

Balancing Authority of Northern California

Regular Meeting of the Commissioners of BANC

2:00 P.M.

Wednesday, January 26, 2022

Teleconference Meeting

Balancing Authority of Northern California

NOTICE OF REGULAR MEETING AND AGENDA

Notice is hereby given that a regular meeting of the Commissioners of the Balancing Authority of Northern California (BANC) will be held on **January 26, 2022 at 2:00 p.m.** **This meeting will be conducted pursuant to the provisions of Assembly Bill 361. Some, or all, of the Commissioners may attend the meeting electronically or telephonically.**

The following information is being provided as the forum by which members of the public may observe the meeting and offer public comment:

Phone number: 1-253-215-8782

Meeting ID: 912 8995 0117

Passcode: 998040

Meeting Link: <https://zoom.us/j/91289950117?pwd=a05mzczdvaUVjQzgZWpsWVZHVZJtdz09&from=addon>

AGENDA

- 1 Call to Order and Verification of Quorum.**
- 2 Matters subsequent to posting the Agenda.**
- 3 Public Comment** – any member of the public may address the Commissioners concerning any matter on the agenda.
- 4 Consent Agenda.**
 - A. Resolution 22-01-01 *Determination that Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees as a Result of the Proclaimed State of Emergency.*
 - B. Minutes of the Regular Commission Meeting held on November 17, 2021.
 - C. BANC Operator Reports (November and December).
 - D. Compliance Officer Reports (December and January).
 - E. PC Committee Chair Reports (December and January).
 - F. General Manager's Report and Strategic Initiatives Update.
- 5 Regular Agenda Items – Discussion and Possible Action.**
 - A. General Manager Updates.
 - i. EIM Update.
 - ii. EDAM Update.
 - iii. SB100 Update.
 - iv. Resource Adequacy
 - B. Consider and Possibly Approve Resolution 22-01-02 *Resolution Commending and Thanking Michelle Bertolino for her Service to The Balancing Authority of Northern California.*
 - C. Consider and Possibly Approve Resolution 22-01-03 *Authorization of CMUA Contract for SB 100 Support.*
 - D. Consider and Possibly Approve Resolution 22-01-04 *Authorization of Amended Legal Services Agreement with Braun Blaising Smith Wynne, P.C. for EIM Governance Review Committee Chair Support Services for EDAM Governance Review.*
 - E. Consider and Possibly Approve Resolution 22-01-05 *Approval of Updated Exhibit A (EIM Participant Allocation) of the Second Amended and Restated Energy Imbalance Market Participation Agreement.*
 - F. Consider and Possibly Approve Resolution 22-01-06 *Authorization of Audit Services Contract Extension with Baker Tilly US, LLP.*
 - G. Member Updates.
- 6 Adjournment.**

Accessible Public Meetings - Upon request, BANC will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service at least 3 days before the meeting. Requests should be sent to: Kris Kirkegaard, 555 Capitol Mall, Suite 570, Sacramento, CA 95814 or to administrator@braunlegal.com.

Balancing Authority of Northern California

Consent Agenda Items

- A. **Resolution 22-01-01 *Determination that Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees as a Result of the Proclaimed State of Emergency.***
- B. **Minutes of the November 17, 2021 BANC Regular Meeting.**
- C. **BANC Operator Reports (November and December).**
- D. **Compliance Officer Reports (December and January).**
- E. **PC Committee Chair Reports (December and January).**
- F. **General Manager Report and Strategic Initiatives Update.**

**Balancing Authority of Northern California
Resolution 22-01-01**

**RECONSIDERATION OF THE DETERMINATION THAT MEETING IN PERSON WOULD PRESENT
IMMINENT RISKS TO THE HEALTH OR SAFETY OF ATTENDEES AS A RESULT OF THE
PROCLAIMED STATE OF EMERGENCY**

WHEREAS, on March 4, 2020 the Governor of California proclaimed a state of emergency in California as a result of the threat of COVID-19; and

WHEREAS, on March 17, 2020, the Governor issued Executive Order N-29-20 authorizing exemptions to certain notice requirements under the Ralph M. Brown Act to facilitate virtual meetings of a legislative body of a local agency; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-12 extending the provisions of N-29-20 until September 30, 2021; and

WHEREAS, on September 16, 2021, the Governor of California signed Assembly Bill 361 which provides for the continued suspension of certain notice requirements for virtual meeting when a legislative body of a local agency holds a meeting during a declared state of emergency and either:

- (1) state or local officials have imposed or recommended measures to promote social distancing,
- or
- (2) the legislative body holds a meeting for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

WHEREAS, pursuant to AB 361, a legislative body of a local agency must, not later than 30 days after teleconferencing for the first time pursuant to AB 361, and every 30 days thereafter, reconsider the circumstances of the state of emergency and determine that the state of emergency continues to directly impact the ability of the members to meet safely in person.

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby determine that meeting in person continues to present imminent risks to the health or safety of attendees as a result of the proclaimed state of emergency.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 26th day of January, 2022.

James McFall
Chair

Attest by: C. Anthony Braun
Secretary

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS OF THE
BALANCING AUTHORITY OF NORTHERN CALIFORNIA (BANC)

November 17, 2021

On this date, a Regular Meeting of the Commissioners of the Balancing Authority of Northern California was held telephonically, pursuant to the provisions of Assembly Bill 361.

Representatives:

Member Agency	Commissioner
Modesto Irrigation District (MID)	James McFall, Chair
City of Redding	Nick Zettel, Alternate
City of Roseville	Michelle Bertolino
Sacramento Municipal Utility District (SMUD)	Laura Lewis, Alternate
City of Shasta Lake	James Takehara
Trinity Public Utilities District (TPUD)	Absent

Other Participants:

Jim Shetler	General Manager
Tony Braun	General Counsel
Kevin Smith	General Counsel
Kris Kirkegaard	General Counsel Support
Sonja Anderson	Western Area Power Administration (WAPA)
Jeanne Haas	WAPA
Arun Sethi	WAPA
Janice Zewe	BANC Planning Committee Chair, SMUD

1. Call to Order: Mr. Shetler verified that there was a quorum to proceed; attendance is noted above. Chair McFall called the meeting to order at 2:01 p.m.
2. Matters Subsequent to Posting the Agenda: None.
3. Public Comment (any matter on the agenda): None.
4. Consent Agenda: Chair McFall invited comments from the Commission on the Consent Agenda, and there were none.

ACTION: M/S (Zettel/Lewis) to **approve the Consent Agenda**. Motion carried by a unanimous roll call vote (Absent: Commissioner Hauser).

5. Regular Agenda Items – Discussion and Possible Action:

A. General Manager Updates:

MINUTES OF THE REGULAR MEETING OF THE COMMISSIONERS OF THE
BALANCING AUTHORITY OF NORTHERN CALIFORNIA (BANC)

i. EIM Update:

Mr. Shetler provided updates regarding items on which the EIM Committee is providing oversight and provided a cash reserve update. There were no questions from the Commission.

ii. EDAM Update.

Mr. Shetler provided this update, and Mr. Braun added information related to governance. There were no questions from the Commission.

iii. SB 100 Update.

Mr. Shetler reiterated that BANC anticipates hiring a consultant to assist with this effort noting that interviews were expected to be conducted within the next week. There were no questions from the Commission.

B. Consider and Possibly Approve Resolution 21-11-02 Resolution Setting the Regular Meeting Dates for 2022.

Mr. Shetler introduced Kris Kirkegaard, who provided an overview of the process.

