serve all state agencies by December 31, 2045.
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB100

⁵ In addition to the needs of the jurisdictional load-serving entities in the ISO's footprint, the CPUC currently works to include the needs of the publicly-owned utilities and other non-CPUC-jurisdictional utilities in its resource planning efforts for the ISO balancing authority area, and this is an issue that will be receiving additional attention in future planning cycles to ensure the needs of these parties are being addressed.

full circle, the ISO will also give greater priority to interconnection requests located within those same zones in its generation interconnection process.

The ISO will provide updates on the implementation of the projects approved in the 2024 – 2025 TPP in next year's AB 825 report.

c) 2025-2026 Transmission planning process

In May 2026, the ISO will seek approval from the ISO Board for the 2025-2026 Transmission Plan.

d) FERC Order No. 1920: Future changes to the transmission planning process

FERC Order No.1920 requires ISOs/RTOs to conduct long-term planning for regional transmission facilities over a 20-year time horizon to anticipate future needs and to determine how to pay for those transmission facilities. The ISO submitted its Order No. 1920 compliance filing December 9, 2025.

The ISO intends to fully comply with FERC Order No. 1920, which will require some changes to the ISO's transmission planning process going forward:

- Transition of the current annual comprehensive TPP to a biennial cycle with an interim reliability assessment.
 - The current annual comprehensive transmission planning cycles will continue through approval of the 2027-2028 Transmission Plan in spring of 2028, then transition to a biennial process with the first biennial comprehensive transmission plan to be completed in spring of 2030.
 - Transition to the new Long-Term Regional Transmission Planning process will begin in 2027 for the first 4-year Long-Term Regional Transmission Plan also to be completed in spring, 2030.
- The process for evaluating and selecting Long-Term Regional Transmission Facilities will remain fundamentally unchanged but incorporate enhancements from the FERC Order.
- The new Long-Term Regional Transmission Planning cycle will be integrated with existing comprehensive reliability, economic, and policy assessment.
- The ISO is not proposing changes to the cost-allocation methodology for transmission resources, following consultation with relevant state entities.
- The ISO will continue to engage and align with neighboring planning regions, NorthernGrid and West Connect, on interregional plans.

FERC Order No. 1920 provides new and enhanced opportunities for engagement with tribes in the planning processes to reflect their policies regarding decarbonization and electrification, energy resource mix and demand, and other policies that affect long-term planning. In addition, the ISO is committed to retaining and improving opportunities for stakeholder engagement throughout the transmission planning process cycles.

The ISO strives to work collaboratively and creatively with state agencies, utilities and other key stakeholders to ensure sufficient transmission to deliver power to consumers while collaborating with partners around the region to improve interconnectivity and share diverse resources to meet energy policy objectives.

6) ISO background and governance

The ISO is a California nonprofit public benefit corporation headquartered in Folsom, CA. The ISO is responsible for maintaining the reliable, efficient, and transparent operation of most of California's electric transmission grid. It is one of seven ISOs/RTOs across the United States, with each organization serving three critical functions:

- Ensuring reliability in the operation of the high-voltage bulk electric grid by balancing supply and demand in real-time and maintaining electricity reserves.
- Planning for future infrastructure needs for transmission and energy resource interconnections.
- Managing wholesale energy markets.
- Allocating transmission and market access to assets on a non-discriminatory basis.

a) California ISO governance

The ISO is regulated by FERC and governed by a five-member Board of Governors appointed by the California Governor and confirmed by the California Senate to staggered three-year terms. The ISO Board maintains corporate direction and general corporate oversight, approves grid planning and generation interconnection responsibilities, approves proposals to change FERC tariff rules other than those within the primary authority of the Western Energy Markets Governing Body (WEM Governing Body), reviews and approves management's strategic plans, and the organization's operating and capital budgets.

The WEM Governing Body has primary authority over the tariffed market rules for the Western Energy Imbalance Market and the Extended Day-Ahead Market operated by the ISO, with proposals for changes to those market rules subject to approval by a majority vote by the Governing Body. The WEM Governing Body is a five-member body nominated by Western stakeholders and confirmed by the Governing Body, pursuant to a Charter established by the ISO Board. Following a majority vote by the Governing Body, the market rule proposals are placed on the ISO Board's consent agenda for approval. Once approved by both governing bodies, the ISO files the proposed tariff change with FERC, which must accept it for it to become effective. If the two governing bodies are not in agreement on a proposed change, a dispute resolution process would ensue, which may culminate in a dual-filing option that allows each body to approve its own proposal for filing with FERC, with FERC determining which version to accept. To date, the dispute resolution process has not been triggered.

7) Appendix A

Figure A.1

2025-2026 ISO Policy Initiatives Roadmap									
2025					2026				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Commitment Cost Bidding Flexibility					Public dialogue: next steps				
Congestion Revenue Rights	Scoping working groups		Policy development		Policy development			Decision	
Day Ahead Market Enhancements (DAME)			Implementation working groups						
Extended Day Ahead Market (EDAM)	Implementation								
Demand and Distributed Energy Market Integration	Scoping working groups			Policy Development	Policy development	Decision	Implementation		
EDAM Congestion Revenue Allocation		Policy Development & Decision			Policy development			Decision	
EDAM Enhancements					As needed				
Finance Enhancements					Policy development				
Gas Resource Management	Proposal working groups	Straw proposal	Policy development	Decision			Implementation		
Greenhouse Gas Coordination									
Topic 1: WEIM/EDAM GHG design	Scoping working groups		Postponed						
Topic 2: Non-priced approaches for GHG reduction	Policy development	Straw proposal	Policy development	Decision			Implementation		
Topic 3: Additional GHG-related metrics	Addressed & closed out								
Penalty Enhancements: Demand Response, Investigation, and Tolling	Implementation								
Price Formation Enhancements									

	Scarcity pricing & market power mitigation	Proposal working groups	Straw proposal	Policy development	Policy development	Decision	
	Fast start pricing	Postponed					
	Resource Adequacy Modeling and Program Design						
	Track 1: Modeling, Defaults, and Accreditation	Policy development		Decision (Default Counting Rules/PRM)	Implementation		
	Track 2: Outage & substitution and availability and incentive mechanisms	Policy development			Policy development	Decision	
	Track 3a: Resource visibility	Policy development				Implementation	
	Track 3b: Backstop reform and long-term EDAM RSE solutions		Postponed	Policy development		Policy development	
	Storage Bid Cost Recovery and Default Energy Bid Enhancements	Phase I Implementation					
	Storage Design and Modeling						
	Topic group 1: Outage management enhancements	Scoping working groups Issue papers & straw proposals	Policy development	Policy development	Implementation		
	Topic group 2: Uplift & default energy bids			Policy development	Decision		
	Topic group 3: State-of-charge management			Policy development			
	Topic group 4: Mixed-fuel & distribution-level resources			Policy development			
	WEIM Resource Sufficiency Evaluation Enhancements	Postponed					
	WEIM Assistance Energy Transfer		Policy development	Decision			