



2024 Final Policy Initiatives Roadmap

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Introduction

In its role as a market operator, the ISO is continuously engaged in evolving its markets to respond to the needs of a broad and diverse set of stakeholders, market participants, and regulators. To enable the development of policies that improve ISO market operation, reliability, and efficiency, the ISO administers an open and transparent stakeholder process. The ISO undertakes a stakeholder process for all market policy and design updates that require a change to the ISO tariff. Through the stakeholder process, ISO staff work with stakeholders in an open, public process to identify problem statements and iteratively develop policy solutions that culminate in proposals that ISO staff present to the ISO Board of Governors and/or the Western Energy Markets Governing Body for approval.

Through the annual Policy Catalog and Roadmap process, the ISO solicits policy initiative proposals from stakeholders, assesses stakeholder support for proposed policy initiatives, and documents a work plan, referred to as the Roadmap, for future policy initiatives.

The Catalog compiles stakeholder-submitted discretionary policy initiatives and characterizes stakeholder support for each initiative. The purpose of the Catalog is to develop a “short list” of discretionary policy initiatives which help inform Roadmap development. The Roadmap is the work plan describing the policy initiatives that the ISO plans to undertake over the next three years, and represents the intersection of stakeholder-identified priorities, initiative feasibility, urgency, and ISO resources. The Roadmap includes both discretionary and non-discretionary initiatives, as well as initiatives identified by stakeholders and initiatives identified by the ISO. Refer to the *Annual Policy Initiatives Roadmap Process*¹ document for further information on the Catalog and Roadmap purpose and process. The Roadmap also includes a disposition of all stakeholder submissions (Appendix B).

For the purposes of the Catalog and Roadmap, these policy initiatives are classified into two categories: discretionary and non-discretionary.

Discretionary Policy Initiatives

Discretionary policy initiatives encompass changes to ISO market design that are not required for regulatory compliance or to address an urgent market issue. These initiatives may seek to improve ISO market efficiency and/or reliability, or address a market design flaw. Discretionary policy initiatives may be broad and conceptual in nature, addressing a topic where stakeholders agree there may be opportunities to improve market design, but there is no consensus on a design flaw or problem statement. They may also be more specific, and identify how and why particular elements of existing market design are not working as intended.

¹ <https://stakeholdercenter.caiso.com/InitiativeDocuments/2024-FinalDiscretionaryPolicyInitiativesCatalog-AnnualPolicyInitiativesRoadmapProcess.pdf>

Non-Discretionary Policy Initiatives

Non-discretionary policy initiatives include changes to ISO market design that are required for compliance with regulation or to address an urgent operational or reliability issue. These initiatives include tariff changes required to comply with FERC rulemakings and state or regional policies. These initiatives are not optional, and must be included in the ISO work plan.

Process Improvements

Market issues and proposed changes that do not require a tariff change are considered process improvements, and are addressed outside of the Policy Catalog and Roadmap process. Stakeholders should direct process improvement questions and requests to ISO customer service representatives, who will ensure these issues are brought to the attention of relevant ISO staff.

2024 Catalog and Roadmap Development

Catalog

In 2024, the ISO initiated a new planning process for the policy Catalog and Roadmap, with development of these products now taking place on an annual basis beginning at the start of each year. This began with a level-setting stakeholder workshop to preview the new process², followed by a one-month period for all stakeholders to submit discretionary policy initiatives to the ISO. The ISO received 132 submissions from 32 stakeholders, which are posted on the 2024 Catalog and Roadmap stakeholder initiative webpage³. Of these submissions, 32 were categorized as policy initiatives with the remainder categorized as process improvements or market analysis requests and not considered for further prioritization or inclusion in the policy initiatives Catalog. Note that some submissions were re-categorized or combined, and the final disposition includes 28 policy initiatives and 26 process improvements.

Stakeholder engagement centered around a series of workshops for both general stakeholders and the WEIM Regional Issues Forum. The workshops began with a roundtable discussion between members of the RIF identifying themes, issues, and priorities among the RIF's sector liaisons⁴. Following this roundtable, the RIF issued a report summarizing their sector priorities⁵. The ISO then held three prioritization workshops where stakeholders were invited to present their submitted discretionary policy initiatives to other stakeholders for clarification and discussion. Finally, in June 2024 stakeholders formally ranked their priorities among the 31 individual submissions and nine submission categories via a survey. The prioritization survey was completed by 117 stakeholders, 47 of which had participated in

² [January 30, 2024 workshop slides](#)

³ [2024 stakeholder submissions to the policy initiatives Catalog](#)

⁴ [March 18, 2024 RIF Roundtable presentation](#)

⁵ [April 30, 2024 RIF Roundtable report](#)

previous ISO stakeholder processes and were registered users on the ISO's public comment tool, and 70 of which were new to participating in the ISO stakeholder process. The final policy initiatives Catalog, published in July 2024, compiled the results of the stakeholder prioritization and ranking survey and characterized stakeholder support for each individual initiative and initiative category⁶.

