TO: California Independent System Operator
FROM: Western Energy Markets Body of State Regulators
DATE: October 30, 2026
SUBJECT: Comments on the Draft 2027-2029 Market Policy Initiatives Roadmap

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The Western Energy Markets (WEM) Body of State Regulators (BOSR) is a self-governing, independent body composed of one commissioner from each state regulatory utility commission in which a load-serving regulated utility participates or plans to participate in the California Independent System Operator's (CAISO) WEM, which includes the Western Energy Imbalance Market or Extended Day-Ahead Market (EDAM). This includes the states of Arizona, California, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, South Dakota, Utah, Washington, and Wyoming. The BOSR currently includes two liaisons representing consumer-owned utilities and one liaison representing federal power marketing administrations.

BOSR appreciates the opportunity to provide comments on CAISO's draft 2027–2029 Market Policy Initiatives Roadmap (roadmap). BOSR supports the draft 2027-2029 market policy roadmap and agrees with both the selection of market policy initiative topics and the proposed schedules for the initiatives. As the Western market landscape continues to evolve, BOSR appreciates CAISO's effort to ensure that the final roadmap preserves sufficient capacity to address emerging issues, evaluate the performance of the Extended Day-Ahead Market (EDAM), address market seams, and advance other work necessary to support efficient and reliable market operations. Flexibility in advancing and sequencing market-policy initiatives will be particularly important in 2027 as ROWE development and the CAISO-SPP seams coordination efforts progress and potentially affect market policy priorities and design. To operationalize this flexibility, BOSR requests that CAISO and ROWE establish a formal joint mid-2027 roadmap review checkpoint to recalibrate initiative priorities as ROWE assumes policy leadership. Although bilateral market liquidity is not a standalone initiative, BOSR further encourages CAISO, and its Department of Market Monitoring (DMM), to continue monitoring bilateral market liquidity and evaluate whether additional action is warranted as market conditions evolve. Finally, BOSR offers minor organizational suggestions to improve the clarity and consistency of the roadmap and its associated policy initiatives.

EDAM Performance Assessment and Enhancements

BOSR supports maintaining sufficient roadmap capacity for ongoing assessment of EDAM performance and the timely development of enhancements as operational experience accumulates. The initial years of EDAM operation will provide important information regarding how the implemented design affects market outcomes, including market efficiency, resource participation, congestion, resource sufficiency, and costs for consumers. BOSR supports

maintaining sufficient capacity to identify, analyze, and address issues that emerge from actual market experience, as this work will be important for preserving the benefits of EDAM and informing future policy development. BOSR also encourages CAISO to continue providing stakeholders with meaningful opportunities to review EDAM performance information and discuss potential enhancements as market data becomes available.

Western Market Seams

BOSR supports maintaining dedicated capacity in the roadmap to address market-to-market seams issues as multiple organized markets expand across the West. BOSR recommends that CAISO continues to coordinate internally between the staff leading CAISO-SPP seams coordination efforts with the market policy staff, while also engaging stakeholders to better understand how seams coordination efforts may affect market policy design, including price formation and transmission utilization. BOSR acknowledges that CAISO does not see seams discussions as a forum for relitigating WEM market rules. Given that differences in market rules and transmission arrangements will likely create inefficiencies in congestion management, redispatch, price formation, and the allocation of costs associated with flows across market footprints BOSR urges CAISO to look for opportunities to mitigate those effects through normal business developmental opportunities. As CAISO and stakeholders work to address EDAM inefficiencies, they should also consider how emerging market-to-market seams issues may interact with and influence potential policy changes. Coordinating these efforts will become increasingly important as EDAM implementation progresses and the interaction among EDAM, Markets+, bilateral markets, and other market structures becomes more consequential. Furthermore, CAISO should maintain flexibility in advancing related market-policy initiatives as the Seams Coordination Agreement develops, allowing for adjustments to policy design and implementation timelines where appropriate.

ROWE Development and Stakeholder Capacity

BOSR notes that the development and implementation of the ROWE tariff, associated agreements, and related governance and implementation matters will occur alongside CAISO's ongoing market-policy initiatives and other tariff and stakeholder processes. While this work may not directly affect CAISO staff capacity, it will place additional demands on stakeholders who are also engaged in CAISO's policy development processes.

As ROWE development progresses throughout 2027, BOSR encourages CAISO to remain mindful of these competing demands on stakeholder time and resources and maintain flexibility in advancing and sequencing market policy initiatives. Where appropriate, allowing for adjustments to policy initiative timelines would help account for competing demands on stakeholder time and resources and support meaningful participation in both ROWE-related

efforts and CAISO's market-policy processes, applicable to all WEM Balancing Area Authorities (BAAs). BOSR is not suggesting that ROWE development be treated as a market-policy initiative in the same manner as those listed in the roadmap, nor is it recommending that ROWE-related work be added to the roadmap. Rather, BOSR highlights the importance of accounting for the broader demands on stakeholders. Maintaining this awareness and flexibility will be particularly important throughout 2027 as the ROWE progresses.

Bilateral Market Liquidity

Although bilateral market liquidity was not included as a standalone initiative in the draft roadmap, BOSR encourages CAISO to retain sufficient analytical capacity to monitor the bilateral market hub indices used in the WEM market design to evaluate whether the bilateral hub indices continue to produce reasonable market outcomes. Bilateral hub prices can affect WEM offer caps, market prices, default energy bids, and other market mechanisms. As organized day-ahead markets develop across the West, changes in bilateral trading activity and liquidity may affect the quality of these indices as proxies for competitive market prices. BOSR suggests CAISO could work with DMM to incorporate this issue as a standalone meeting and report out, as part of the ongoing EDAM market performance meetings, or as a track within the EDAM Performance Assessment and Enhancements if any needed changes are identified.

Roadmap and Policy Initiative Organization

BOSR supports the CAISO's proposed 2027 Catalog and Roadmap process. Sorting submitted initiatives into two separate catalogs and roadmaps, one containing all WEM initiatives and one containing all CAISO BA and infrastructure initiatives, will facilitate the transition of WEM governance and policy initiative leadership to the ROWE.

BOSR offers two minor suggestions to improve the clarity, governance alignment, and consistency of the future WEM policy roadmap's presentation. First, the policy initiatives use different terms for initiative phases, including "Tracks," and "Topic Groups." CAISO should use consistent terminology across the initiatives. Second, CAISO should consider adding a column or incorporating a designation into each WEM initiative title to identify both (a) Operational Impact (identifying whether it impacts all WEM BAAs, EDAM BAAs only, or CAISO BAA only) and (b) Governance Authority (explicitly classifying whether the initiative falls under primary WEM/ROWE authority or regional market rules versus CAISO Board Retained Authority for BAA / transmission rules This distinction would help stakeholders easily identify which market participants and BAAs an initiative affects.

Concluding Remarks

BOSR appreciates CAISO's continued responsiveness to stakeholder input and its commitment to an open and transparent policy-development process. As the Western market landscape continues to evolve, maintaining sufficient flexibility in the roadmap and accounting for competing resource demands will be important to ensure that CAISO and stakeholders can respond to emerging issues. BOSR encourages CAISO to consider these comments in finalizing the 2027-2029 Market Policy Initiatives Roadmap and looks forward to continued engagement with CAISO and stakeholders on these matters.