ACTION: M/S (Bertolino/Takehara) to **approve Resolution 21-11-02 Resolution Setting the Regular Meeting Dates for 2022.** Motion carried by a unanimous roll call vote (Absent: Commissioner Hauser).

C. Consider and Possibly Approve Resolution 21-11-03 Acknowledgement and Acceptance of BANC Planning Coordinator Area 2021 Transmission Planning Assessment.

Mr. Shetler introduced Janice Zewe, who provided the Commission with an overview of the 2021 assessment. There were no questions from the Commission.

ACTION: M/S (Lewis/Zettel) to **approve Resolution 21-11-03 Acknowledgement and Acceptance of BANC Planning Coordinator Area 2021 Transmission Planning Assessment.** Motion carried by a unanimous roll call vote (Absent: Commissioner Hauser).

D. Member updates:

Mr. Shetler noted that an RFP for BANC resource procurement was posted on November 1st and that he expected that the December meeting would be adjourned.

The Commission adjourned at 2:32 p.m.

Minutes approved on January 26, 2022.

C. Anthony Braun, Secretary



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

P.O. BOX 15830 • D109 • SACRAMENTO • CA 95852 -1830

TO: BANC Commission

RE: BANC Operator Report for November 2021

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- Declared BA Energy Emergency Alert Level (EEA): EEA0
- NWPP Reserve Energy Activations
 - 1 contingency requiring activation of NWPP
 - 180 MW average generation lost
 - 180 MW maximum generation lost
 - Generating unit(s) and date(s) affected: Sutter
 - All recoveries within 4 minutes
- USF
 - 0 of 30 days with instances of USF mitigation procedure utilized
 - 0 days on Path 66
 - No operational impact on BANC
- BAAL Operation:
 - Maximum duration of BAAL exceedance: 10 Minutes
 - *10 min 11/16/21 – Slow response of generators to a 100 MW EIM export ramp*
 - Number of BAAL exceedance >10 minutes: None
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2021 Frequency Response Obligation (FRO): -15.5 MW/0.1Hz
 - Q3 Frequency Response Measure (FRM): -67.6 MW/0.1Hz
 - Q3 Number of Under-Performed Events: 0 out of 6
 - Q1~Q3 Frequency Response Measure (FRM): -62.3 MW/0.1Hz
 - Q1~Q3 Number of Under-Performed Events: 1 out of 17 (Cause of under-performed event: There was a 20 MW/min EIM ramping down during the event)
 - 2022 Frequency Response Obligation (FRO): -18.8 MW/0.1Hz

Monthly Notes:

- No additional notes or impacts for November 2021

A JOINT POWERS AUTHORITY AMONG

Modesto Irrigation District, City of Redding, City of Roseville, Trinity Public Utilities District,
City of Shasta Lake, and Sacramento Municipal Utility District



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

P.O. BOX 15830 • D109 • SACRAMENTO • CA 95852 -1830

TO: BANC Commission

RE: BANC Operator Report for December 2021

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- Declared BA Energy Emergency Alert Level (EEA): EEA0
- NWPP Reserve Energy Activations
 - 1 contingency requiring activation of NWPP
 - 362 MW average generation lost
 - 362 MW maximum generation lost
 - Generating unit(s) and date(s) affected: Cosumnes Power Plant, 12/20/21
 - All recoveries within 6 minutes
- USF
 - 12 of 31 days with instances of USF mitigation procedure utilized
 - 1 day on Path 66
 - No operational impact on BANC
- BAAL Operation:
 - Maximum duration of BAAL exceedance: 1 Minute
 - Number of BAAL exceedance >10 minutes: None
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2021 Frequency Response Obligation (FRO): -15.5 MW/0.1Hz
 - 2022 Frequency Response Obligation (FRO): -18.8 MW/0.1Hz

Monthly Notes:

- No additional notes or impacts for December 2021

A JOINT POWERS AUTHORITY AMONG

Modesto Irrigation District, City of Redding, City of Roseville, Trinity Public Utilities District,
City of Shasta Lake, and Sacramento Municipal Utility District

Compliance Officer Report

BANC Commission Meeting

December 2021

The following summarizes routine issues for the Commission's information and consideration. Any major issues or action items will be identified separately on the Commission agenda for action.

BA Compliance Issues:

- No significant operational Balancing Authority compliance events occurred.
- All required BA compliance reports and operating data were submitted to WECC.

BANC MCRC:

- The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, January 24th via teleconference.

Compliance Officer Report

BANC Commission Meeting

January 2022

The following summarizes routine issues for the Commission's information and consideration. Any major issues or action items will be identified separately on the Commission agenda for action.

BA Compliance Issues:

- No significant operational Balancing Authority compliance events occurred.
- All required BA compliance reports and operating data were submitted to WECC.

BANC MCRC:

- The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, January 24th via teleconference.

PC Committee Chair Report

BANC Commission Meeting

December 2021

The following summarizes Planning Coordinator-related issues for the Commission's information and consideration. Any major issues or action items will be identified separately on the Commission agenda for action.

BANC PC Committee Updates or Issues:

SMUD staff continue to work toward demonstrating compliance with PC-related NERC reliability standards.

- MOD-031-2 Demand and Energy Data – Staff continues to participate in WECC planning webinars for the 2022 Loads and Data request cycle. WECC is planning to send out the data request in the middle of December. Both parts of the 2022 data request will be sent out at once and will have separate due dates. There will be additional data being sought by WECC on the loads portions, such as both MW and MVAR load data, Behind The Meter (BTM) storage, EV, and other DER. There will be additional requests on resources portions as well, such as inverter-loading ratios and historical hourly generation by resource types.
- TPL-001-4 - Transmission System Planning Performance – The assessment has been completed and the final report was sent to all BANC PC participants on October 27th. The 2021 BANC PC TPL-001-4 Annual Assessment was approved by all BANC PC participants on November 4th. The assessment was presented at the November BANC commission meeting and was accepted by the BANC commission on November 17th. The 2021 BANC Annual Assessment Report was sent to neighboring utilities and RC West to comply with NERC reliability standards of TPL-001-4, R8 and IRO-017-1.
- TPL-007-4 - Transmission System Planned Performance for Geomagnetic Disturbance Events. Ongoing, TPL-007-4 Annual GMD data submission to NERC for GMD events - NERC has declared a GMD event (Kp>7) for reporting purposes. The GMD event duration was from 11/3 2021 3:00pm to 11/4/2021 11:59pm. Recording data for these two events will be downloaded and saved for reporting prior to the annual due date of June 30, 2022.

