



WESTERN ENERGY MARKETS OBSERVATIONS

Jun 1, 2026

A brief review of notable events in western energy markets from the ISO's perspective. This first edition covers the initial few weeks of operation of the Extended Day-Ahead Market.

Extended Day-Ahead Market running smoothly

The California Independent System Operator launched the Extended Day-Ahead Market (EDAM) alongside a set of upgrades collectively referred to as Day-Ahead Market Enhancements (DAME) on May 1, 2026. In addition to continuing to meet imbalance energy needs through the real-time market, participants can now procure energy and uncertainty reserves through a centralized day-ahead spot market in regions outside of the CAISO balancing authority area.

Along with energy, the day-ahead market now includes several new products, such as imbalance reserves, reliability capacity, and energy transfers that account for greenhouse gas emissions. These products are co-optimized and cleared at least cost. The resulting prices show the economic value of flexibility and reliability reserves and greenhouse gas costs. Taken together, these price signals provide an early read on how well the market is functioning.

Let's unpack what we've seen so far.

Energy prices look typical for spring

In May, California energy prices remained fairly moderate, consistent with normal daily load patterns and typical spring shoulder-season conditions. In the new EDAM regions, however, prices are beginning to separate. PacifiCorp East, covering parts of Utah, Idaho, and Wyoming, posted the lowest prices. PacifiCorp West, including portions of Oregon, tended to clear highest, while CAISO generally landed in between.

These differences reflect the diversity of the expanded EDAM footprint. Available transfer capability determines the extent to which lower-cost generation can flow freely across regions. As the day-ahead market footprint expands, and as transfer capability increases with the addition of new participants, the price differences should narrow over time.

In some areas, day-ahead prices have been lower than real-time prices, reflecting differences in supply and demand at each stage. For example, when demand is under-scheduled in the day ahead market, the day-ahead energy prices tend to decline and the cost of procuring additional energy in real time tends to rise.

Ancillary services: fewer resources, clearer price signals

Ancillary services support reliable operations by balancing supply and demand and the ability to respond quickly to sudden changes. Prices for ancillary service products, specifically regulation, have increased slightly, reflecting a tighter balance between meeting energy and flexibility needs.

Supply that previously provided regulation may now be dispatched for imbalance reserves. Prior to the day-ahead market enhancements, the market could only procure energy and ancillary services. The market did not fully distinguish the specific types of flexibility, for example up or down, needed to manage uncertainty.

Now, the market is explicitly procuring for uncertainty needs and pricing them. The increase in regulation prices is consistent with this shift. Not surprisingly, this added demand for targeted flexibility is putting upward pressure on prices.

The benefit is improved transparency. The market is now clearly valuing uncertainty products, and resources are compensated accordingly. The ISO is evaluating whether this is having the intended effect of lowering uplift costs, including residual unit commitment, ancillary services, and imbalance energy costs. Reducing these uplift components was a core objective of the [day-ahead market enhancements](#). Stay tuned.

Imbalance reserves costs are moderate

Before launch, test runs between CAISO and PacifiCorp showed persistently high imbalance reserve procurement costs. Those outcomes were driven by simulations with limited data, rather than actual bid behavior. In live operations, those high costs have not materialized. Actual bid data and stakeholder-vetted transitional parameters helped support a stable launch.

Overall, imbalance reserve prices have been moderate. Prices are usually low, with predictable increases in the morning and evening ramps, occasionally reaching ~\$15/MWh. Imbalance reserve up (IRU) prices have also shown clear regional differences, reflecting the economics of the broader footprint. For instance, CAISO and PacifiCorp East have remained relatively stable, typically below \$10/MWh, while PacifiCorp West has seen occasional price spikes up to \$55/MWh. This price separation reflects EDAM's ability to shift reserves from lower-cost to higher-cost regions. Across all areas, IRU prices consistently cleared above imbalance reserve down (IRD) prices.

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Market design in an evolving ecosystem and expanding footprint

The successful launch of EDAM, along with continued growth of the Western Energy Imbalance Market (WEIM), including recent entrants Black Hills Energy and PowerWatch, underscores the economic value of wide-area optimization and a more integrated Western energy market. That said, there is still room to refine the design.

The ISO continues to operate in a transparent stakeholder process to maximize value to its market participants. Stakeholders are actively working with the ISO on enhancements, including sustainable, fair and equitable approaches to congestion revenue

allocation and inertia modeling. Ongoing initiatives, such as [Price Formation Enhancements Phase 2](#), aim to strengthen price signals by reducing unnecessary mitigation and better reflecting system conditions in market-clearing prices.

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These efforts reflect continuous improvement through an open, stakeholder-driven process. New entrants will add a diversity of perspective as the footprint expands. These include viewpoints from load serving entities, transmission service providers, marketers, and generators across the West.

Portland General is scheduled to join this fall, followed by Public Service Company of New Mexico and several entities within California including the Los Angeles Department of Water and Power, Turlock Irrigation District, and the Balancing Authority of Northern California in 2027. The Imperial Irrigation District plans to participate starting in 2028.

EDAM performance reports posted daily

[Daily EDAM performance reports are now available](#), including graphics on resource sufficiency, product prices, cleared energy by resource type, transfers, congestion, and demand. We also hold [bi-weekly Market Update calls](#) to discuss relevant market dynamics and answer questions.

We look forward to continued participation and appreciate the feedback offered in these venues. Market participants who have specific questions about any market results are encouraged to [submit inquiries through the Customer Inquiry, Dispute and Information](#) (CIDI) system.

Participants without CIDI access may [submit questions via our Contact Us page](#).