

Data Centers Test Texas and PJM Grid Rules

August 8-14, 2026

Executive Summary

The week ending August 14 was defined less by weather than by the accelerating collision between surging large-load demand and the grids being asked to serve it. Summer heat persisted across the central United States, and the Southwest Power Pool briefly declared an Energy Emergency Alert Level 1 in its western balancing area over the weekend of August 9-10 before returning to normal operations and holding a conservative-operations advisory through midweek. Yet no market set a new demand record, and real-time prices stayed largely within normal summer ranges. The dominant storyline was policy rather than operations: the fallout from Texas Governor Greg Abbott's directive to pause and audit data-center interconnections continued to reverberate, drawing public criticism from President Trump and warnings from analysts that tens of gigawatts of new load could be delayed.

The same pressure surfaced in the East in more structural form. PJM filed its Interim Resource Adequacy Service proposal at FERC on August 13, a build, bring, or buy framework that would require large loads to secure their own new capacity or accept curtailment during emergencies, while NYISO proposed cutting 28 of 40 planned 2027 projects to redirect resources toward complying with FERC's large-load show-cause order. Regulators largely sided with the market operators on legacy disputes: FERC upheld MISO's roughly \$280 million capacity-auction correction and accepted new PJM minimum-capitalization rules, and the D.C. Circuit backed FERC in a long-running SPP cost-allocation case. Western market expansion advanced more quietly, with FERC approving CAISO's start-up funding for the Regional Organization for Western Energy and BHE Montana becoming the eighth utility to commit to the Extended Day-Ahead Market.

CAISO

CAISO operated throughout the week without a publicly reported system-wide emergency. No heat event, Flex Alert, or demand record fell within the window; the prominent Western heat wave that pushed the ISO's load toward 36 GW occurred earlier in the year and should not be read into August conditions. The operator continued to publish its routine daily market-watch, energy-storage, and Extended Day-Ahead Market performance reports, and it posted resource-adequacy compliance documents on August 13, including the final effective flexible-capacity report for compliance year 2026 and the final net qualifying capacity report. A public queue report and resource-interconnection-standards materials followed on August 11 and August 14, reflecting a steady administrative cadence rather than any operational stress.

Governance and market transparency were the more consequential threads. On August 11 FERC approved CAISO's

plan to backstop a commercial loan of up to \$8.5 million to fund start-up costs for the Regional Organization for Western Energy, the independent entity being stood up to govern CAISO's expanding Western markets and a milestone in the transition toward regional governance of the day-ahead and imbalance markets. CAISO's Department of Market Monitoring also published a post on August 13 defending its statutorily required role in market transparency and effectiveness, and the ISO advanced its transmission-development and interconnection-standards stakeholder processes during the week. Taken together, the CAISO footprint for the week was administrative and structural rather than driven by market events.

WEIM/EDAM

The Extended Day-Ahead Market, which launched May 1 alongside the longer-running Western Energy Imbalance Market, continued its steady expansion. On August 10 CAISO announced that BHE Montana had committed to join EDAM,

becoming the eighth balancing authority to do so; the utility, which entered the real-time WEIM in May, is reported to be targeting full day-ahead participation later in the decade. CAISO reiterated the programs' value proposition, citing roughly \$11.4 million in EDAM benefits in its first two months and cumulative WEIM savings approaching \$9 billion since 2014, with Portland General Electric slated to begin day-ahead trading in October.

Attention in the Western market space increasingly centered on seams and readiness rather than daily operations. CAISO and SPP were preparing for a joint market-seams workshop to work through the boundary between EDAM and the neighboring Markets+ footprint, and implementation work continued on onboarding participants scheduled to join through the fall. With the market only a few months old, the week produced no live pricing anomalies of note; the storyline for WEIM and EDAM remained one of measured growth, governance transition, and the practical work of integrating new balancing authorities into a market that now spans much of the West.

ERCOT

ERCOT carried strong but unremarkable August load through the week, with no system-wide energy emergency and no new demand record. Peak demand reached roughly 86,900 MW on August 12 and about 88,100 MW on August 13, both running near forecast and, on the higher day, above the upper band of the trailing five-year range, while abundant wind output helped keep conditions comfortable. The grid's all-time peak of approximately 91.1 GW, set July 22, remained intact. Publicly verifiable real-time settlement prices and scarcity events for the specific week were limited, but the load and supply picture pointed to generally non-scarcity operating conditions.