The table below shows the current status of all PC-related standards:

	PC Standard	Estimated % Complete	Notes
1	FAC-002-3 Interconnection Studies	100%	There are 3 materially modifying transmission facilities projects in the BANC area, and all assessments and reports have been completed.
2	FAC-010-3 SOL Methodology for Planning Horizon	100%	The finalized version was sent to external stakeholders and BANC PC Participants on 12/28/2020.
3	FAC-014-2 Establish and Communicate SOLs	95%	Final report shared with BANC PC Participants and external parties on 9/24/2021. RSAW will needed to be completed.
4	IRO-017-1 Outage Coordination	95%	Annual assessment report has been sent to RC West. RSAW is currently underway.
5	MOD-031-2 Demand and Energy Data	95%	2021 Loads and Resources Supplemental Data Request was completed and uploaded to the WECC EFT server. Staff is participating in planning webinars for 2022 cycle. RSAW will needed to be completed.
6	MOD-032-1 Data for Power System Modeling & Analysis		Ongoing activity.
7	MOD-033-1 System Model Validation	95%	Final report was sent to PC participants and RSAW is being worked on.
8	PRC-006-5 Underfrequency Load Shedding	100%	BANC PC data request was completed and submitted to the WECC OFSPR group data collector. The data was then compiled into a report by the WECC OFSPR group and submitted to WECC staff.
9	PRC-010-2 Undervoltage Load Shedding	100%	Study has been completed. The report was finalized on 12/30/2019.
10	PRC-012-2 Remedial Action Schemes	80%	New Standard to be effective on 1/1/2021. Study Plan finalized on 4/10/2020. Working on performing studies for each RAS scheme.

	PC Standard	Estimated % Complete	Notes
11	PRC-023-4 Transmission Relay Loadability	95%	The final report was sent out on 7/12/2021 to BANC PC Participants. RSAW will needed to be completed.
12	PRC-026-1 Relay Performance During Stable Power Swings	95%	The final report was sent out on 8/27/2021 to BANC PC Participants. RSAW needed to be completed.
13	TPL-001-4 Transmission System Planning Performance	95%	Assessment was completed and accepted by the BANC commission. RSAW is currently underway.
14	TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events	90%	<p>Registered the SMUD/BANC PC GIC monitoring device at Carmichael with NERC – compliance requirement.</p> <p>Made request to the GIC manufacturer to increase sampling rate from the default once every hour to once every 10s or faster per NERC recommendation.</p> <p>SMUD sent the TPL-007-4 requirement R12 and R13 to the BANC PC members. The effective date for these requirements is 07/01/2021.</p> <p>Ongoing, NERC has declared a GMD event (Kp>7) for reporting purpose. The GMD event duration was from 11/3 2021 3:00pm to 11/4/2021 11:59pm. Recording data for these two events would be downloaded and saved for reporting prior to the annual due date (06/30/2022).</p>

PC Committee Chair Report

BANC Commission Meeting

January 2022

The following summarizes Planning Coordinator-related issues for the Commission's information and consideration. Any major issues or action items will be identified separately on the Commission agenda for action.

BANC PC Committee Updates or Issues:

SMUD staff continue to work toward demonstrating compliance with PC-related NERC reliability standards.

- MOD-031-2 Demand and Energy Data – Staff is coordinating the 2022 Loads and Data request cycle. WECC broke up the data request into multiple spreadsheets with two sets of due dates. The first set, consisting of the baseload, solar, wind, hydro, and energy storage sheets, are due January 21st, and the second set of spreadsheets, consisting of demand, supplemental load, transmission, transformers, and paths workbooks, are due February 18th.
- TPL-001-4 - Transmission System Planning Performance – Neighboring entity 1-in-10 load information from WAPA and PG&E has been received and is currently being applied to the WECC base cases to start the development of the TPL assessment cases.
- TPL-007-4 - Transmission System Planned Performance for Geomagnetic Disturbance Events - Requirements R6 and R10 became effective on January 1, 2022. R6 and R10 require that each transmission and/or generator owner (solely or jointly owned) conduct thermal impact assessment on their BES power transformers to investigate if the maximum effective GIC value is 75A or greater for the Benchmarking scenario (R6) or is 85A or greater for the Complementary scenario (R10). Although all GIC of the BES transformers within the BANC PC area is less than these thresholds, Member(s) should complete the RSAW for requirements R6 & R10 and provide the appropriate GIC evidence to demonstrate compliance. SMUD will be able to provide the evidence to the BANC PC participants if needed.

The table below shows the current status of all PC-related standards:

	PC Standard	Estimated % Complete	Notes
1	FAC-002-3 Interconnection Studies	0%	A data request will be sent out after the BANC PC meeting requesting a list of all planned near-term projects from BANC PC participants.
2	FAC-010-3 SOL Methodology for Planning Horizon	0%	The finalized version was sent to external stakeholders and BANC PC Participants on 12/28/2020. A review of the methodology is planned for 2022.
3	FAC-014-2 Establish and Communicate SOLs	0%	2022 FAC-014-2 SOLs will be established after the review of the FAC-010 SOL methodology.
4	IRO-017-1 Outage Coordination	0%	Awaiting completion of TPL assessment by December to send out report.
5	MOD-031-2 Demand and Energy Data	10%	Staff is coordinating the 2022 data request cycle. First set of spreadsheets are due 01/21/2022. Second set of spreadsheets are due 02/18/2022.
6	MOD-032-1 Data for Power System Modeling & Analysis		Ongoing activity.
7	MOD-033-1 System Model Validation	0%	Dynamic portion due by June, 2023. Steady State portion due by October, 2023.
8	PRC-006-5 Underfrequency Load Shedding	0%	New BANC PC data request cycle will begin when the WECC OFSPR group data collector sends out a request in April-May 2022 timeframe.
9	PRC-010-2 Undervoltage Load Shedding	100%	Study has been completed. The report was finalized on 12/30/2019.
10	PRC-012-2 Remedial Action Schemes	80%	New Standard to be effective on 1/1/2021. Study Plan has been finalized on 4/10/2020. Working on performing studies for each RAS scheme.

	PC Standard	Estimated % Complete	Notes
11	PRC-023-4 Transmission Relay Loadability	0%	A new study plan for the 2022 assessment will be shared with BANC PC participants for review after the BANC PC annual meeting.
12	PRC-026-1 Relay Performance During Stable Power Swings	0%	A new study plan for the 2022 assessment will be shared with BANC PC participants for review after the BANC PC annual meeting.
13	TPL-001-4 Transmission System Planning Performance	5%	Base case selection has been completed and neighboring entity load information has been acquired from PG&E and WAPA.
14	TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events	100%	TPL-007-4 requirements R6 and R10 had become effective as of 01/01/2022. The R6 and R10 require that each transmission and/or generator owner (solely or jointly owned) to conduct thermal impact assessment on their BES power transformers if the maximum effective GIC value is 75A or greater for the Benchmarking scenario (R6) or is 85A or greater for the Complemental scenario (R10). Although all GIC of the BES transformers within the BANC PC area is less than these thresholds, Member(s) should complete the RSAW for these requirements (R6 & R10) and provide the appropriated GIC evidence. SMUD will be able to provide the evidence to the BANC members if needed.

GM Report

BANC Commission Meeting

January 18, 2022

I wanted to summarize routine issues for the Commission's information and consideration. Any major issues or action items will be identified separately on the Commission agenda for action.

Outreach Efforts:

Refer to GM outreach report provided under separate distribution. In addition, here are some other noteworthy items:

LADWP/Seattle City Light/SRP

Dialogue continues with these entities regarding EIM participation. Based upon the group's discussions, we have agreed to continue to interact on an informal basis to make sure we are aligned on EIM issues from a POU perspective. We are routinely holding bi-weekly calls to provide updates and discuss issues. We have also used this forum to discuss POU positions regarding the EDAM development and to discuss potential summer heat wave impacts on EIM and EDAM design. We expect this group will become more active as the EDAM stakeholder process ramps up.

POU Western Markets Initiative

BANC continues to participate in this effort, which is being coordinated by APPA. The group has stepped back and is taking a less formal role with occasional update conference calls. The last call was in September 2021.

