UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Western Seams Coordination	)	Docket No. AD26-10-000
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COMMENTS OF THE BODY OF STATE REGULATORS, THE MARKETS+ STATE COMMITTEE, THE WESTERN INTERCONNECTION REGIONAL ADVISORY BODY, THE COMMITTEE ON REGIONAL ELECTRIC POWER COOPERATION, AND THE COMMITTEE OF STATE REPRESENTATIVES

October 30, 2026

I. Introduction and Summary

The Body of State Regulators (BOSR), the Markets+ State Committee (MSC), the Western Interconnection Regional Advisory Body (WIRAB), the Committee on Regional Electric Power Cooperation (CREPC), and the Committee of State Representatives (COSR) (collectively "the States") appreciate the opportunity to comment on the Joint Report of the California Independent System Operator Corporation (CAISO) and Southwest Power Pool, Inc. (SPP) filed in this docket on September 30, 2026 (Joint Report).[1]

The 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 in the Western Energy Imbalance Market. The MSC is a standing committee of Markets+ formed to provide state perspectives on matters pertinent to that market. WIRAB was created by Western Governors or Premiers under Section 215j of the Federal Power Act. Members of WIRAB represent the Governors of 14 western states, the Canadian provinces of Alberta and British Columbia, and the Mexican state of Baja California. WIRAB is charged to advise the Western Electricity Coordinating Council (WECC), the North American Electric Reliability Corporation (NERC) and the Federal Energy Regulatory Commission (the Commission) on reliability matter in the Western Interconnection. CREPC is a joint committee of the Western Interstate Energy Board and the Western Conference of Public Service Commissioners. CREPC has membership from each of 11 states and 2 Canadian provinces that form the Western Interconnection. The COSR is a standing committee of the Western Resource Adequacy Program (WRAP) that is composed of one representative from each state jurisdiction that regulates at least one Participant. State representatives are nominated by the Chair or President of their respective public utility commissions and may include representatives from the state energy offices or state funded consumer advocates.

[1] California Independent System Operator and Southwest Power Pool, *Joint Report of California Independent System Operator Corporation and Southwest Power Pool, Inc.*, Docket No. AD26-10-000 (Sept. 30, 2026) [hereinafter "Joint Report"].

State regulators must balance many responsibilities, but reliability and affordability are foundational. Western market development has advanced, in part, because organized markets can help utilities meet those objectives more effectively. At the same time, the emergence of CAISO's Extended Day-Ahead Market (EDAM), SPP's Markets+, and SPP's RTO West, and their interaction with the continuing bilateral market and non-market balancing authorities creates the possibility of consequential seams and new complexities across different market footprints, rules, transmission arrangements, balancing authorities, reliability coordinators, transmission operators, and transmission service providers. These unique structural complexities require proactive attention.

The States commend the Commission for directing the Joint Report, which provides a foundation for understanding how CAISO and SPP are approaching the increased complexity of market seams.[2] The States also appreciate CAISO and SPP's ongoing engagement and their focus on near-term reliability.

The Joint Report identifies six objectives: education and training, enhanced data exchange, model alignment, implementation of the Western Interconnection Loading Relief process and Enhanced Curtailment Calculator, a framework for jointly impacted constraints, and a longer-term plan for market-to-market enhancements. These are important priorities and appear to establish a path toward improved coordination across the two market operators. The States are concerned, however, that the Joint Report does not specify the milestones, transparency, governance and process that will accompany the continuing work to ensure the potential value of the markets is not eroded. As the workstreams unfold, the States encourage continued work on governance to ensure transparency and reporting to provide impacted stakeholders, including the States, information on progress and areas of potential disagreement.

Specifically, the States request that the Commission order SPP and CAISO to (or that SPP and CAISO specifically commit to):

- Establish a clear governance and stakeholder process for development of the seams coordination agreement. Given the unique complexities in the West, this process should include clear roles for States and affected balancing authorities, transmission operators, transmission service providers, and any other entities required to ensure reliability of the system. Specifically, the loading relief and curtailment solutions will impact the use of resources customers have already invested in and criteria for actions must be transparently decided and broadly understood.
- Identify milestones and periodic public progress reports on the seams coordination agreement in advance of filing with the Commission.
- Encourage a commitment to address reliability and economic efficiency concurrently, including a concrete work plan to address loop flow, redispatch costs, and market-to-market coordination.
- Demonstrate how market monitoring will function across the market seams; specifically focused on how timely and sufficiently granular information will be shared to identify conduct and outcomes spanning both market footprints. States are specifically focused on ensuring that market monitors for CAISO and SPP have sufficient information regarding both markets and sufficient authority to assess both cross-market transactions and strategic withholding of transmission or generation and take corrective actions. If market sensitive data cannot be shared, the Commission (or SPP and CAISO) should establish an independent seams monitor.

