



CAISO Demand Flexibility Strategy and 2026 Market Design Efforts

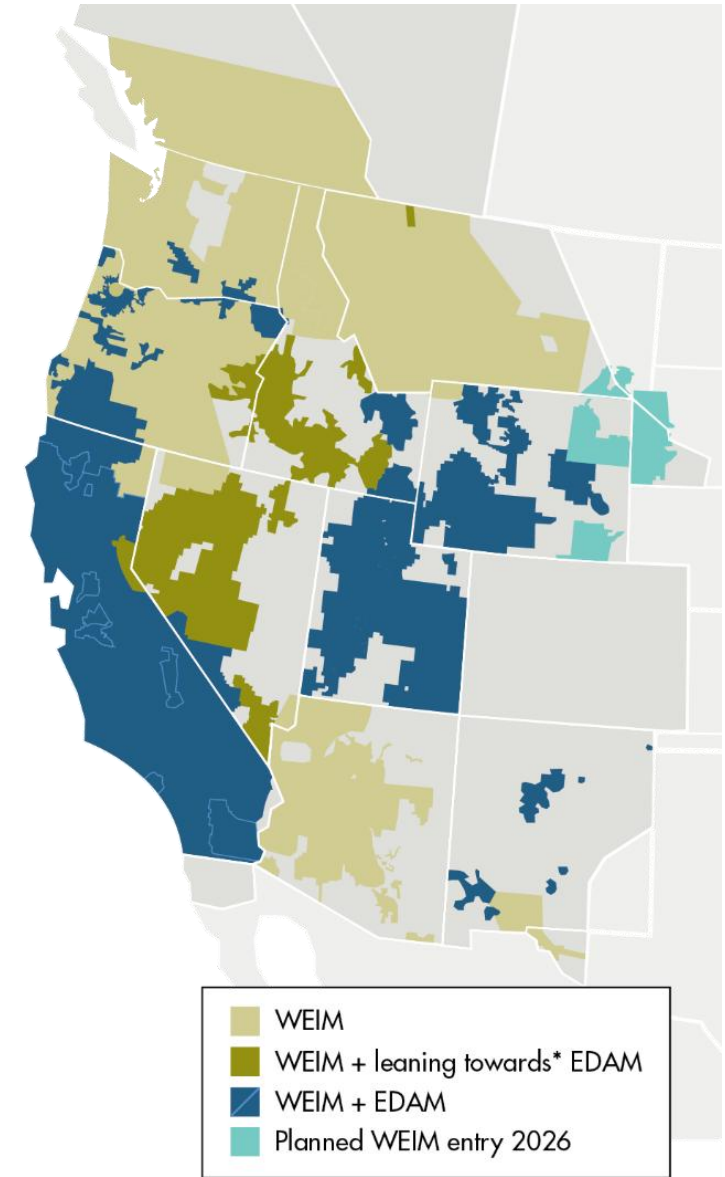
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CAISO's Demand Flexibility Strategy

- Growing electricity demand, extreme weather events and expanding deployment of a diverse set of distributed energy resources (DERs) are creating challenges and opportunities for system operators in California and across the West.
 - *WECC projects a 20.4% increase in annual electricity demand by 2034, driven largely by electrification and large loads.*
- Demand flexibility and dispatchable DERs are powerful tools for enabling reliable and cost-effective system operations.
- CAISO's strategy positions demand flexibility as a core asset.



**These entities have publicly indicated a leaning towards EDAM as their preferred day-ahead market.*

CAISO's Demand Flexibility Strategy

Vision

A future where demand flexibility is reliably and economically integrated into grid operations and market optimization

Coordination Framework

Strengthens coordination and situational awareness for market and non-market demand and supply by enhancing data visibility and forecasting capabilities.



Technology & Data Exchange

Define and develop the technology and data exchange requirements necessary to support the Coordination Framework with automated exchange of a common set of information.



Market Design

Develops and enhances pathways to market access – both on the supply and demand-side



Policy & Regulatory Alignment

Collaborates with regulatory partners to identify and address barriers

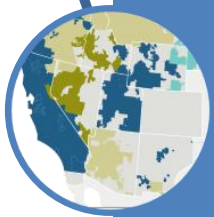


The ISO's Near-Term Focus for Market Design in 2026: Demand and Distributed Energy Market Integration (DDEMI) Initiative



End-User Exports in Demand Response Performance Measurement

- Recognize end-user exports within an aggregation, while preserving DR as a curtailment product.



Demand Flexibility Options for EDAM and WEIM Entities

- Update market models for demand flexibility to better reflect WEIM and EDAM BAAs, including the consideration of a new reliability-triggered demand response product.