The dominant ERCOT story remained political and regulatory. The fallout from Governor Abbott's early-August directive ordering the PUCT and ERCOT to pause and audit data-center interconnections continued to build, with reporting on August 12 noting that fewer than one in ten existing data centers currently comply with state reporting requirements and that President Trump had publicly criticized the pause as counterproductive, prompting the governor's office to reiterate that Texans must come first. Analysts warned the audit could delay roughly 49.8 GW of new data-center demand and impose billions of dollars in cumulative costs, and ERCOT delayed its Batch Zero large-load transmission-planning study pending the review. With an interconnection queue swollen to roughly 474 GW, the overwhelming majority tied to data centers, the episode crystallized the central tension now facing every high-growth market, and a PUCT open meeting on August 14 was widely

expected to take up large-load items even as its specific outcomes remained unconfirmed at week's end.

SPP

SPP's Integrated Marketplace faced the week's most acute reliability moment. As temperatures topped 100 degrees across Oklahoma and much of the SPP footprint, the operator declared an Energy Emergency Alert Level 1 in its western balancing authority area late on August 9, holding it into the early hours of August 10 before returning to normal operations, and it maintained a conservative-operations advisory through August 13. No controlled load shed occurred and no public conservation appeal was issued. The event did not produce a new peak-load record; SPP's all-time high of roughly 58.1 GW, set in late July, remained the benchmark.

On the regulatory front SPP secured a notable win when, on August 11, the D.C. Circuit denied a petition by SPP transmission owners, member utilities, and a state regulator challenging FERC's approval of a regional shift in certain transmission cost allocations, upholding the commission. SPP also advanced a high-priority study, branded WE EXPAND, to increase transfer capability between the Eastern and Western Interconnections across the region's direct-current ties, a project staff framed as potentially yielding millions of dollars in annual savings by improving import flexibility. The combination underscored SPP's dual focus during the week on defending its cost-allocation framework and expanding the physical capability of its network.

SPP Markets+

Activity on the Markets+ initiative was thin during the window, centered on a single substantive development. SPP staff told stakeholders on August 9 that they expect a determination within roughly two months from the Bonneville Power Administration on whether it will follow through on its earlier commitment to join SPP's western day-ahead market, a decision that carries outsized weight given BPA's size and its contested 2025 selection of the SPP design over CAISO's EDAM, a choice now being litigated in the Ninth Circuit. Separately, SPP requested a 95-day extension to respond to a Department of Energy advanced notice of proposed rulemaking, reflecting the broader federal policy backdrop against which the western market is being built.

No Markets+ tariff filing at FERC, new-participant announcement, or stakeholder-committee meeting was verifiable within the week, and because the market remains in

development ahead of a go-live later in the decade, there were no live prices to report. The week's Markets+ narrative was therefore one of anticipation rather than concrete milestones, with the initiative's momentum hinging on the pending BPA decision and on how the seams between the SPP-led western market and CAISO's EDAM are ultimately resolved. For now, participants are positioning for choices expected to land over the coming months rather than reacting to actions already taken.

MISO

MISO's week was defined by regulatory and legal developments rather than market operations, which passed without a widely reported system-wide emergency or notable in-window price event. The headline came on August 12, when FERC ruled that MISO had acted within its rights in making roughly \$280 million in backdated pricing corrections to its 2025/26 Planning Resource Auction after discovering a long-running loss-of-load-expectation software error, rejecting a challenge led by Pelican Power and others. The correction had previously reduced clearing prices substantially from the auction's original level of \$666.50 per MW-day.

State-level and cost-recovery matters also drew attention. NIPSCO filed to recover roughly \$38 million from regional customers for keeping two units at its R.M. Schahfer coal plant running past their planned retirement under Department of Energy emergency orders, an arrangement that generated large operating losses over the winter and now flows through MISO tariffs. In Indiana, a former utility regulator sued the governor over his removal from the commission amid a pending rate-case rehearing, spotlighting questions of regulatory stability in the MISO footprint, while stakeholders continued to express cautious optimism that the operator's tightened demand-response performance rules would restore confidence in the demand-side fleet after a series of fraud cases.

PJM

PJM produced some of the week's most consequential market-design news. On August 13 the operator filed its Interim Resource Adequacy Service proposal at FERC, a framework that would require large loads such as data centers to build, bring, or buy their own new capacity beginning in mid-2027 or face curtailment ahead of other customers during emergencies; PJM would establish a large-load registry and, starting with the 2029/30 auction, exclude large loads lacking their own supply from capacity procurement. Citing forecasts that data centers account for roughly 30 of the 32 GW of demand growth expected through 2030, PJM asked FERC to act within 60 days.

