



California ISO

Congestion Revenue Rights Enhancements Initiative Phase 1 Draft Final Proposal

Working Group Meeting #11

June 25, 2026

Engagement Best Practices



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The meeting is structured to stimulate open dialogue and engage different perspectives.



The facilitator will provide guidance for comments and questions to ensure a productive flow. Please keep remarks succinct and avoid revisiting points that have already been covered, allowing space for all voices.



Closed Captioning and the Transparency Viewer are available at the bottom of the Webex screen.

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You may send questions via chat to all panelists.



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CAISO Policy Initiative Stakeholder Process



[Learn more in the Stakeholder Process Guide](#)

Agenda

Time	Topic	Presenters
1:00 – 1:05 pm	Welcome + today's agenda	Brenda Marquez
1:05 – 1:15 pm	Opening comments	Partha Malvadkar, Hilary Staver
1:15 – 1:35 pm	Review of feedback on straw proposal	Hilary Staver
1:35 – 2:00 pm	Draft final proposal discussion: auction floor	Hilary Staver, Partha Malvadkar
2:00 – 2:30 pm	Draft final proposal discussion: revenue adequacy measures	Hilary Staver, Partha Malvadkar
2:30 – 2:50 pm	Open discussion	
2:50 – 2:55 pm	Closing comments	Partha Malvadkar, Hilary Staver
2:55 – 3:00 pm	Next steps	Brenda Marquez

REVIEW OF FEEDBACK ON STRAW PROPOSAL

Timeline Review

- The ISO published a straw proposal on June 1st, 2026
- Stakeholders discussed the straw proposal at the June 2nd stakeholder meeting and the June 11th Market Surveillance Committee (MSC) meeting
- Stakeholders submitted written comments on the straw proposal on June 16th

Review: Straw Proposal Elements

- A phased approach with Phase 1 targeting July Board approval and 2027 CRR annual process implementation
- A Phase 1 scope consisting of:
 - A bid and price floor in the CRR auction designed to improve auction efficiency
 - ISO authority to conduct loop flow modeling in the annual CRR process
 - Continued modeling enhancements within existing tariff authority
- Phase 2 continuing policy development into CY 2027 for development of more complex enhancements

Stakeholder Comment Review

- 19 sets of comments
- 15/19 supported the phased approach in concept
- Near-unanimous support for and no opposition to the enhanced loop flow modeling and in-tariff modeling improvements
- 16/19 opposed keeping the bid/price floor in Phase 1 and sending it to the Board in July
 - CPUC Energy Division and NCPA supported keeping the floor in Phase 1, at \$1.00/MWh on-peak and \$0.25/MWh off-peak
 - CalCCA did not take a position
- Given reasons for opposition to the floor:
 - Stakeholder process too short
 - Analysis not sufficiently conclusive on likely effectiveness
 - Some aspects of the proposal need further clarification
 - Conceptual opposition, usually with a preference to focus on revenue adequacy and its root causes
 - Concern that it would pull momentum from development of comprehensive, long-term solutions

Areas of Stakeholder Interest for Further Discussion

- How the floor/ceiling for positive vs negative prices interact and the resulting prices for positive and negative valued CRRs
- How the floor/ceiling interacts with offered resale transactions
- Additional scenario examples depicting how the floor and ceiling apply to different bid types

Summary of Changes Made in Response to Stakeholder Feedback

- Updated Phase 1 schedule:
 - Addition of draft final proposal
 - Comments on draft final proposal due July 2nd
 - Final proposal to be published July 6th
 - Phase 1 will still be presented for ISO Board of Governors approval on July 16th to allow 2027 annual CRR process implementation
- Modified Phase 1 scope:
 - Maintain the revenue adequacy-focused measures
 - Move consideration of an auction floor to Phase 2
 - Phase 2 to begin in Q3 2026

DRAFT FINAL PROPOSAL DISCUSSION: AUCTION FLOOR

Summary of straw proposal

- The ISO proposed a matching price and bid floor in the CRR auction and sought feedback on which of the following options could achieve the best balance of improving efficiency without making hedging uneconomic:

On-Peak (\$/MWH)	Off-Peak (\$/MWh)
\$0.25	\$0.05
\$0.50	\$0.10
\$1.00	\$0.25

- The ISO proposed to set a ceiling/maximum price and bid of $-\$0.10/\text{MWh}$ for negatively priced CRRs to prevent counterflow CRRs from clearing at zero.