[2] *See* Docket No. AD26-10-000, 196 FERC ¶ 61,032, Western Seams Coordination, Order Directing Joint Report (July 16, 2026).

II. Reliability is the Priority, Supported by Coordination

The States agree with the Joint Report's prioritization of operational reliability.[3] Data exchange, accurate and aligned network models, the Western Interconnection Loading Relief/Enhanced Curtailment Calculator initiative, and a framework for jointly impacted constraints are essential. The Joint Report correctly recognizes that seams coordination cannot be accomplished by market operators alone and requires engagement among Reliability Coordinators (RCs), balancing authorities, transmission operators, transmission service providers, and other affected entities.

Market participation itself does not require an entity to change RCs, but evolving market footprints may lead some entities to do so. RC footprint changes would be subject to WECC's certification-review process, with particular attention to whether the gaining RC has the tools, personnel, training, data, and procedures needed to assume its new responsibilities. That entity-specific review may not fully address the broader implications of a new RC seam or the cumulative effects of multiple footprint changes. The seams framework should therefore identify assumptions regarding future RC footprints and explain how any changes will be coordinated with WECC and affected entities and reflected in network models, data exchanges, operating procedures, operational-readiness activities, and market implementation schedules.

The November 13, 2025 Wyoming disturbance demonstrated the importance of mutual understanding, clearly assigned responsibilities, and effective communications across RC and transmission operator seams before and during disturbances, as identified by WECC and NERC in their report about the disturbance.[4] State participants asked whether emergency operating procedures, restoration, and similar cross-boundary protocols would be included in the October 2027 agreement and were told that such matters are addressed in other forums and agreements. The States are not asking CAISO and SPP to assume or duplicate responsibilities assigned to RCs, balancing authorities, transmission operators, or other entities under applicable reliability standards. Rather, the seams framework should identify and clearly define the relevant procedures, describe how they interface with market operations, and establish a process for assigning, testing, and resolving any coordination gaps.

The addition of multiple day-ahead markets layers on new complexity and additional parties to reliability coordination. That is on top of creating new RC to RC seams when balancing authorities change RCs as they enter markets. Even if reliability protocols reside elsewhere, the seams framework between the market operators should clearly identify them, explain how they interact, document any gaps, and designate responsibility for keeping them current. The States ask the Commission to require a clear map of the applicable procedures and a defined process for completing, testing, and documenting any additional coordination needed across changing market and RC footprints.

At a minimum, the seams framework should describe how affected entities will exchange information regarding outages, derates, phase-shifting transformers, and market-relevant Remedial Action Schemes

[3] As noted below, the States support a reliability-first approach, but reliability and economic efficiency must be developed together and cannot be treated as wholly sequential.

[4] Western Electricity Coordinating Council and North American Electric Reliability Corporation, November 13 Wyoming Disturbance: A Collaboration Between WECC and NERC at p. 3 (June 8, 2026), *available at* https://www.wecc.org/wecc-document/28226.

(RAS); identify and resolve conflicting constraints, operating limits, or modeling assumptions; and escalate conditions when market redispatch cannot provide sufficient reliability relief. It should also identify the procedures governing emergency communications and restoration across market and RC boundaries. Where these responsibilities reside in separate RC, balancing authority, or transmission operator procedures, the framework should identify the responsible entities and establish milestones for completing, testing, and maintaining the necessary coordination.

III. Governance, State Participation, and Transparency Need More Structure

The Joint Report acknowledges that CAISO and SPP have not finalized the governance structure for seams coordination or determined where particular obligations will reside. That candor is appreciated, but the States are concerned that deferring governance until the technical work is largely complete places the cart squarely in front of the horse. Choices about loading relief, relief obligations, redispatch, information exchange, and cost allocation involve policy judgments with direct implications for reliability, customers, and state-regulated utilities.

Education and workshops are valuable but are not a substitute for a durable decision-making process. The Commission should require CAISO and SPP to establish a public governance framework that may include:

- the forum or forums in which seams issues will be developed and decided;
- the roles of market operators, RCs, balancing authorities, transmission operators, transmission service providers, market participants, consumer representatives, and states;
- how proposals, alternatives, and unresolved disagreements will be documented;
- how decisions will move through each operator's stakeholder and governing-body processes;
- how implementation will be monitored after market launch.

The States should have an explicit role in this process. State commissions bear responsibility for the reliability and affordability impacts experienced by retail customers of investor-owned utilities, yet States have limited visibility into important RC and market operator discussions. For example, after Peak RC responsibilities were transferred to RC West and SPP, States had much more visibility into the transition plan than they have into RC West and SPP RC coordination, despite a higher risk reliability environment today. The States are uncertain even which balancing authorities are transitioning and on what timeline. The region can and should provide comparable visibility as reliability footprints evolve.