Coronavirus Restrictions

Though restrictions on public gatherings and travel were being relaxed, the recent increase in infections from the Omicron variant has resulted in many restrictions being reinstated. BANC continues to generally use remote meeting attendance, both for our own internal member meetings, as well as outside meetings. However, we are starting to relax some of these restrictions as the ability to have gatherings is increased and the General Manager has started attending some in-person meetings. In addition, the BANC BA Operator (SMUD) has instituted measures to reduce coronavirus risks, including stay at home for most employees with only essential staff working at the offices.

Market Initiatives:

EIM Participation

Staff continues monitoring EIM participation. CAISO quarterly benefit reports continue to show that BANC is seeing benefits from EIM participation, with the 3rd Quarter 2021 report showing gross benefits of \$72.52 million for BANC.

With respect to BANC EIM Phase 2 effort, BANC has been passing both the EIM Capacity and Flex Ramp tests with a high success rate. Both the Technical Evaluation Subcommittee and the Settlements Subcommittee are meeting routinely and evaluating EIM operations. Staff provided a recommendation to the Commission at the September 2021 meeting regarding the Flex Ramp Approach, which the Commission approved. Additional dialogue has been held at the working level regarding a potential “pooling” concept for Flex Ramp among the WAPA Sub-BA participants. This concept was presented to the Commission at the October 2021 meeting where the Commission approved a 90-day extension of the binding date for Flex Ramp charges in order for staff and EIM Participants to further pursue the “pooling” concept. Staff have been working at the subcommittee levels to evaluate the concept. Indications are that we should be able to implement this concept within the 90-day extension.

EDAM Participation

The EDAM stakeholder process was on hold due to the CAISO’s focus on 2021 Summer readiness, which was also a focus for the EIM Entities. With the end of the summer months, the CAISO held a Market Forum on October 13, 2021, to address next steps with EDAM. The efforts of the sub-group discussions among the CAISO, PTOs, and EIM Entities was reported out as the basis for reinitiating the EDAM stakeholder process. The CAISO is looking at an expedited process with a goal of a final EDAM design by the end of 2022, implementation efforts in 2023, and initial go-live in 2024. The CAISO held an initial stakeholder meeting on November 12 where it laid out the concept of using stakeholder work groups to help guide the definition of an initial straw proposal for EDAM. The CAISO held an initial working group formation meeting in December and kicked off the detailed working group meetings in early January. The goal is to have an initial straw proposal by April 2022.

Other Market Developments

In parallel with the re-initiation of the EDAM process, two other West-wide market developments have occurred:

1. SPP has announced its “Markets +” effort to support utilities in the West with a range of market options from EIM to full RTO services. SPP has held stakeholder information sessions on November 17, 2021, and December 1, 2021, to explain their initial concepts. They will be launching a series of stakeholder work group meetings in January 2022 seeking input on a final design that could be agreed upon by late 2022. Initial goal would be a market launch in 2024. BANC staff have been monitoring this effort.

2. A group of Western utilities have formed a group called Western Market Exploratory Group (WMEG) with a stated purpose of identifying what a full market in the West should entail. They are in the process of hiring a consultant to assist in this effort. BANC is also monitoring this group and evaluating possible participation.

WAPA:

Market Engagement

WAPA-SNR was also successful in its EIM Phase 2 go-live on March 25, 2021 and continues to be an active participant in the EIM.

WAPA-SNR and BANC continue to hold periodic calls with NCPA to help facilitate discussions on joint issues.

San Luis Transmission Project

WAPA-SNR has announced its intent to work with the Bureau of Reclamation to construct the SLTP. We will keep the Commission informed as more information becomes available.

WECC

WECC Board Meetings

The last set of Board and committee meetings was held in December, which were virtual. The next set of meetings will be in March and are also expected to be virtual.

WECC has issued an assessment of resource adequacy for the Western Interconnection.

WECC is also coordinating with NERC on a lessons-learned assessment of the ERCOT/SPP cold weather events this last winter. Preliminary results and recommendations were issued in September.

NWPP

Resource Adequacy Project

As agreed at the September meeting, BANC has informed NWPP that it will not be participating in Phase 3 of the Western Resource Adequacy Project (WRAP) due to our lack of ability to have firm, long-term transfer capability at Mid-C, which is the hub for the WRAP interchanges. BANC will continue to monitor development of the WRAP and has initiated discussions with NWPP regarding our ability to participate in the future. SPP has indicated that they intend to use the WRAP as the Resource Adequacy program for any Markets + development.

RSG and FRSG Participation

BANC continues to participate in the Reserve Sharing Group and the Frequency Response Sharing Group through the NWPP and receive benefits in doing so.

CDWR Delta Pumping Load:

BANC is coordinating with SMUD, CDWR, WAPA, and the CAISO regarding how the construction and pumping loads and ancillary services will be provided for this project. The CAISO has reached out to BANC/SMUD/WAPA-SNR regarding contacts for initiating discussions on how CAISO will supply energy for the construction loads in our footprints. With the Governor's announcement that the project will be downsized from two to one tunnel, CDWR has withdrawn the current applications and will be submitting revised environmental documentation. SMUD reported that CDWR has approached them regarding the revised environmental review and updated project schedule.

SB100 Implementation

As part of SB100, the CPUC, CEC, and CARB (Joint Agencies) are required to collaborate with the California BAs to develop a quadrennial report on the status of achieving the goals of SB100. The four POU BAs (BANC, IID, LADWP, and TID) are collaborating on positions and responses. The final, initial report was scheduled for submittal to the Legislature in early January 2021; however, it was delayed and not issued until 3/15/21. The CEC did reach out to the POU BAAs via CMUA in early March 2021 seeking more engagement with the BAAs for the next round of analysis for the SB100 effort. The POU BAAs are coordinating via CMUA on how to engage in this request. A subgroup of the POU BAAs, including BANC, participated in a Joint Agency SB100 workshop on June 2, 2021. We have also had several follow-up discussions with the Joint Agencies. Based upon recent discussions, we are working with the other POU BAAs to hire consulting support for this effort. We are also working on concepts for a reliability analysis effort and providing current known interconnection queue information as well as forecast renewable resource procurement assumptions.

Western Electricity Industry Leaders (WEIL) Group

The WEIL group has done outreach to the Western Governors' Association with a request to hold discussions on how to better coordinate electricity policy in the West. Based upon these discussions, the Western Governors and WEIL agreed to make use of the Center for a New Energy Economy (CNEE), which is headed by former CO Governor Ritter, to facilitate further dialogue. This effort has been designated as the Western Interconnection Regional Electricity Dialogue (WIRED). The group agreed to focus discussions around three topics:

- State clean electricity goals and GHG accounting
- Reliability/resource adequacy

- Transmission planning and development.

Initial draft reports have been developed by the work groups and are now being reviewed both by WEIL and the state energy policy advisors. The WEIL group discussed and reached consensus at its February 2021 CEO meeting on a position statement for this effort. WEIL continues to coordinate with CNEE and the key state energy advisors on next steps in this effort.

The WEIL CEOs met on October 8, 2021, with discussions that included:

- Dialogue with FERC Chair Richard Glick on several topics including Western market development, RA efforts, and wildfire responses,
- Update from WECC CEO Melanie Frye regarding a process for a West-wide reliability assessment,
- Discussion on current status of the WIRED initiative,
- Update on WEIL subgroup efforts around transmission development,
- Briefing on federal infrastructure legislation
- CEO roundtable on West-wide issues.