Large Load

- Outline supply-side and demand-side participation pathways for large loads.

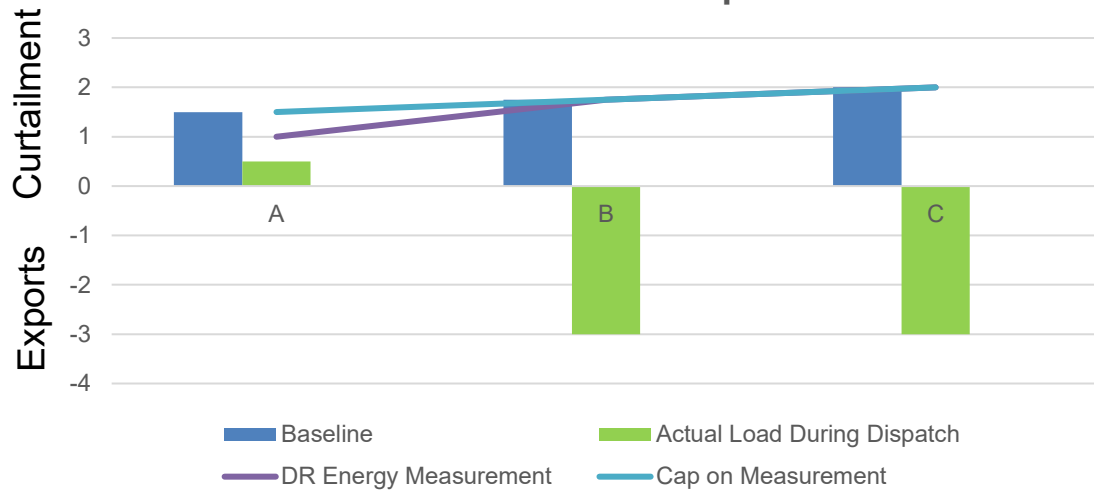


Real Time Demand Side and Pumped Load Bidding

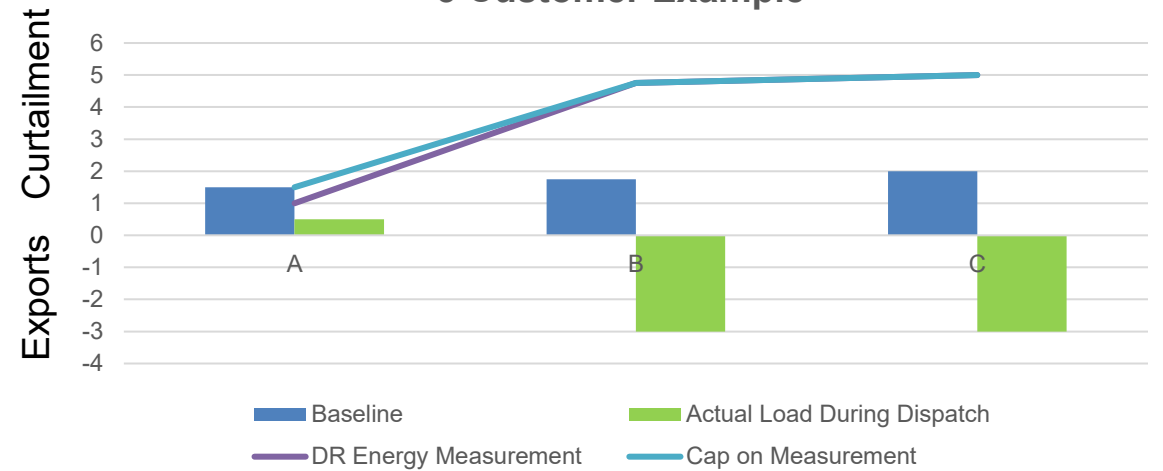
- Convene a working group to explore real-time bidding constructs for flexible load and pumped storage resources.

Exploring New Approaches to DR: Recognizing End-User Exports

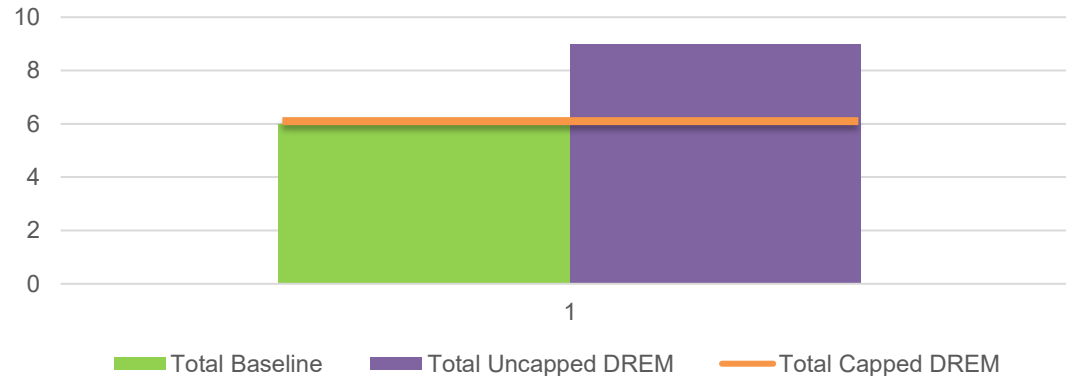
Today's Cap on End-Use Customer Exports
3 Customer Example



