

TO: California Independent System Operator
FROM: Western Energy Markets Body of State Regulators
DATE: May 8, 2026
SUBJECT: Comments on 2026 Market Policy Initiative Catalog and Roadmap Process

The Western Energy Markets (WEM) Body of State Regulators (BOSR) appreciates the opportunity to contribute comments to the 2026 Market Policy Initiative Catalog and Roadmap Process. The BOSR is a self-governing, independent body composed of one commissioner from each state utility regulatory commission in which a load-serving regulated utility participates in the Western Energy Markets, including the California Independent System Operator's (CAISO's) day-ahead and real-time market. This includes the states of Arizona, California, Idaho, Montana, Nevada, New Mexico, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming. The BOSR also currently includes two liaisons representing consumer-owned utilities and one liaison representing federal power marketing administrations.¹

This year's stakeholder policy initiative submissions contain several topics the BOSR believes will be critical to the functioning of the Extended Day-Ahead Market (EDAM) and the Western Energy Imbalance Market (WEIM) in the coming years. These topics are: Western energy market seams, the impact of bilateral market liquidity on WEM outcomes, and EDAM assessments and enhancements. The BOSR also supports CAISO's continued efforts directed to the ongoing EDAM Congestion Revenue Allocation and Storage Design and Modeling policy initiatives.

Western Energy Market Seams

As day-ahead market development progresses, the Western Interconnection will have multiple organized markets operating and interacting with each other and the bilateral markets. The BOSR supports dedicating roadmap capacity to proactively identifying market-to-market seams issues between EDAM and Markets+. The "Principles for Addressing Western Market Seams" published by CAISO include many crucial principles of seams coordination that will need to be adhered to as issues are addressed, including the maintenance of system reliability, the facilitation of efficient trading, respect for the WEM's voluntary design, and the coordination of market monitoring.² Going beyond these principles, the BOSR supports next steps that include stakeholder meetings focused on education and discussion of seams coordination as it exists today and likely areas of coordination that will be required in the future. The seams workshops scheduled by CAISO for later this year are a good start to greater focus and engagement on this topic.

¹ The BOSR liaisons concur with these comments.

² "[Principles for Addressing Western Market Seams](#)", CAISO, February 23, 2026.

Bilateral Market Liquidity

The BOSR supports continued monitoring of bilateral market hub indices that are used to determine WEM offer caps, market prices, and penalty costs. Bilateral hub index prices, such as Mid-Columbia and Palo Verde, are used to determine the price cap for imports into the CAISO BAA, set default energy bids, and set penalty surcharges for failure of the EDAM Resource Sufficiency Evaluation.³ Bilateral hub index prices used in the WEM design should reflect competitive bilateral market prices. During periods of bilateral market illiquidity, hub prices may be determined by only a few transactions and hub index prices may be higher as a result of sellers' market power. Continued monitoring and analysis to ensure bilateral hub indices serve as reasonable proxies is of particular importance given FERC's elimination of the WECC soft offer cap and the prospect of further decreases in bilateral trading activity as Western organized day-ahead markets go live.

EDAM Assessments and Enhancements

The BOSR supports the dedication of roadmap capacity to ongoing assessment of EDAM performance and EDAM enhancements. The initial years of EDAM operation will provide valuable data on how the go-live EDAM design translates into market outcomes. Ongoing assessment of EDAM performance will ensure all EDAM mechanisms are functioning appropriately and allow for the timely discovery of any significant issues. Maintaining capacity to swiftly address emergent issues is a prudent policy initiative area that should be maintained in the next iteration of the roadmap.

Ongoing Initiatives

The BOSR supports CAISO's timely initiation of Phase 2 of the EDAM Congestion Revenue Allocation (CRA) initiative following approval of the transitional design produced during the first phase of the initiative. Continued work on enhancements to the CRA design that ultimately result in a long-term design that minimizes the self-scheduling incentives present in the transitional design will be important for maximizing the benefits of EDAM. The BOSR appreciates the articulation of CRA design principles in the stakeholder process that will guide future enhancements, including equity in congestion revenue allocation and compatibility with congestion revenue rights and Open Access Transmission Tariff rights. The upfront work done with stakeholders to build these design principles will help ground discussions as stakeholders begin to consider design alternatives.

The BOSR also supports the ongoing work in the Storage Design and Modeling policy initiative. The importance of ensuring that storage resources can accurately participate in the market

³ Default energy bids are cost-based bids estimated by CAISO for each resource and are used to cap resource bids when above \$1,000/MWh. DEBs also serve as a reference price in the market power mitigation process.

continues to grow as storage resource participation increases across the market footprint.⁴ In particular, ensuring that uplift payments made to storage resources do not insulate them from real-time prices and ensuring that storage resources can accurately reflect their costs, including through the storage default energy bid, will enable the discharge of storage resources when their energy is most needed during the day.

Concluding Remarks

The BOSR appreciates CAISO's responsiveness to stakeholder input and its commitment to an open, transparent policy development process. The BOSR looks forward to engaging in future initiatives that emerge from this year's Policy Catalog and Roadmap process.

⁴ The CAISO Department of Market Monitoring (DMM) reports that battery capacity across all WEIM balancing areas at the end of 2025 was over 25,600 MW, an increase of 42 percent from December 31, 2024. Battery capacity in WEIM balancing areas besides the CAISO balancing area was 8,500 MW at the end of 2025, an increase of 69 percent compared to late 2024. [DMM Memo to ISO Board of Governors and WEM Governing Body](#), February 24, 2026.