Roadmap

The stakeholder-identified priorities described in the Catalog were used to inform the internal planning efforts that produced the Roadmap, which began shortly after the Catalog was finalized. The stakeholder-identified priorities were a critical input to the Roadmap, and were considered alongside ISO-identified policy initiatives. This list of initiatives underwent an internal prioritization process informed by stakeholders, ISO Critical and Strategic Objectives developed with ISO Board of Governors and WEIM Governing Body input, the ISO's own assessment of policy changes needed to ensure reliable and efficient operation of the grid and markets, and regulatory requirements. The scope, implementation timelines, and interdependencies of initiatives determined the number of policy initiatives that the ISO could undertake, and is limited by the availability of ISO, stakeholder, and vendor resources.

The Policy Initiative Roadmap provides an outline of the ISO's planned policy initiatives over the next three years from 2025 to 2027. The goal of the Roadmap is to preview the general scope of market design changes that the ISO is committed to addressing over the short and medium term, and provide transparency about the ISO's policy initiative planning. Emergent market design issues will be incorporated into the ISO's policy initiatives work plan as necessary. The scope and timing of each listed initiative represents the ISO's best estimate at this time and is subject to change. The initiative scopes described in the Roadmap incorporate major themes the ISO anticipates will be addressed in each initiative, but is not inclusive of all topics that may be addressed. The absence of a specific topic in the described scope does not preclude it from consideration within the initiative. Initiative working groups are the appropriate venue for further scope refinement and discussion, and the ISO requests that stakeholders direct these requests to the relevant initiative rather than future catalog submissions. Refer to Appendix A for the complete Roadmap and scope description for each initiative.

⁶ [Final Policy Catalog](#), July 2024
[Appendix 1: Initiatives](#)
[Appendix 2: Non-catalog items](#)

Figure 1: ISO Roadmap, Existing Policy Initiatives

2024 California ISO Policy Initiatives Roadmap														
		2025				2026				2027				
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Day Ahead Market Enhancements (DAME)				Implementation working groups										
Extended Day Ahead Market (EDAM)		Implementation												
Gas Resource Management		Proposal working groups	Policy development		Decision	Implementation								
Greenhouse Gas Coordination														
	Topic 1: WEIM/EDAM GHG design	Scoping working groups												
	Topic 2: Non-priced approaches for GHG reduction	Policy development	Decision							Implementation				
	Topic 3: Additional GHG-related metrics	Scoping working groups												
Penalty Enhancements: Demand Response, Investigation, and Tolling		Implementation												
Price Formation Enhancements														
	Scarcity pricing & market power mitigation	Proposal working groups	Straw proposal	Policy development		Decision								
	Fast start pricing	Proposal working groups	Straw proposal	Policy development		Decision								
Resource Adequacy Modeling and Program Design														
	Track 1: Modeling, Defaults, and Accreditation	Policy development		Decision (Default Counting Rules/PRM)	Implementation (Default Counting Rules/PRM)		Decision (UCAP)	Implementation (UCAP)						
	Track 2: Outage & substitution and availability and incentive mechanisms	Policy development		Decision										
	Track 3a: Backstop reform and long-term EDAM RSE solutions	Policy development					Decision							
	Track 3b: RA status visibility	Policy development		Decision	Implementation									
Storage Bid Cost Recovery and Default Energy Bid Enhancements		Phase I Implementation												
WEIM Resource Sufficiency Evaluation Enhancements		Policy development												

Figure 2: ISO Roadmap, New Policy Initiatives

2024 California ISO Policy Initiatives Roadmap													
		2025				2026				2027			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Congestion Revenue Rights		Scoping working groups	Policy development										
Demand Response, Distributed Energy Resources, Biddable/participating demand													
Phase I		Scoping working groups			Policy Development	Decision		Implementation					
Phase II					Scoping working groups			Policy development	Decision				Implementation
Storage Design and Modeling		Scoping working groups issue paper		Policy development									

Disposition of Stakeholder Submissions

In response to the ISO's request for discretionary policy initiative submissions in February 2024, 32 stakeholders submitted 132 proposals. Of these submissions, 28 were considered policy initiatives requiring a tariff change and stakeholder process, and the remaining submissions were considered process improvements. The ISO committed to ensuring that all proposals received internal review, and that the outcomes of these reviews would be posted publicly. Dispositions of all initiatives are described in Appendix B and are organized by both outcome and topic for policy initiatives, and by outcome for process improvements. Dispositions include the ISO's determination of whether the item will be addressed and, if not, a brief summary of the factors that contributed to the item not being prioritized at this time.

As described in the Background section, prioritization of policy initiatives and process improvements was informed by a number of factors including stakeholder feedback, ISO resources, and the ISO's assessment of changes needed to meet ISO Strategic Objectives and reliably and efficiently operate the markets and meet regulatory requirements.

Stakeholders are welcome to resubmit policy initiatives that the ISO did not accept for inclusion in the Roadmap. The ISO encourages stakeholders to revise their proposals to address the factors identified as contributing to the proposal not being prioritized in the 2024 Roadmap process. For process improvement items that do not require a tariff change and stakeholder initiative, the ISO requests that stakeholders contact customer service staff or client representatives and resubmit through the appropriate venues.

Appendix A: 2024 Final Policy Initiatives Roadmap

<https://stakeholdercenter.caiso.com/InitiativeDocuments/Appendix-A-2024-Final-Policy-%20Roadmap.xlsx>

Appendix B: 2024 Dispositions of Policy Initiative Submissions

<https://stakeholdercenter.caiso.com/InitiativeDocuments/Appendix-B-2024-Final-Dispositions.xlsx>