Future Uncapped End Use Customer Exports
3 Customer Example



Capping Performance for the DR Aggregation

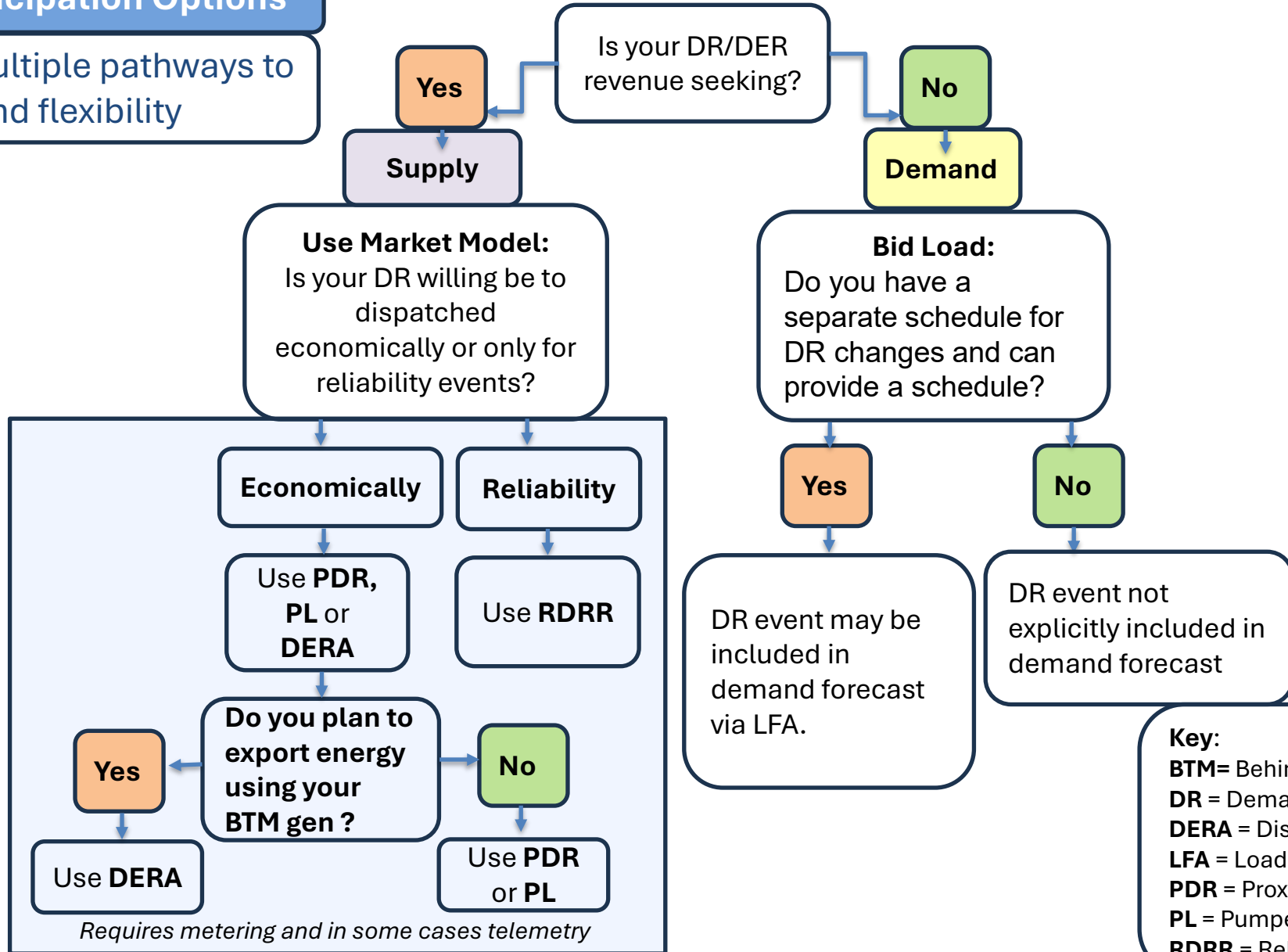


The approach allows end-users to export within a DR aggregation

However, the total DR energy measurement for the DR aggregation cannot export.

