



BALANCING AUTHORITY OF NORTHERN CALIFORNIA



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BANC and SMUD to Participate in CAISO Energy Imbalance Market

The Balancing Authority of Northern California (BANC) and the Sacramento Municipal Utility District (SMUD) announced today their intent to initiate negotiations with the California Independent System Operator Corporation (CAISO) to participate in the western Energy Imbalance Market (EIM).

After completing an extensive cost/benefit analysis in conjunction with its members and the Western Area Power Administration's Sierra Nevada Region (WAPA-SNR), BANC has concluded that there are benefits for some of its members to join the EIM. BANC is interested in entering into an arrangement with the CAISO for EIM participation that would allow phasing in those members who would like to participate in the EIM. The key for BANC will be an agreement that recognizes the unique situation faced by the BANC members as public power entities and their existing arrangements.

"Based upon our evaluations, we believe there are both financial and operational benefits of the EIM to our balancing authority and for some of our members", said BANC General Manager Jim Shetler. "We also view the EIM as a tool to help us integrate increasing penetrations of variable renewable energy resources in the future," he added.

SMUD has elected to be the first member of BANC to participate in the EIM. "We view this as an extension of our existing market engagement with the CAISO. SMUD also believes this further demonstrates our commitment to collaboratively work with California entities to help achieve the state's energy and environmental goals," said SMUD CEO Arlen Orchard.

CAISO CEO Steve Berberich stated that: "We are extremely pleased to see a major regional public power utility like SMUD, step forward to engage in the EIM. We look forward to working out the details of the agreement to allow BANC to participate in the EIM."

About BANC

BANC is the third largest balancing authority in California and the 16th largest in the Western Electricity Coordinating Council. BANC is a joint powers agency whose members include the Modesto Irrigation District, the City of Redding, the City of Roseville, the Sacramento Municipal Utility District, the City of Shasta Lake, and the Trinity Public Utilities District. BANC began operations in May 2011. BANC's footprint currently extends from the Oregon border to Modesto and from Sacramento to the

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Sierra and includes the Western Area Power Administration's transmission grid and the U.S. Bureau of Reclamations' generation resources in California. BANC includes the California-Oregon Transmission Project (COTP), as well as the systems of its members. For more information, visit thebanc.org.

About SMUD

As the nation's sixth-largest community-owned electric service provider, SMUD has been providing low-cost, reliable electricity for about 70 years to Sacramento County (and small adjoining portions of Placer and Yolo Counties). SMUD is a recognized industry leader and award winner for its innovative energy efficiency programs, renewable power technologies, and for its sustainable solutions for a healthier environment. For more information, visit smud.org.

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A JOINT POWERS AUTHORITY BETWEEN
Modesto Irrigation District, City of Redding, City of Roseville, City of Shasta Lake,
Trinity Public Utilities District, and Sacramento Municipal Utility District