One of the key conclusions from the WEIL discussions was the ever-increasing reliance we have on each other to meet reliability and carbon reduction goals. It was also evident that the discussions on West-wide market development will continue the need for open dialogue among the WEIL members. The next meeting of the WEIL group is being planned for February 17, 2022.

Strategic Initiatives

The 2021/2022 Strategic Initiatives updates are attached to this report.

BANC 2021/2022 Strategic Plan - Routine Initiatives January 2022 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
1 Medium	INDEPENDENCE	Effectively oversee the BA operations.	Jim Shetler	Ongoing	See monthly Ops, PC, Compliance, & GM Reports
2 Medium		Maintain long-term succession plan and traits for General Manager	Jim Shetler/Commission	Ongoing as Necessary	Revisit 3rd Qtr. 2022
3 Medium	OUTREACH	Engage in industry forums (WECC, Peak, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & NWPP Exec. Forum meetings
4 Medium		Coordinate with other POU BAs (Ca and regionally)	Jim Shetler	Ongoing	Coordinating with SCL/SRP/LA/TP/TID on EIM/EDAM & SB100
5 Medium		Outreach to regulatory and legislative bodies on key issues	Jim Shetler/BBSW	Ongoing as Necessary	Participating in WEIL group outreach to West governors
6 Medium		More formal engagement with TID on BA/EIM/EDAM issues	Jim Shetler/BBSW	Ongoing	Continue periodic discussions on areas of collaboration
7 Medium	ASSETS	Evaluate establishing BANC criteria for RA resources	Resource Committee	4th Qtr. 2022	Developed SOW for consult. support & discussion at REC
8 Low	MEMBER SERVICES	Identify and outreach to potential new BANC members	Jim Shetler	Ongoing	

BANC 2021/2022 Strategic Plan - Focused Initiatives January 2022 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
9 High	INDEPENDENCE	Manage EIM Phase 2 Going Forward	Jim Shetler/SMUD	Ongoing	Manage Phase 2 operations including EIM, Tech Anal. & Settlements committees
10 High		EDAM evaluation effort ~ CAISO Stakeholder Process ~ CAISO Tariff Development	Jim Shetler/BBSW Jim Shetler/BBSW	Late 2021 - 2022 2022 - 2023	CAISO Stkhldr Proc. Initiated
11 Medium	OUTREACH	Evaluate opportunities to engage other entities in market development	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, TID, & Tacoma
12 Medium		Regional Policy Issues: Monitor/ weigh-in where appropriate	Jim Shetler/Commission	Ongoing	Participating in WEIL effort on WIRED issues
13 High		Market Regionalization: ~Monitor ongoing discussions at WEIL & other venues	Jim Shetler/BBSW	4th Qtr. 2022	SPP Mkts+ Stkldr Mtgs 11/17 & 12/1
14 High		Coordinate with CA BAs on SB100 effort	Jim Shetler/BBSW	12/31/22	CEC issued report 3/15/21; Initiating coordination effort between CEC & BAAs
15 Medium	ASSETS	Evaluate resource criteria for BANC long-term needs ~ Issue solicitation for projects	Jim S./Res. Com.	4th Qtr. 2021	RFP psted 11/1; 7 responses received 12/3; Developing short list
16 Medium	MEMBER SERVICES	Evaluate possible support to participants for EIM operations	Jim S.	Ongoing	

Balancing Authority of Northern California

Agenda Item 5B

1. ***Resolution 22-01-02 Resolution Commending and Thanking Michelle Bertolino for her Service to the Balancing Authority of Northern California.***

**Balancing Authority of Northern California
Resolution 22-01-02**

**RESOLUTION COMMENDING AND THANKING MICHELLE BERTOLINO FOR HER SERVICE TO
THE BALANCING AUTHORITY OF NORTHERN CALIFORNIA**

WHEREAS, the Balancing Authority of Northern California (“BANC”) was created by a Joint Powers Agreement (“JPA”) to, among other things, acquire, construct, maintain, operate, and finance Projects; and

WHEREAS, Michelle Bertolino, as the Electric Utility Director for the City of Roseville (“Roseville”), was instrumental in standing up and ensuring the ongoing success of BANC’s operations; and

WHEREAS, Ms. Bertolino served faithfully as a Commissioner from her initial appointment in 2010 until her retirement from Roseville on February 9, 2022; and

WHEREAS, Ms. Bertolino provided leadership to move both Roseville and BANC in new and beneficial strategic directions, including the provision of services to BANC members and the entry into the Energy Imbalance Market; and

WHEREAS, Ms. Bertolino’s roles on the BANC Commission and at Roseville were essential to ensure the successful operation of the BANC Balancing Authority; and

WHEREAS, through her service to BANC, Ms. Bertolino has gained the respect and admiration of her colleagues on the Commission and throughout public power;

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby:

1. Commend and thank Michelle Bertolino for her outstanding work with the Balancing Authority of Northern California and extend to her their best wishes for all of her future endeavors.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California the 26th day of January, 2022, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	James McFall				
City of Redding	Nick Zettel				
City of Roseville	Michelle Bertolino				
City of Shasta Lake	James Takehara				
Roseville	Paul Lau				
TPUD	Paul Hauser				

James McFall
Chair

Attest by: C. Anthony Braun
Secretary

Balancing Authority of Northern California

Agenda Item 5C

1. **Resolution 22-01-03 Authorization of CMUA Contract for SB 100 Support.**
2. **Attachment A to Resolution 21-11-03: Funding Agreement for Engagement in State Energy Portfolio Studies.**

Braun Blaising Smith Wynne, P.C.

Attorneys at Law

1/20/22

To: BANC Commission
From: BANC General Manager
RE: CMUA Contract for SB100 Support

As the Commission is aware, California's decarbonization law, SB 100, requires periodic studies of state energy agencies on progress to meet decarbonization goals, including impacts of policies on affordability and reliability. It further requires that the studies be conducted in collaboration with all California Balancing Authority Areas. In this regard, BANC has been collaborating with other Publicly Owned Utility (POU) BAAs (BANC, IID, LADWP, TID), and to a lesser extent the CAISO, to interface with state agencies on these matters. This effort is being accomplished through a special project agreement with the California Municipal Utilities Association (CMUA).

The purpose of this memorandum is to seek Commission approval of the attached Funding Agreement for Engagement in State Energy Portfolio Studies. This group engages outside facilitation, project management and legal services through Braun Blaising Smith Wynne, P.C., staff to help guide POU BAA interactions with the relevant state energy agencies and California Independent System Operator (CAISO), and is finalizing the engagement of technical consultant support on modeling issues. Please refer to the Scope of Work included as Attachment A to the agreement itself for additional details.

Because BANC's initial share of the costs is estimated at \$60,544, which reflects the Net Energy for Load share of the project participants, it exceeds the General Manager's authority and must be approved by the BANC Commission. The allocation of costs is included within the illustrative Scope of Work included as Attachment A to the agreement. In addition, it is estimated that the technical consultant support may increase above the attached estimate and staff is therefore seeking authority in a not to exceed amount of \$90,000. These costs have been included in the existing BANC base budget for 2022 under the Resource Committee support and do not require a budget amendment.

Commission Action

The BANC General Manager recommends that the Commission approve entering into any necessary agreements to implement this cost-sharing agreement and support, consistent with the attached Scope of Work and underlying budget, and making any amendments to the arrangements so long as expenditures are within budget expectations.