DER/DR Participation Options

CAISO has multiple pathways to enable demand flexibility

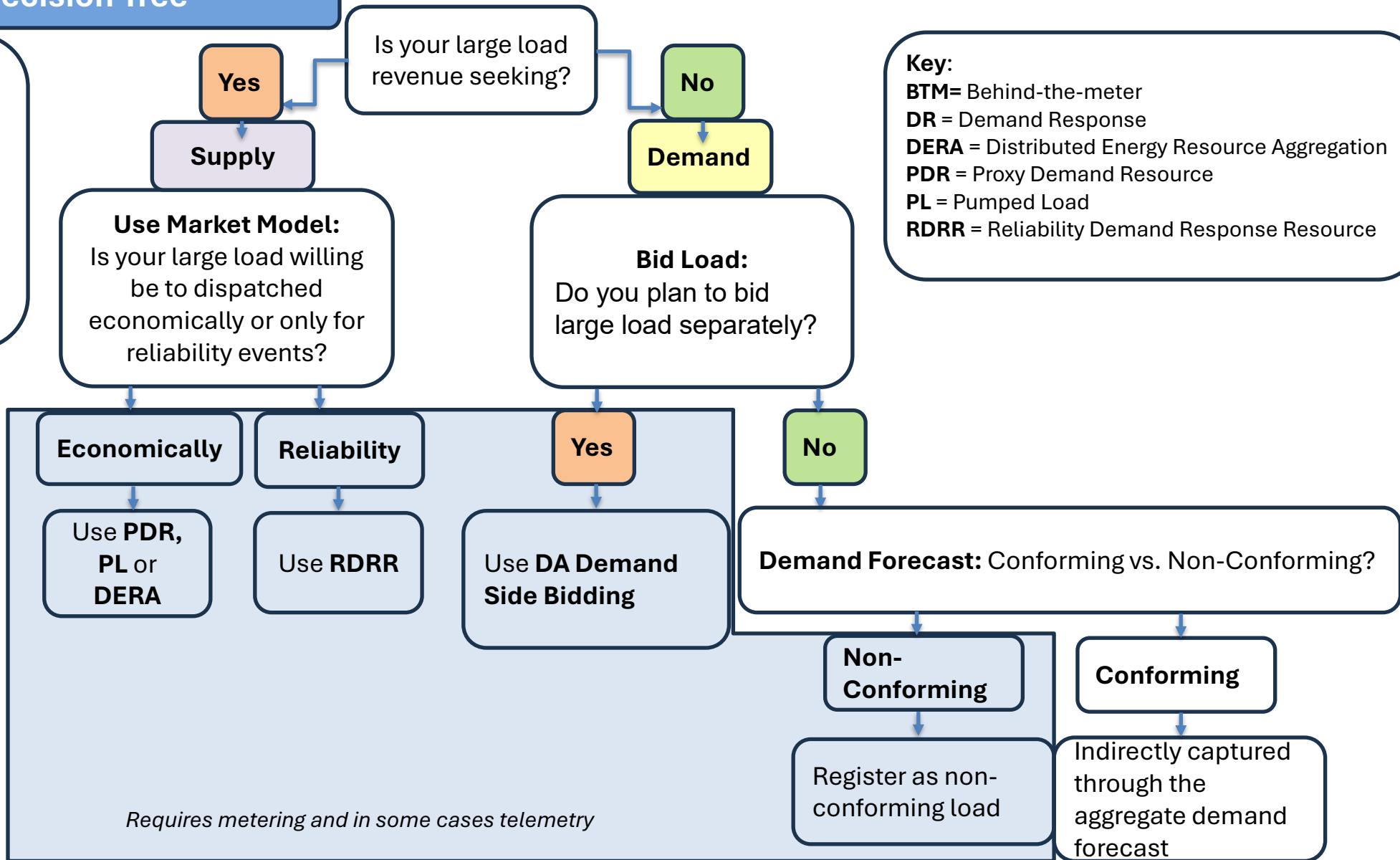


Requires metering and in some cases telemetry

Key:
BTM= Behind-the-meter
DR = Demand Response
DERA = Distributed Energy Resource Aggregation
LFA = Load Forecast Adjustment
PDR = Proxy Demand Resource
PL = Pumped Load
RDRR = Reliability Demand Response Resource

Large Load: Decision Tree

CAISO is seeking feedback, through its DDEMI initiative, if current available options for large load need refinement.



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