

Memorandum

To: ISO Board of Governors

From: Roger Collanton, Vice President, General Counsel, Chief Compliance Officer, and Corporate Secretary

Date: December 10, 2025

Re: **Regulatory update**

This memorandum does not require ISO Board of Governors action.

Highlights

- *FERC Staff issues seams whitepaper*
- *Parties filed comments at FERC related to interconnection of large loads to the interstate transmission system*
- *FERC accepts extension of western energy imbalance market (WEIM) assistance energy transfer feature*
- *The ISO continues to support coordination between California Public Utilities Commission (CPUC) integrated resource plan and resource adequacy dockets as well as authorization for near-term resource procurement.*

Federal Energy Regulatory Commission

- **Seams Coordination in the Western Interconnection**

On November 21, 2025, FERC staff issued a whitepaper on seams coordination in the western interconnection recommending parties in the West work to address (1) modeling of transmission availability and use; (2) coordination to maintain reliability and manage congestion; and (3) coordination to enhance the economic benefits of transactions across regions.

- **Yolo County v. ISO – Grasslands Units 3 and 4 (EL26-28)**

On November 21, 2025, Yolo County filed a complaint appealing sanctions assessed by the ISO as well as requesting a limited waiver regarding telemetry requirements for the Grasslands 3 and Grasslands 4 solar units. A brushfire left the facilities inoperable, and - as a result – Yolo County argues the facilities were unable to transmit telemetry data. The ISO will file a response to the complaint on December 11.

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- **Advance Notice of Proposed Rulemaking (ANOPR): Interconnection of Large Loads to the Interstate Transmission System (RM26-4)**

On November 21, 2025, the ISO filed comments on the proposed ANOPR to explain the challenges large loads present to grid and market operators and the reforms the ISO believes are necessary to advance reliability, affordability and efficient markets. The Department of Energy has requested FERC issue a final rule related to this matter by April 30, 2026.

- **Generator Interconnection - Order No. 2023 Compliance: Large Generator Interconnection Agreement and Small Generator Interconnection Agreement Updates (ER24-2042)**

On November 21, 2025, FERC issued an order accepting the ISO's tariff revisions in compliance with directives of Order No. 2023 - FERC's final rule to amend the *pro forma* large generator interconnection agreement, *pro forma* small generator interconnection agreement and *pro forma* small generator interconnection procedures.

- **Western Energy Imbalance Market: Montana Alberta Tie Line, LLP – Power Watch (ER25-3480)**

On November 21, 2025, FERC issued an order accepting Montana Alberta Tie Line's September 22, 2025, tariff revisions to enable Montana Alberta Tie Line, its transmission customers, and affiliated balancing authority, Power Watch, LLC, to participate in the WEIM as well as to reflect its planned move of the Montana Alberta Tie Line from the NorthWestern Corporation Balancing Authority Area to the Power Watch, LLC, Balancing Authority Area.

- **Western Energy Imbalance Market: Assistance Energy Transfer Feature (ER25-3491)**

On November 21, 2025, FERC issued an order accepting the ISO's September 23, 2025, tariff amendment to remove the December 31, 2025, sunset provision for the WEIM Assistance Energy Transfer feature and to exempt a balancing authority area from applicable surcharges that arise from failing the resource sufficiency evaluation when the balancing authority acts in coordination with its reliability coordinator.

- **PacifiCorp – Extended Day-Ahead Market (EDAM) Implementation**
- **(ER25-951)**

On November 20, 2025, FERC issued an order accepting PacifiCorp's September 29, 2025, filing submitted in compliance with FERC's August 29, 2025, order accepting, subject to condition, PacifiCorp's tariff revisions to enable it to

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schedule on behalf of generation resources and load-serving entities in the day-ahead market and process EDAM-related settlements.

- **PacifiCorp (ER25-265)**

On November 20, 2025, FERC issued an order accepting PacifiCorp's October 27, 2025, tariff revisions regarding congestion revenues distributed by the ISO as part of PacifiCorp's expected participation in the ISO's EDAM.