FUNDING AGREEMENT FOR ENGAGEMENT IN STATE ENERGY PORTFOLIO STUDIES

This agreement (“Agreement”) is dated as of June 1, 2021, by and between the California Municipal Utilities Association (“CMUA”), a California non-profit corporation, the Balancing Authority of Northern California, Imperial Irrigation District, Los Angeles Department of Water and Power, and Turlock Irrigation District (collective POU BAA’s). CMUA and the POU BAAs are also referred to individually as a “Party” and jointly as “the Parties.”

WITNESSETH:

WHEREAS, the POU BAAs operate Balancing Authority Areas in California and have consequent reliability obligations;

WHEREAS, executing upon the requirements of SB 100, state agencies have asked the POU BAAs to engage in collaborative efforts to assess portfolio options to achieve state decarbonization goals; and

WHEREAS, the Participants have a need for professional and technical services regarding the engagement with state agencies on this initiative; and

WHEREAS, the Parties desire to jointly retain a professional services through CMUA to accomplish these tasks.

WHEREAS, Braun Blasing Smith Wynne, P.C., a California Corporation (“BBSW” or “Consultant”) is qualified and capable of providing legal and consulting services for the proposed Scope of Work, and to further subcontract with technical consultants at the direction of the POU BAAs.

WHEREAS, CMUA is willing to retain Consultant to provide the services, with the costs of such services to be shared by each of the Parties as specified in this Agreement.

NOW, THEREFORE the Parties agree as follows:

1. Retainer of Consultant. CMUA agrees to enter into this Agreement with Consultant, as described in and the Scope of Work attached to this Agreement as Exhibit A.
2. Administration of Agreement. CMUA shall be responsible for the administration of the Agreement.
3. Authorized Representatives: Any notices to the Parties, and all invoices and payments shall be sent to the following Authorized Representatives of the Parties:

Barry Moline
Executive Director
California Municipal Utilities Association

915 L Street, Suite 1210
Sacramento, CA 95814
Phone: (916) 326-5800
FAX: (916) 326-5810

Jim Shetler
General Manager, Balancing Authority of Northern California

Enrique Martinez
General Manager, Imperial Irrigation District

Los Angeles Department of Water and Power

Dan Severson, Assistant General Manger – Power Supply
Turlock Irrigation District

Any Party may modify the name of its Authorized Representative or its address by sending written notice to the other Parties.

4. Integration and Amendment. This is an integrated Agreement. It contains the complete understanding of the Parties. This Agreement may not be changed or modified except by written amendment executed by the Parties.

Payment. The Parties agree to share costs up to the amount included in the Scope of Work attached hereto, as allocated among the POU BAAs in the manner and amounts also set forth in the Scope of Work, which are based on Net Energy to Load calculations derived from Western Electricity Coordinating Council data. Those individual amounts shall be “not to exceed” amounts for each POU BAA until such time as mutually agreed to by the Parties.

Upon receipt of any invoice from the Consultant, CMUA shall promptly forward a copy of the invoice to the POU BAAs, whom shall, within thirty (30) days of receipt, pay their share of the invoice CMUA as counterparty to the Agreement with the Consultant will be responsible for payment to the Consultant.

5. Dispute Resolution. The Parties shall attempt to resolve disputes arising under this Agreement in a fair and reasonable manner by discussions among their respective Authorized Representatives. In

the event they are unable to resolve the dispute in that manner, then any dispute or action which arises under this Agreement shall be subject to arbitration under the rules governing commercial arbitration as promulgated by the American Arbitration Association. The location of the arbitration shall be in Sacramento, California. In any such action, the prevailing Party shall be entitled to recover its reasonable attorneys' fees as costs.

6. Miscellaneous.

- (a) This Agreement is binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. No Party may assign its rights or obligations hereunder without the prior written consent of the other Parties.
- (b) This Agreement is severable. If any provision of this Agreement is invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect and the provision declared invalid or unenforceable shall continue in full force shall continue as to other circumstances in accordance with, the laws of the State of California.
- (c) This shall be governed by, and construed in accordance with, the laws of the State of California.
- (d) There are no third party beneficiaries to this Agreement. Without limiting the generality of the foregoing, the Participants are not third party beneficiaries.
- (e) This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, each signatory hereto represents that he or she has been properly authorized to execute and deliver this Agreement on behalf of the Party for which he or she signs.

California Municipal Utilities Association

By: _____
Barry Moline
Its: Executive Director

Balancing Authority of Northern California

By: _____
Jim Shetler
Its: General Manager

Approved as to form:

Imperial Irrigation District

By: _____

Los Angeles Department of Water and Power

By: _____

Turlock Irrigation District

By: _____

Attachment A Scope of Work

Add outside facilitation, project management, and legal services to augment POU BAA staff and help guide the POU BAA interaction with the CAISO and relevant agencies. The goal is to provide adequate technical support if needed to augment POU BAA resources, ensure coordination and “team lead” function that manages the project and interfaces regularly with the CEC and CAISO, and have available legal services if needed for analysis and drafting of joint POU BAA comments.

Scope

- Organize regular POU BAA team meetings and lead technical POU BAA committee and a steering committee to organize these internal efforts.
- Provide lead communications with the CEC, other joint agency contact points as appropriate, and the CAISO as SB 100 study efforts unfold, with a concentration on ensuring the reliability needs of the system are reflected in future studies.
- Develop policies and positions as directed and approved by POU BAAs, including comments or other filings relevant to integration of renewables, decarbonization of the electric sector, and resulting impacts on grid reliability.
- Engage technical consultants, if needed and directed by project participants, to examine studies, understand modeling issues, suggest study sensitivities, and critique study results. This consultant would subcontract to BBSW to ensure administrative efficiency and help project confidential communications.

Budget

General Project Management \$5,000/month

This would include all internal meetings, correspondence, interface with the CEC, interface with the CAISO, and other industry segments as appropriate. This budget estimate is based on 15-20 hours of work per month for this portion of the overall Scope of Work. This could be billed on an hourly basis or a flat “not to exceed” basis, whichever is determined to be a better fit the nature of the services.

Comments and Regulatory Advocacy \$3,000/month

This estimate is based on an assumption of developing and drafting 5 sets of comments on relevant study issues filed in appropriate agencies per year, including all internal coordination and member revisions. We would not propose to bill this on a flat fee but on a time and materials basis as it is less clear what the extent of this task may entail.

Technical Support TBD; Estimate \$80,000

At this time we don’t know if engaging outside technical support is desired or needed. Our experience suggests that these efforts are very time intensive and the commitment of POU BAA staff may be substantial. Therefore we have made an allocation for technical consultant support. Any consultant

hired should be able to hit the ground running, which means an understanding of the modeling tools utilized by the CEC and the CPUC in its Integrated Resource Planning process is important.

