



Memorandum

To: ISO Board of Governors and WEM Governing Body
From: Elliot Mainzer, President and Chief Executive Officer
Date: September 2, 2025
Re: CEO report

This memorandum does not require ISO Board of Governors or WEM Governing Body action.

INTRODUCTION

For my September 2025 CEO Report, I will provide an update on the grid's performance this summer, implementation activities for the Extended Day-Ahead Market (EDAM), including congestion revenue rights, the ISO's interconnection reforms, and the latest quarterly benefits report for the Western Energy Imbalance Market (WEIM)

SUMMER GRID PERFORMANCE

Since our last meetings in July, I am happy to report that the grid has performed well. We have had no major system-wide reliability issues during that time. Although we did experience a late-summer heat event toward the end of August and continuous wildfire activity that tripped some transmission lines, our operators were able to meet demand without having to rely on any emergency actions.

Although summer and hot weather are not quite over yet for this year, if current trends continue, 2025 will mark the third consecutive summer that we have not issued a single Flex Alert urging consumers to shift their energy use to help balance supply and demand. When I reflect on where the ISO and grid were just a few years ago, when multiple Flex Alerts were called, this is a tremendous accomplishment for all of us who have worked so hard to add capacity to the system and operate it so efficiently.

Of course, we have also benefitted from a relatively moderate summer compared to the past few years. For the entire month of June and again in July, we never reached 40,000 megawatts (MW) of load and didn't top that mark until August 6. At the time that this CEO report was being prepared during the last week of August, the ISO's peak summer load for 2025 was 44,506 MW on August 21. The peak so far for the Western Electricity Coordinating Council (WECC) was 163,590 MW that same day. Peak for RC West was also August 21—124,995 MW, which is 95% of the all-time peak for RC West.

For the ISO footprint, high temperatures were 0.4 degrees below normal for June and four degrees below normal in July. In fact, 28 of 31 days in July saw below normal temperatures. The current high temperature departure from normal for the ISO footprint in August is trending slightly below normal, so this really has been a fairly moderate summer, which is always helpful.

At the same time, however, we continued to see considerable wildfire activity across California and the broader Northwest region, which posed an ongoing reliability threat to the bulk electric system. Despite these challenges, ISO Operations and RC West have continued to work in close coordination with transmission operators and adjacent balancing authorities to ensure system reliability.

Because of this strong collaboration and the dedication of ISO staff, the grid has remained reliable, even as smoke-related line relays and precautionary transmission line outages have occurred. The team remains diligent in its operational planning studies, anticipating and mitigating risks until the wetter winter months help reduce fire danger.

For some additional context, according to an approximate accounting of significant fire activities in July and August by the ISO's Joint Information Center, there were 65 instances in July when ISO-operated transmission lines were threatened, including 16 times when 500 KV lines were in jeopardy. In August, transmission was threatened on 56 occasions.

With overall system loads trending lower than in previous years, our operators had some relief and flexibility in managing the grid under these dynamic conditions. We owe them and all the teams involved a big thank you for their continued hard work, adaptability and commitment to reliability in dealing with these challenges.

Looking ahead, our forecasters tell us that the outlook for California during the month of September has interior California with above normal temperatures and better potential for near normal temperatures along the coast. Across the Western U.S. in September, we expect the Pacific Northwest, Central and Desert Southwest to all have above normal temperatures, with highest chances across the Four Corners and up into Idaho.

EXTENDED DAY-AHEAD MARKET (EDAM)

We continue to move full speed ahead on EDAM, making solid progress toward its implementation and on the Day-Ahead Market Enhancements (DAME), both of which are on track to launch next spring.

A couple key and exciting milestones that have been achieved in the last month include successful delivery of two well-attended training sessions, hosting a series of implementation workshops and the start of market simulation this month.

The two training sessions conducted last month had up to 500 scheduling coordinators, market participants and stakeholders attending the virtual sessions. The first session focused on the ISO balancing authority area participation rules for market-related processes and the second session focused on settlements. These training sessions are a significant step in preparing stakeholders for upcoming changes, with more targeted training planned in the coming months.

In addition, we also hosted two well-attended EDAM implementation workshops that are aimed at providing participants with important information on the implementation details that align with DAME and EDAM policy, tariff provisions, and business requirement specifications. The first workshop focused on intertie modeling as well as how the day-ahead market will align with congestion revenue rights.

The August implementation workshop discussed how congestion revenue rights will be settled relative to congestion revenue collected by the CAISO Balancing Area for constraints outside the CAISO Balancing Area. As we continue working through the EDAM implementation details and address issues raised by stakeholders, we remain committed to working with stakeholders in a transparent and collaborative fashion on the best implementation approach. We will further discuss this topic as part of the ISO's ongoing congestion revenue rights enhancement working group in September. We appreciate the continued engagement with our stakeholders on this very important endeavor and look forward to continued progress.

Additionally, we launched our EDAM market simulation on September 2, marking another important milestone in the EDAM program. This effort includes key initiatives such as Day-Ahead and Extended Day-Ahead Market enhancements, and EDAM ISO balancing authority area participation rules.

With 15 EDAM market simulation scenarios ready and nearly 50 organizations and 240 participants pre-registered, this achievement reflects the tremendous collaboration, dedication, and teamwork across the ISO. Congratulations to our team and I know they will keep up the great work. We continue to have strong positive momentum on this foundational ISO initiative.

INTERCONNECTION REFORMS

The reformed ISO interconnection process successfully reduced the Cluster 15 study volume by about 80%, while continuing to align with state resource plans. While significantly winnowing the size of the cluster to a more manageable level, we are still studying 68 gigawatts of interconnection requests, assuring the state a continued strong supply of new projects.

On the next round of interconnection process enhancements (IPE), the ISO team received stakeholder comments on the IPE5 straw proposal on August 25. In this policy initiative, we want to build on the work completed in the 2023 IPE initiative with slight modifications to the recently reformed process. We hope to bring the Board of Governors a final proposal next March. This would allow time to file with the Federal Energy Regulatory Commission and implement prior to the Cluster 16 application window opening on October 1, 2026.

WEIM QUARTERLY BENEFITS

Our WEIM Benefits Report for the second quarter of 2025 was released on July 31 and it showed another strong performance for the real-time market, delivering \$420 million in benefits for market participants and their customers for Q2. This pushed the cumulative benefits generated by the real-time market since its launch in 2014 to \$7.41 billion, illustrating once again that a geographically diverse and electrically connected regional electricity market is one of the most beneficial and reliable ways to help bend the cost curve for electricity consumers. The market produces significant reliability and environmental benefits as well as we continue our progress toward even more significant benefits once the Extended Day-Ahead Market launches next spring.