October 30, 2026

California Independent System Operator (CAISO)
Attn: Stakeholder Affairs
250 Outcropping Way
Folsom, CA 95630

Re: 2027-2029 ISO Draft Market Policy Roadmap

To whom it may concern,

Clean Coalition appreciates the opportunity to comment on CAISO's proposed 2027–2029 Market Policy Roadmap. As California increasingly depends on distributed energy resources (DER) to meet growing reliability and affordability challenges, CAISO must prioritize market participation pathways that allow these resources to provide energy and capacity services without unnecessarily burdensome interconnection and market requirements.

Existing barriers are particularly consequential for community choice aggregators (CCAs) seeking cost-effective local resources to meet their procurement obligations. In SDG&E's service territory, for example, CCAs retain responsibility for procuring local resource adequacy (RA), yet the Wholesale Distribution Access Tariff (WDAT) pathway presents significant obstacles to developing new front-of-meter storage resources. SDG&E reports that WDAT projects received no deliverability in the latest CAISO allocation and that CAISO's March 2026 assessment identified no available deliverability in SDG&E's service territory. These constraints underscore the need for alternative participation pathways that can unlock the capabilities of existing and new distributed resources.

Clean Coalition therefore recommends that CAISO prioritize near-term reforms under the Demand and Distributed Energy Market Integration (DDEMI) initiative, including by establishing a clear pathway for further DER export participation and implementation of SB 913.

Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. We work to remove barriers to DER procurement and interconnection and establish market mechanisms that realize the economic, environmental, and resilience benefits of DER. Our extensive engagement in CAISO stakeholder initiatives, including the2018 Transmission Access Charge Structure Enhancements initiative, informs these recommendations.

A. Preserve the interim DDEMI pathway and its implementation schedule

Clean Coalition strongly supports prioritizing DDEMI Track 1 and advancing the July 2026 proposal to recognize exports from individual customers within demand response aggregations, subject to the aggregation-level net-load limitation. This approach provides a practical interim solution that expands the participation of DER, including customer-sited batteries, without requiring a comprehensive redesign of existing demand response participation models. Clean Coalition urges CAISO to maintain a firm 2027 implementation schedule and avoid further delays that would unnecessarily restrict the participation of existing DER capacity.

This incremental reform is particularly valuable to community choice aggregators and other load-serving entities seeking cost-effective alternatives to conventional wholesale energy and capacity procurement. Enabling additional DER participation can expand the pool of dispatchable resources available to reduce wholesale procurement costs and support reliability. However, Clean Coalition emphasizes that the aggregation-level export limitation should remain an interim constraint, rather than become a permanent limitation on the ability of DER aggregations to participate based on their full demonstrated capabilities.

Given the substantial work already completed through the July 2026 Draft Final Proposal, Clean Coalition recommends that CAISO preserve the roadmap's Q3 2027 policy decision and Q4 2027 implementation milestones, with earlier implementation wherever feasible. Clean Coalition further recommends explicitly preserving the eligibility of Net Energy Metering (NEM) and Net Billing Tariff (NBT) customers under the Track 1 proposal. These customers represent a substantial source of existing distributed storage capacity that can provide additional grid services beyond their ordinary retail operations. Concerns regarding baselines, metering, and duplicate compensation should be resolved through appropriate performance measurement and settlement requirements, rather than by excluding these resources or further delaying implementation.

B. Explicitly incorporate SB 913 and a follow-on export pathway

Clean Coalition also recommends that CAISO explicitly incorporate implementation of SB 913 (Chapter 987, Statutes of 2026) into the 2027–2029 Market Policy Roadmap. SB 913 establishes a June 30, 2028 deadline for the CPUC, in coordination with the CEC and CAISO, to

enhance market-integrated pathways for aggregated DERs to qualify as resource adequacy capacity, including eligible exports beyond the customer meter. The legislation specifically identifies CAISO's DDEMI initiative and requires the CPUC to develop recommendations concerning the Proxy Demand Resource and Distributed Energy Resource Aggregation participation models.

Accordingly, CAISO should establish a clearly defined follow-on workstream under DDEMI, or a closely coordinated initiative, to address aggregation-level net exports, metering and settlement requirements, and the market participation changes necessary to support RA qualification. Clean Coalition further recommends explicitly coordinating this work with CAISO's Resource Adequacy Modeling and Program Design initiative, including the applicable qualifying capacity, resource visibility, and flexible RA workstreams. Coordination with the CPUC and CEC should begin in 2027, with clearly identified milestones supporting the June 30, 2028 statutory deadline established by SB 913.

This effort should also identify a practical pathway for aggregations of customer-sited batteries to receive appropriate recognition for their demonstrated export capabilities, rather than limiting their potential contributions to the aggregate load they can offset. Such a pathway is particularly important for CCAs seeking to procure local dispatchable capacity where traditional interconnection and deliverability processes have constrained opportunities for new resource development.

Importantly, the follow-on initiative should establish a pathway for customer-sited DERs to participate in both retail programs and CAISO wholesale markets without requiring customers to forfeit their existing NEM/NBT arrangements. For example, customers should be able to allocate a defined portion of an oversized battery's capacity to serving onsite load and participating in retail programs, while making additional, separately accounted-for capacity available for wholesale market participation and RA qualification. This approach would allow CCAs and other load-serving entities to procure dispatchable capacity beyond the customer's onsite consumption, rather than restricting DER participation to the limited amount of customer load that can be offset. Consistent with SB 913, CAISO should coordinate with the CPUC and CEC to establish practical requirements for device-level metering or telemetry, capacity allocation, dispatch rights, and settlements that prevent double counting and duplicate compensation without unnecessarily limiting market participation.

These reforms should also address the related barriers previously identified in CAISO's DDEMI working group, particularly the incompatibility between conventional wholesale interconnection requirements and NEM/NBT participation, restrictions on device-level registration, and market rules that fail to accommodate storage resources providing retail services outside their committed wholesale market obligations.

Maintaining the near-term DDEMI Track 1 reforms while establishing a clear pathway for broader export participation would provide immediate benefits without postponing the more comprehensive reforms necessary to unlock the full reliability and economic value of distributed energy resources.

Conclusion

Clean Coalition urges CAISO to preserve the 2027 DDEMI Track 1 implementation schedule and establish a coordinated follow-on initiative with explicit milestones for broader DER export participation and SB 913 implementation. These reforms are necessary to remove longstanding barriers to distributed resource participation, expand the capacity available to CCAs and other load-serving entities, and ensure that market rules recognize the full reliability and economic benefits of DERs.

Respectfully submitted,

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