Proposed Initial Allocation of Costs

Since it is a well understood measure of load for several cost allocation mechanisms, we would propose to use the WECC Net Energy for Load (NEL) calculation to allocate these costs. Based on NEL the breakdown of proxy budget cost allocation would be as follows:

	<u>Load Share</u>	<u>Cost</u>
Balancing Authority of Northern California	0.344	\$60,544
Imperial Irrigation District	0.074	\$13,024
Los Angeles Department of Water and Power	0.528	\$92,928
Turlock Irrigation District	0.054	\$9,504
Total		\$176,000

DRAFT

**Balancing Authority of Northern California
Resolution 22-01-03**

AUTHORIZATION OF CMUA CONTRACT FOR SB 100 SUPPORT

WHEREAS, the Balancing Authority of Northern California (“BANC”) was created by a Joint Powers Agreement (“JPA”) to, among other things, acquire, construct, maintain, operate, and finance Projects; and

WHEREAS, California has enacted decarbonization policies through SB 100 that require periodic studies and reports to the Legislature by the state energy agencies on the progress toward meeting state policy goals, and requires that the studies be done in collaboration with California Balancing Authority Areas (“BAAs”); and

WHEREAS, BANC has engaged with the other Publicly Owned Utility BAAs to efficiently engage with state energy agencies on this matter through a cost-sharing arrangement and special project administered by the California Municipal Utilities Association (“CMUA”); and

WHEREAS, the efforts to date fell below the delegated authority of the General Manager to approve; and

WHEREAS, the POU BAAs contemplate finalizing an agreement with technical consultants to support ongoing modeling efforts in 2022, and possibly for other purposes, and such costs may exceed the General Manager’s delegated contracting authority limit of \$25,000;

NOW THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby authorize the General Manager to enter into arrangements to continue these cost-sharing and collaborative efforts among the POU BAAs through CMUA, consistent with the Scope of Work and budget expectations contained in supporting materials in an amount not to exceed \$90,000.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 26th day of January 2022, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	James McFall				
City of Redding	Nick Zettel				
City of Roseville	Michelle Bertolino				
City of Shasta Lake	James Takahara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

James McFall
Chair

Attest by: C. Anthony Braun
Secretary

Balancing Authority of Northern California

Agenda Item 5D

1. **Consultant Scope of Work.**
2. **Resolution 22-01-04 *Authorization of Amended Legal Services Agreement with Braun Blaising Smith Wynne, P.C. for EIM Governance Review Committee Chair Support Services for EDAM Governance Review.***

Braun Blaising Smith Wynne, P.C.

Attorneys at Law

1/20/22

To: BANC Commission

From: BANC GM and Counsel

RE: BBSW Amendment to Legal Services Agreement for GRC Support Services for EDAM Governance Review

The Governance Review Committee (GRC) is a CAISO Board and EIM Governing Body-appointed Committee made up of representatives from various sectors and which has made recommendations on how governance reforms can be made at the CAISO to accommodate regional market growth within the confines of state law which requires a gubernatorially-appointed Board.

The GRC made recommendations that included a joint authority model for certain EIM issues, and other changes, which were adopted by the Board and Governing Body in August. The GRC has now been tasked with making recommendations on possible further governance changes for an Extended Day Ahead Market.

Tony Braun serves on the GRC on behalf of public power. Therese Hampton is the current Chair of the GRC and was originally appointed when she served as Executive Director of the Public Generating Pool (PGP), a public power association with members spanning Oregon and Washington.

Therese is retiring from PGP. There is a great deal of interest from much of the public power sector and others in having Therese remain as Chair. Her skill set in navigating the issues and facilitating group discussions is laudable, and her credibility would be difficult to replace. With this in mind, several of the public power EIM Entities have discussed and tentatively agreed to fund the service of Therese for an additional period to enable her to continue as Chair.

The number of funding entities, if approved by the Commission, will be no less than 3 and is likely to be 5 or more public power EIM Entities. As crafted, the contract calls for a Not to Exceed amount of \$120,000, divided up among the project participants. Assuming a worst-case scenario, BANC's share would be \$40,000 and could be \$24,000 pending further participation in this effort.

The Scope of Work is attached to this memorandum. The costs would be flowed through a contract between Therese and BBSW. This expenditure is potentially above the General Manager's delegated contracting limits. It is recommended that the Commission approve this cost-effective and shared expenditure so that Therese can remain as Chair and facilitate the productive work of the GRC.

SCOPE OF WORK

Governance Review Committee

Scope of Work:

The Western EIM Governance Review Committee, a sector based independent body, will be reviewing and recommending to the ISO Board of Governors and the EIM Governing Body a governance structure to support the Extension of the Day-Ahead Market to EIM entities. As a Publicly owned utility representative to the Governance Review Committee, the consultant will:

- Represent public power utility interests on the Western EIM Governance Review Committee.
- Serve as Governance Review Committee Chair in the development of a governance proposal for EDAM to be submitted to the EIM Governing Body and the ISO Board of Governors.
- Meet regularly with public power entities throughout the West to provide briefings and assess alternatives.
- Conduct outreach to key public power stakeholders on governance issues.

Compensation

- The scope of work will be conducted by Therese Hampton, principal of H&H Solutions LLC, at a rate of \$325/hour not to exceed \$120,000 in 2022 unless agreed to by all parties.
- Reasonable and necessary business and travel expenses actually incurred shall be reimbursed upon submission of expense reports with back-up documentation.
- Consultant shall provide monthly invoices and shall maintain, and provide, upon request, backup documentation for a period of one year from the date of the respective invoices.

Vendor Information

H&H Solutions
Therese Hampton
Principal
hh_solutions@comcast.net
360-852-7366

**Balancing Authority of Northern California
Resolution 22-01-04**

**AUTHORIZATION OF AMENDED LEGAL SERVICES AGREEMENT WITH BRAUN BLAISING SMITH
WYNNE, P.C. FOR EIM GOVERNANCE REVIEW COMMITTEE CHAIR SUPPORT SERVICES
FOR EDAM GOVERNANCE REVIEW**

WHEREAS, the Balancing Authority of Northern California (“BANC”) was created by a Joint Powers Agreement (“JPA”) to, among other things, acquire, construct, maintain, operate, and finance Projects; and

WHEREAS, BANC has worked with Braun Blaising Smith Wynne, P.C. (“BBSW”) since BANC’s formation; and

WHEREAS, the Commission approved a 2022 Budget that included various legal general and special project services. However, this budget did not include the subject matter of this resolution; and

WHEREAS, certain public power EIM Entities have agreed to fund the continued work of Therese Hampton as Chair of the Governance Review Committee (“GRC”), given Therese’s retirement from her current position as Executive Director of the Public Generating Pool for whom she served her current GRC Chair role; and

WHEREAS, BANC’s share of this project has a Not to Exceed amount of \$40,000, and the actual expenditure is expected to be lower, and which would be flowed through as a pass-through expense on the BBSW contract ; and

WHEREAS, this expenditure may exceed BANC General Manager’s delegated contracting authority, which is limited to \$25,000;

NOW THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby authorize the General Manager to enter into an amendment to the Legal Services Agreement with BBSW, with specific budgeted amounts as reflected as above.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 26th day of January 2022, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	James McFall				
City of Redding	Nick Zettel				
City of Roseville	Michelle Bertolino				
City of Shasta Lake	James Takahara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

James McFall
Chair

Attest by: C. Anthony Braun
Secretary

Balancing Authority of Northern California

Agenda Item 5E

1. ***Redline of Second Amended BANC EIM Participation Agreement EXHIBIT A: New EIM Participant Costs and EIM Participant Allocations.***
2. ***Resolution 22-01-05 Approval of Updated Exhibit A (EIM Participant Allocation) of the Second Amended and Restated Energy Imbalance Market Participation Agreement.***
3. ***Attachment A to Resolution 21-01-05: Second Amended BANC EIM Participation Agreement EXHIBIT A: New EIM Participant Costs and EIM Participant Allocations.***
4. ***Attachment B to Resolution 21-01-05: WAPA 2022 EIM Budget Concurrence in Compliance with Energy Imbalance Market Participation Agreement 19-SNR-02275.***

Braun Blaising Smith Wynne, P.C.