- **Tariff Clarifications (ER25-3255)**

On November 13, 2025, FERC issued an order accepting the ISO's August 21, 2025, tariff revisions to clarify several areas of the ISO tariff to correct errors, clarify the description of existing practices, and resolve ambiguities.

- **Interconnection Process Enhancements 2023 Initiative – Track 2 (ER24-2671)**

On November 7, 2025, FERC issued an order addressing arguments raised on rehearing that challenged FERC's acceptance of ISO's tariff revisions to prioritize interconnection studies for requests aligned with priority zones where transmission capacity exists or has been approved for development. The rehearing requests challenged tariff revisions that allowed load serving entities to allocate commercial interest points to the scoring criteria for prioritizing interconnection study requests. FERC's order upholds its earlier order in the proceeding.

- **Great Basin Transmission LLC (ER25-2025)**

On October 31, 2025, FERC issued an order accepting Great Basin Transmission's tariff and formula rate, effective August 20, 2025, for the Southwest Intertie Project-North. FERC's order also grants Great Basin's request for the abandoned plant and regulatory asset transmission rate incentives, effective October 31, 2025, and conditionally grants Great Basin's request for a return on equity adder for its participation in the ISO, effective when it becomes a member of ISO and turns over operational control of the project.

- **North American Energy Standards Board standards (v.4) (ER25-2603)**

On October 24, 2025, the ISO submitted a supplemental filing in compliance with the FERC's September 25, 2025, order approving the ISO's June 24, 2025, filing in compliance with Order No. 676-K to incorporate by reference the latest version of the Standards for Business Practices and Communication Protocols of the Wholesale

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Electric Quadrant adopted by the North American Energy Standards Board.

Non-conforming regulatory agreements

- **WEIM Entity Agreement: Power Watch, LLC (ER25-3552)**

On November 21, 2025, FERC issued an order accepting the ISO's September 29, 2025, agreement between the ISO and Power Watch, LLC to facilitate Power Watch's participation in the WEIM by May 2026. Power Watch, LLC is a generator-only, transmission dependent balancing area authority located in the state of Montana.

- **Non-conforming Large Generator Interconnection Agreement: CAISO/San Diego Gas & Electric/Arlington Valley Solar Energy – Saddle Mountain Solar/Hassayampa (ER25-2865)**

On November 10, 2025, FERC issued an order accepting the ISO's non-conforming Large Generator Interconnection Agreement, which provides for the interconnection of Saddle Mountain Solar photovoltaic generating facility located in Arizona to the Hassayampa switchyard.

- **Pacific Gas & Electric Company – Black Start Agreement (ER25-395)**

On October 31, 2025, PG&E filed an amendment to extend the interim ISO/PG&E black start agreement, which designates certain PG&E generators as black start generating units.

- **Non-conforming Large Generator Interconnection Agreement: SunZia Transmission, LLC/SunZia Wind South, LLC/CAISO (ER25-3340)**

On October 23, 2025, FERC issued an order accepting SunZia's non-conforming agreement among SunZia Transmission LLC, SunZia Wind South LLC and the ISO.

California Public Utilities Commission (CPUC)

- **Enhancing Demand Response (R.25-09-004)**

On November 13, 2025, the ISO submitted opening comments on the CPUC's order instituting rulemaking to evaluate and enhance the consistency, predictability, reliability and cost-effectiveness of demand response resources, and to update its demand response guiding principles, policies and data system and process requirements. The comments argue demand response should be predictable and reliable and support grid

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reliability and market efficiency. The CPUC should consider new demand response policies that leverage operational and technological advancements. The CPUC also should coordinate its proceeding with the ISO's processes and policy initiatives, and with the resource adequacy proceeding and proceedings that cover demand flexibility, distributed energy resource data sharing and operational coordination.