Data sharing and transparency should also be addressed through a formal governance framework. Discussion between States and market operators indicated that details around data sharing will be addressed in future data sharing arrangements. Sufficient cross-market visibility and the authority to prevent unjust outcomes are top priorities for the States. States need to be part of the process of developing any data sharing arrangement, including having insight into what data will be shared and how it will be used, so the States can propose alternative solutions if needed.

IV. Economic Efficiency Must Be Embedded from the Start

The States support a reliability-first approach, but reliability and economic efficiency must be developed together and cannot be treated as sequential. The Joint Report explains that foundational reliability work and operational experience will precede more formal market-to-market optimization. Some staging is reasonable. But waiting for operational experience before developing the economic framework creates risks that inefficient arrangements, misaligned incentives, inefficient use of transmission capacity, uncompensated impacts, and disputes will become entrenched.

This concern is particularly acute because the Joint Report recognizes that one market may incur higher-cost redispatch even when a lower-cost option exists across the boundary, and that equitable attribution and allocation of loop-flow redispatch costs remains unresolved.

Initial market experience can affect confidence in Western market development. Reliability problems, inequitable cost outcomes, or litigation over uncompensated use could impede the continued incremental expansion of organized markets. States, and the customers served by utilities within their respective borders, should not have to wait for market benefits while parties litigate over costs and obligations that could have been addressed through planning and proactive attention.

CAISO and SPP should therefore not wait to develop the analytical and governance foundation for market-to-market coordination. The Commission should require a work plan, concurrently with the filing of the seams coordination agreement, that addresses economic efficiency issues, such as:

- flow attribution and identification of market and non-market contributions to constrained facilities;
- redispatch cost measurement, allocation, compensation, and settlement;
- price formation and comparable treatment of transactions across market boundaries, including an explanation of how transmission capacity in both markets is fully optimized; and
- a schedule for evaluating and proposing market-to-market mechanisms tailored to the West.

The plan need not prejudge the final design. It should, however, identify problem statements, data needs, decision points, responsible entities, stakeholder opportunities, and milestones. The States agree with the sentiment that seams issues are not a route to dispute market design, but economic inefficiencies can tip over into unjust rates if left unaddressed. The Commission should not accept an undefined "subsequent phase" as the complete schedule for work that is central to the long-term reliability, affordability, and credibility of Western markets.

V. Cross-Market Monitoring and Data Visibility Require Specific Commitments

The West's topology, multiple institutional seams, and evolving market footprints create opportunities for market gaming that may not be visible when each market is examined in isolation. A participant could incur a loss in one footprint while an affiliate realizes a larger gain in another, or could exploit differences in transmission, congestion, scheduling, or price formation across the seam. Existing market monitors bring substantial expertise, and the States do not seek to undermine their roles. The key question is

whether the market monitors will receive sufficient information, with sufficient speed and granularity, to see what is occurring across both markets.

The Joint Report generally commits to enhanced data sharing, which the States appreciate. State discussions indicate the market monitors' cross-seam visibility depends in part on future data-sharing arrangements. As part of the initial seams coordination agreement filing with the Commission, CAISO and SPP should demonstrate to the Commission that their monitoring arrangements were developed through a governance framework and provide access to the data necessary to assess scheduling patterns, congestion, redispatch, price formation, transmission usage, and other cross-market outcomes. That demonstration should describe who receives what data, at what frequency, how it is used, and how concerns will be elevated to the market operators, State regulators, and the Commission. This could include how the market monitors will perform reviews of historical transactions to determine whether there are uneconomic flows or transactions across the seam.

Given the uncertainty of data exchange between the market monitoring units, and the fact that some operating experience is expected prior to addressing all market issues, the Commission and market operators should consider an independent seams-monitoring or transparency function. This function need not duplicate the enforcement authority of the existing market monitors. Its core purpose could be to examine outcomes spanning both footprints, provide neutral transparency, identify persistent inefficiencies and anomalous patterns, and communicate findings to CAISO, SPP, State commissions, and the Commission. To be effective, it would need appropriate access to relevant market and transmission information from both footprints. The Commission should require CAISO and SPP, in consultation with their market monitors and stakeholders, to evaluate this option and propose either such a function or an alternative that provides equivalent cross-market visibility and accountability.

VI. Conclusion

The States appreciate the Commission's sustained attention to Western seams coordination and the work CAISO and SPP have undertaken. The Joint Report identifies important reliability priorities and provides a foundation for further work. The next phase must add greater structure, accountability, transparency, and economic focus. A clear governance process, measurable milestones, meaningful state participation, concurrent attention to reliability and efficiency, and effective cross-market monitoring will help ensure that Western market development delivers reliable and affordable service rather than embedding avoidable risks and disputes.

Respectfully Submitted,

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