PJM and Dominion also completed a review, discussed August 11, of the July 22 Northern Virginia event in which roughly 3,800 MW of data-center load abruptly disconnected in two waves after a transmission fault, briefly pushing system frequency above 60 Hz before operators restored balance within nine minutes; officials concluded the facilities' protection settings were too sensitive and should not trip on normal fault clearing. On the regulatory side, FERC on August 12 accepted PJM's new minimum-capitalization rules establishing financial-solvency thresholds for market participants, and the operator named Lisa Drauschak executive vice president and chief financial officer effective in September. The through-line was unmistakable: managing the integration of very large, fast-growing loads has become PJM's central preoccupation.

ISONE

ISO New England experienced a quiet operating week, with no heat event or demand record and only a modest, well-managed disturbance from the partial solar eclipse of August 12, which the operator estimated would trim 600 to 800 MW of behind-the-meter solar output around midafternoon and could be offset readily with other generation. The impact was far smaller than the 2024 total eclipse, and Canadian wildfire smoke added only marginally to the reduction. On August 11 the ISO published its 2026 Regional Electricity Outlook, framing its planning priorities amid a rapidly changing resource mix.

Stakeholder attention centered on the New England Clean Energy Connect line and on capacity-market reform. Now in commercial service, the roughly 1,200 MW Hydro-Quebec import line drew contested assessments over its effect on regional flows, internal congestion, and price suppression during high-import periods, with Massachusetts energy agencies and advocacy groups tracking the impacts. At the NEPOOL Markets Committee on August 14, the ISO advanced its Capacity Accreditation Reform transition plan, with energy-storage accreditation and the treatment of regional gas constraints remaining the most contested elements as parties including Advanced Energy United, NESCOE, and FirstLight Power floated amendments.

NYISO

NYISO's week was dominated by the strain that federal large-load requirements are placing on its work program. On August 12 stakeholders pushed back on the operator's proposal to eliminate 28 of 40 projects from its 2027 budget in order to redirect resources toward complying with FERC's Section 206 show-cause order on large-load, or data-center, interconnection.

The projects on the chopping block spanned demand response, distributed energy resources, financial transmission rights, and large-load addition processes, and the scale of the proposed cuts drew objections from market participants concerned about deferred improvements elsewhere.

Reliability planning was likewise shaped by underperforming new transmission. NYISO indicated it would keep the Danskammer Energy Center available into 2027 because the roughly 1,250 MW Champlain Hudson Power Express line had yet to demonstrate its full capability in its early months of commercial operation, even as the Propel NY Energy project faced local opposition on Long Island. On the policy side, the New York Public Service Commission voted on August 13 to launch a statewide demand-response platform, dubbed the Excelsior Power Program, intended to unify the separate programs run by the state's utilities, with smart thermostats central to the design and the effort tied to Governor Hochul's affordability agenda.

AESO

Alberta's market was quiet within the reporting window, with no AESO-specific operational event, pool-price record, or grid alert verifiable for the week ending August 14. The absence of in-window news appears to reflect genuine calm rather than a gap in reporting: the operator's recent market-design activity clustered in late July and the first days of August, just ahead of the window, and no board or stakeholder outcome, restructured-energy-market milestone, or transmission action surfaced with a date inside August 8 through 14.

The near-term backdrop nonetheless remains active. In the days just before the window AESO was weighing modifications to how it defines inflexible energy offers to address equity

concerns during generation-surplus periods, and it signaled plans to update its long-term supply-adequacy metrics to better reflect a resource mix increasingly shaped by renewables and storage. Work on the Restructured Energy Market continued to center on rule development and the approval steps still ahead, with no operational go-live announced during the week. For this particular week, Alberta's story was one of routine operations and preparation rather than headline developments.

IESO

Ontario's renewed wholesale market operated normally through the week, and its most notable in-window development was a stakeholder dispute over distributed-energy-resource coordination. In materials that surfaced on August 13 and 14, Hydro Ottawa objected to the IESO's proposed DER coordination framework, arguing that it fails to give local distribution utilities customer-level data or the authority to override DER dispatch decisions; the operator acknowledged that its bulk-system model does not extend past the station bus into local distribution networks, limiting visibility into where individual resources connect.

The Ontario Electricity Distributors Association and Energy Storage Canada were among the other parties engaged in the discussion, which reflects the broader challenge of integrating fast-growing distributed resources into a market designed around bulk-system dispatch. Beyond the DER debate, IESO operations under the year-old Market Renewal Program's nodal design continued without incident, and no in-window pool-price anomaly, capacity-auction result, or provincial policy action was verifiable. As with several markets this week, the IESO's activity was concentrated in market-design refinement rather than operational or pricing events.

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