California ISO | WESTERN ENERGY MARKETS

Market seams report filing update

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ISO Board of Governors and WEM Governing Body Joint Session - General Session

October 21, 2026

SEAMS: DEFINITIONS AND PRINCIPLES

Clarifying terms

- **Seams** refer to the interfaces between adjacent wholesale electric systems on a shared network.
- **Seams issues** are impediments to carrying out responsibilities efficiently and effectively.
- **Market seams** refer to the interfaces between centrally cleared, structured electricity markets.
- **Market seams issues** include barriers to trade, inefficient congestion management, and suboptimal dispatch.

More info: Seams | Western Energy Markets

The ISO's principles for seams engagement

Focus on reliability, respect and mutual benefits

- Maintain system reliability
- Just, reasonable and non-discriminatory access consistent with approved market design and transmission tariffs
- Seams arrangements should benefit both markets
- Seams discussions are not a forum for market design advocacy
- Avoid impediments to efficient trading
- Respect the autonomy of our partners
- Provide appropriate compensation for market use of transmission and minimize cost shifts
- Coordinate market monitoring and design against gaming at the seams

More info: Principles for addressing western market seams

2027 stage of western market seams

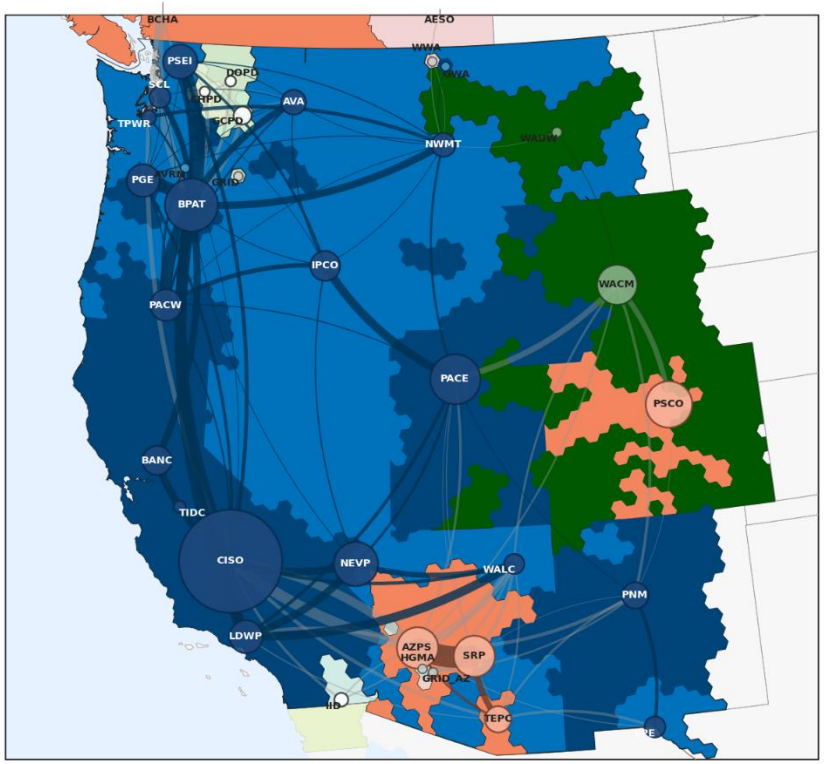
- EDAM participation (through 2027):

  2026

  - PacifiCorp
  - Portland General Electric

  2027:

  - Balancing Authority of Northern California
  - Los Angeles Department of Water and Power
  - Public Service Company of New Mexico
  - Turlock Irrigation District
- SPP Markets+ wave 1 parties (planned 2027)
  - Arizona Public Service
  - Powerex
  - Public Service Company of Colorado
  - Salt River Project
  - Tucson Electric



Western market footprints based on current market participation and announced market leanings using a stylized geospatial dataset for balancing authority areas that is publicly available from WECC. Note: Balancing authority areas are not updated to reflect April 1, 2026 reconfiguration.

JOINT WORKSHOPS AND REPORT ON WESTERN MARKET SEAMS

FERC issued an order requiring SPP and ISO to submit a joint report on western seams coordination

- July 16th – Order issued
- July 23rd – ISO & SPP meeting of subject matter experts
- July 24th – ISO & SPP executive meeting
- July 31st – First Seams Workshop – Seattle, WA
- August 18th – Second Seams Workshop (Joint) – Salt Lake City, UT
- September 16th – Third Seams Workshop (Joint) – Lakewood, CO
- September 30th – Joint Report filed
- October 22nd – Fourth Seams Workshop (Joint) – Salt Lake City, UT
- October 30th – Comments on Joint Report due

Questions addressed in the joint report and workshops

	Category	Question	Seams Workshops
Q1	Status	What efforts have ISO and SPP undertaken to date on seams and market coordination? Which other have ISO and SPP engaged in discussions on these issues?	Workshop #1: Key issues & regulator perspectives
Q2	Issues	Identify specific seams and market coordination issues created by the ongoing development of organized wholesale markets in the West, including (but not limited to):	
		(a) Explain how ISO and SPP will resolve potential operational and communication challenges regarding transmission commitment, reservation, and use, given their differing market rules	Workshop #2: Transmission constraints and congestion management Workshop #3: Transactions across market boundaries
		(b) Explain how congestion management will work between (1) the three markets (EDAM, Markets+, and SPP's expanded RTO) and (2) the market operators and the bilateral markets	
		(c) Explain how ISO and SPP will manage loop flow issues between the markets	
Q3	Plan	Submit a plan and schedule for addressing each of the issues in question (2) based upon the relative prioritization of those issues for both importance and timing.	Workshop #4: Roadmap & next steps
Q4	Gap	Identify any areas in which the market operators are not yet aligned on a path forward.	

Summary of joint workshops on western market seams

- No “easy button” from eastern experience
- Be careful of “good enough”
- Regulators agree on prioritizing both reliability and affordability
- Learn from the East, but develop a solution for the West
- Tools for managing power flows on transmission constraints across seams need to be dynamic and automatic

Summary of joint workshops on western market seams

- Markets evolve faster than agreements, so coordination must be treated as a living institutional arrangement

- EDAM and Markets+ run parallel market processes
  - Combined flows on jointly impacted constraints will require reconciliation
  - Trade between the two market footprints will be exposed to price or volume risk

- Additional training and education for trade across market boundaries is needed

Summary of joint report on western seams coordination

CAISO and SPP agreed on a near-term set of workstreams

1. Education and training
2. Data sharing
3. Model alignment
4. Western interconnection loading relief process and enhanced curtailment calculator implementation
5. Framework for jointly impacted constraint management
6. Developing a plan for longer-term market-to-market enhancements

Summary of joint report on western seams coordination

- CAISO and SPP intend to enter into a seams coordination agreement prior to October 2027
- Western seams coordination builds on existing arrangements, standards, practices, and procedures
- The work requires coordination with transmission operators, transmission service providers, balancing authorities, transmission owners, and other interested parties

Next steps

- Welcome feedback on joint workshop series
- Information is consolidated on the seams webpage: Seams | Western Energy Markets
  - Principles: focus on reliability, affordability, and mutual benefit
  - Approach: commitment to working on seams issues and a coordination agreement with SPP prior to Markets+ launch
  - Perspective: no seams arrangement will overcome the inefficiencies inherent in multiple markets working on their own to optimize separate portions of one interconnected grid
- October 22nd joint workshop on western seams coordination at WECC in Salt Lake City, UT: westernenergymarkets.com/meetings-events/topics/market-seams