- **Application of PG&E for Certificate of Public Convenience and Necessity Authorizing Construction of the North San Joaquin 230kV Transmission Project (A.23-09-001)**

On November 10, 2025, the ISO served testimony to describe the ISO's identified need for the project and to recommend the CPUC issue a certificate of public convenience and necessity to allow the project to proceed.

- **Resource Adequacy Program (R.25-10-003)**

On November 4, 2025, the ISO filed comments on the CPUC's October 15, 2025, Order Instituting Rulemaking generally supporting the scope of issues identified in the proceeding, including development of an unforced capacity framework and establishing unforced capacity qualifying capacities for thermal and storage resources. The comments argue the CPUC should consider updating its qualifying capacity calculation methodology for storage resources and coordinate the Integrated Resource Planning and Resource Adequacy proceedings to minimize discrepancies between planning and procurement efforts.

- **Application of LS Power Grid California, LLC for Certificate of Public Convenience and Necessity Authorizing Construction of the Power Santa Clara Valley Project (A.24-04-017)**

On October 24, 2025, the ISO served testimony to provide a more granular description of the ISO's transmission planning process in response to certain issues outlined in the CPUC's scoping memo for this matter, and to provide specific details underlying the ISO's approval of the proposed project, which alleviates overload concerns and provides a foundation for future upgrades in the San Jose area.

- **Integrated Resource Planning (R.25-06-019)**

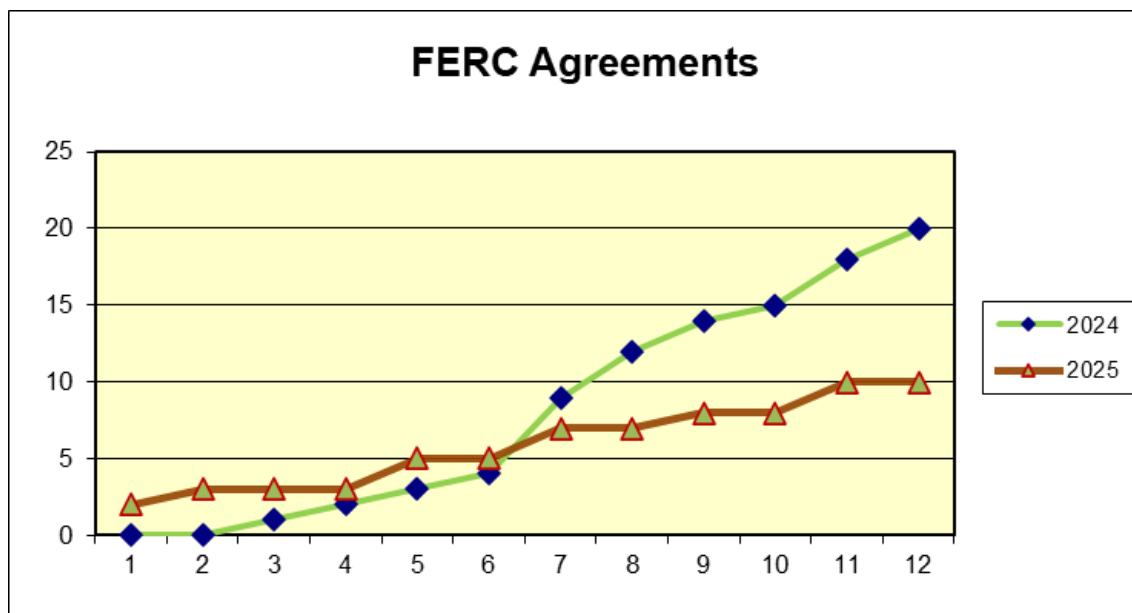
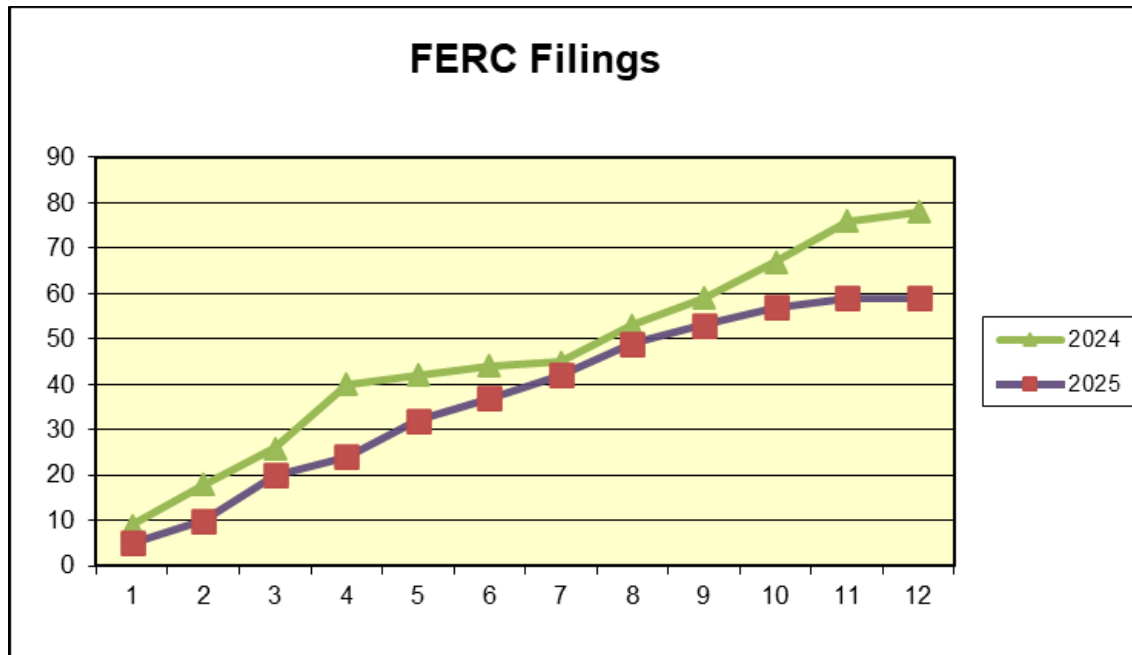
On October 22, 2025, the ISO filed comments on the administrative law judge's ruling seeking comments on electricity portfolios for the 2026-2027 transmission planning process and need for additional reliability procurement. The comments support the ruling's recommended base case portfolio and sensitivity portfolio, as well as the Energy Division's reliability need determination analysis. The comments also support the ruling's recommendation to order new procurement for 2029-2032, while the parties develop a comprehensive reliable and clean power procurement program framework.