The draft final proposal moves consideration of an auction floor to Phase 2

- The ISO proposed an auction floor in Phase 1 with the goal of achieving incremental progress on auction efficiency in 2027 while still allowing for full consideration of more comprehensive auction reform proposals
- Most stakeholders opposed including an auction floor in Phase 1, albeit for varying reasons:
 - Ranged from procedural/timeline concerns to conceptual opposition
 - Opposition was present across the range of stakeholder perspectives on auction efficiency more broadly
- The ISO proposes in the draft final proposal to move consideration of an auction floor to Phase 2

Auction Floor: Looking Ahead

- This change is not a ruling on the merits of the auction floor as a concept
- Phase 2 will begin in Q3 2026 and proceed in parallel with implementation of Phase 1, so there will not be a long delay before further discussion of auction efficiency
- Feedback on the auction floor in the straw proposal will be a valuable basis for further discussion in Phase 2

DRAFT FINAL PROPOSAL DISCUSSION: REVENUE ADEQUACY MEASURES

Summary of Straw Proposal: Phase 1 Revenue Adequacy Enhancements

- Continued modeling improvements within existing tariff authority
 - This has already begun with the application of the Global Derate Factor to contingency constraints in the CRR model starting in March 2026
- Tariff changes to explicitly authorize loop flow modeling in the annual CRR process
 - Maximizes capacity for and flexibility around loop flow modeling in the future

The draft final proposal retains both proposed Phase 1 revenue adequacy measures

- This scope was almost universally supported with some requests for additional detail
- Stakeholders noted alignment with the February 2025 root cause analysis on the drivers of revenue inadequacy
- Pending approval, the ISO will begin implementing a version of loop flow modeling in the 2027 annual process and will iterate on the methodology in future cycles

Loop Flow Modeling: Planned Measures for 2027 Annual Process and Beyond

2027 Annual Process: Targeted limit adjustments to account for loop flow on the constraints with most significant market impact

- Initial focus on most impactful constraints rather than system-wide methodology
- Supplemental to Breakeven analysis that considers CRR revenue adequacy, CRR limits, day ahead market (DAM) limits, and flows to determine CRR limit setting
- Will use historical DAM loop flow data and comparison between CRR model limits and realized CRR flow in DAM, etc.
- Will produce updated constraint limits in the same files and formats as they are provided currently

Longer term:

- Evaluate loop flow modeling as injections/withdraws
- Evaluate WECC Planning Case loop flow methodology for CRR incorporation
- Evaluate industry practices among other ISO/RTOs
- Evaluate potential EDAM CRA impacts to CRR processes and coordinate appropriately

OPEN DISCUSSION

Next Steps

- The ISO thanks stakeholders for their rigorous engagement with the straw proposal
- Comments on the draft final proposal are due in one week on July 2nd
- The Phase 1 scope will be brought to the ISO Board of Governors for approval on July 16, 2026
- Phase 2 discussions will begin in Q3 2026

Next Steps



Comments due July 02, 2026 via ISO Commenting Tool



Final proposal on Phase 1 Enhancements planned for July 06, 2026

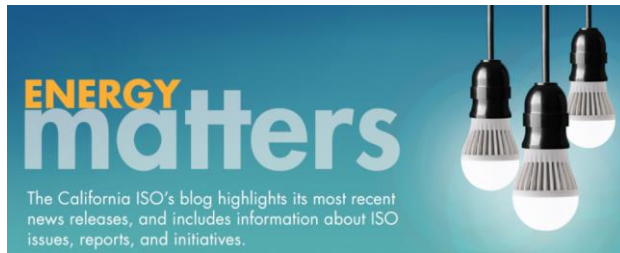


Congestion revenue rights enhancements webpage:
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Congestion-revenue-rights-enhancements>




Contact us at Stakeholder Affairs at ISOStakeholderaffairs@caiso.com or bmarquez@caiso.com

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GUESTS:
DR. BEN HOBBS AND SCOTT HARVEY

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Podcast | Markets

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2026 STAKEHOLDER SYMPOSIUM

Welcome reception - Oct. 5
at Kimpton Sawyer Hotel, Sacramento, CA

Symposium program - Oct. 6
SAFE Credit Union Convention Center
Sacramento, CA

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