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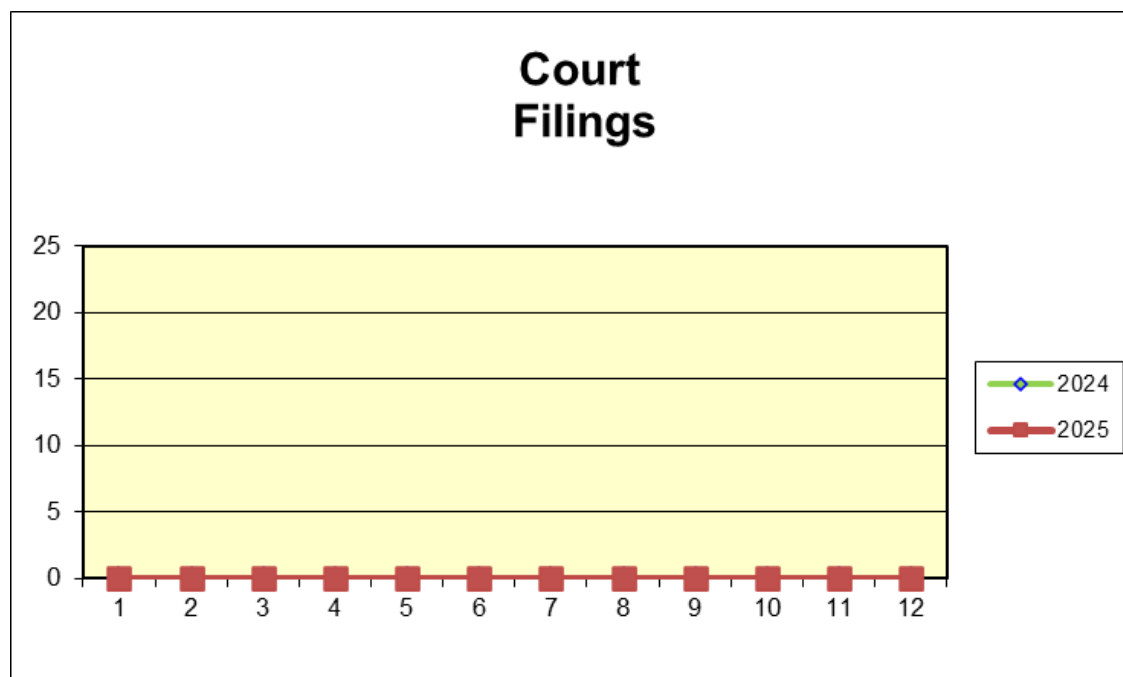
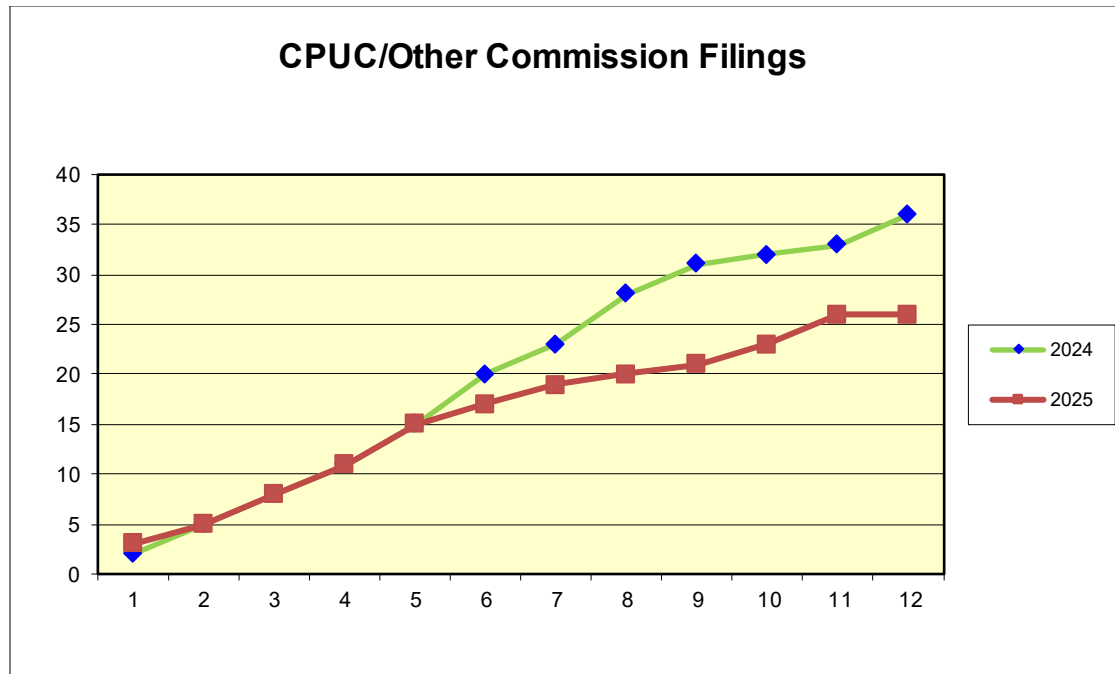
In addition, the comments support the ruling's recommendation to move forward with near-term procurement order modeled closely on mid-term reliability procurement orders.

On October 31, 2025, the ISO filed reply comments reiterating its opening comments, and also opposing recommendations regarding ISO transmission planning, and correcting a statement made regarding transmission upgrades.

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