Attorneys at Law

1/14/22

To: BANC Commission

From: BANC Counsel

RE: Commission Approval of Updated Exhibit A (New EIM Participant Costs and EIM Participant Allocation) of the BANC Second Amended and Restated Energy Imbalance Market Participation Agreement

The purpose of this memorandum is to seek Commission approval of the revised EIM Participant Costs in accordance with Section 8 of the Second Amended and Restated Energy Imbalance Market Participation Agreement (EIM PA). More specifically, Section 8 of the EIM PA sets forth a process to update EIM Participant Allocation Percentages, which is done through an update to Exhibit A (New EIM Participant Costs and EIM Participant Allocation) of the EIM PA. The EIM Participant Allocation Percentages are based upon an updated 3-year rolling average NEL of the EIM Participants, which is updated annually. Exhibit A can be updated through an EIM Committee approval process, in addition to obtaining written concurrence from the Western Area Power Administration – Sierra Nevada Region (WAPA). Once both approvals are obtained, the Commission can then approve the updates to Exhibit A. Exhibit A can be amended in accordance with its own Commission-approved procedures, without an amendment to the EIM PA.

The updated EIM Participant Allocation Percentages are provided in amended Exhibit A, as part of BANC Resolution 22-01-05. Exhibit A has been approved by both the EIM Committee and WAPA. Also provided for reference are a redline of Exhibit A, which follows this memo, and the WAPA 2022 EIM budget concurrence letter, 19-SNR-02275, executed on December 22, 2021, which has been provided as Attachment B to the resolution.

Commission Action

Based upon compliance with the procedures set forth in the EIM PA for amending EIM Participant Allocations, BANC Counsel recommends that the Commission approve the revised allocations described in Resolution 22-01-05 and contained in Exhibit A, Version 4, which has been provided as Attachment A to the resolution.

EXHIBIT A : New EIM Participant Costs and EIM Participant Allocations

Purpose

This Exhibit A sets forth the Commission-approved cost allocation percentages for costs associated with Section 8.1 (New EIM Participant Costs), Section 8.2 (Tier 2 Costs) and Section 8.3 (Tier 1 Costs).

Table 1: New EIM Participant Costs (Section 8.1)¹

EIM Participant	2017 NEL	EIM Participant Responsibility
SMUD	11,598,647	63.5%
MID	2,623,552	14.4%
WAPA-SNR ²	1,987,830	10.9%
Roseville	1,249,280	6.8%
Redding	798,841	4.4%
TOTAL	18,258,150	100.0%

Table 2: EIM Participant Allocation Percentages based on 3-Year Average NEL

EIM Participant	Section 8.3/ Tier 1 Costs	Section 8.2/ Tier 2 Costs	Section 12.1/ Cost Allocation for Violations	Commission Approved Adjusted Allocations
SMUD	64.5%	0	70.1%	X.X%
MID	14.9%	42.1%	16.3%	X.X%
WAPA-SNR	8.1%	22.8%	0.0%	X.X%
Roseville	6.9%	19.4%	7.5%	X.X%
Redding	5.6%	15.7%	6.1%	X.X%
TOTAL	100.0%	100.0%	100.0%	XXX.X%

¹ The 2017 NEL was agreed upon as the basis for New EIM Participant Costs. Based on further BANC discussions, all other costs, unless specified otherwise, will be based on the Commission-approved 3-year rolling average percentages, which are set forth in Table 2, as that table may be updated and amended from time-to-time.

² Western Area Power Administration – Sierra Nevada Region.

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A-1

The various allocation tiers are defined as follows:

- **Tier 1:** All five (5) EIM Participants will be paying the costs (e.g. – ongoing EIM costs post-Phase 2 go-live)
- **Tier 2:** The four (4) Phase 2 EIM Participants will be paying the costs (e.g. – EIM Phase 2 implementation costs)

Amendments

This Exhibit A may be amended as determined by the Commission; however, allocation adjustments to WAPA-SNR shall require its written consent. Should WAPA-SNR disagree to the change its allocation, the remaining Parties to this Agreement may make adjustments to the non-WAPA-SNR allocations, subject to Commission approval consistent with Section 8.6 of this Agreement. Any amendment to this Exhibit A shall be reflected through a change in the Version History. Minor, non-substantive changes will be reflected in 1/10th increments to the Version History (e.g., 1.1, 1.2, etc.).

Version History

VERSION	CHANGE	BY	DATE
1.0	Initial Version	Commission	02/22/2017
2.0	Phase 2 Version	Commission	8/21/2019
3.0	Amended Phase 2 Version	Commission	01/27/2021
<u>4.0</u>	<u>2022 3-Year Average NEL Update</u>	<u>Commission</u>	<u>01/26/2022</u>

APPROVAL DRAFT

- ated: 01
- ated: 27
- ated: 21

A-2

**Balancing Authority of Northern California
Resolution 22-01-05**

**APPROVAL OF UPDATED EXHIBIT A (EIM PARTICIPANT ALLOCATION) OF THE SECOND
AMENDED AND RESTATED ENERGY IMBALANCE MARKET PARTICIPATION AGREEMENT**

WHEREAS, the Balancing Authority of Northern California (“BANC”) was created by a Joint Powers Agreement (“JPA”) to, among other things, acquire, construct, maintain, operate, and finance Projects; and

WHEREAS, BANC serves as the Energy Imbalance market (“EIM”) Entity for the BANC EIM footprint; and

WHEREAS, BANC EIM Phase 1 successfully commenced operating in April of 2019 with the Sacramento Municipal Utility District (“SMUD”) as the initial EIM Participant within the BANC Balancing Authority Area; and

WHEREAS, the Modesto Irrigation District, the City of Redding, the City of Roseville, and the Western Area Power Administration – Sierra Nevada Region (“WAPA”) began participating in EIM, referred to as “BANC EIM Phase 2”, on March 25, 2021; and

WHEREAS, in preparation for participation in BANC EIM Phase 2, Phase 1 and Phase 2 participants approved and signed the First Amended and Restated EIM Participation Agreement (“First Amended EIM PA”), with New EIM Participant Costs and EIM Participant Allocations incorporated as Exhibit A following approval of Resolution 19-08-13; and

WHEREAS, certain issues arose during the course of Phase 2 implementation that prompted the need for additional changes to the First Amended EIM PA, resulting in the Second Amended and Restated EIM Participation Agreement, effective March 17, 2021, hereafter “EIM PA”; and

WHEREAS, Section 8 of the EIM PA sets forth a process to update EIM Participant Allocation Percentages through an update to Exhibit A; and

WHEREAS, the EIM Participant Allocation Percentages are based upon an updated 3-year rolling average NEL of the EIM Participants, which is updated annually; and

WHEREAS, Exhibit A can be updated through an EIM Committee approval process, in addition to obtaining written concurrence from WAPA; and

WHEREAS, updated Exhibit A, included as Attachment A to this resolution, has been approved by both the EIM Committee and WAPA; and

WHEREAS, WAPA and BANC executed WAPA 2022 EIM budget concurrence letter, 19-SNR-02275, on December 22, 2021, included as Attachment B to this resolution;

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby approve Exhibit A, Version 4 to the EIM PA.

**Balancing Authority of Northern California
Resolution 22-01-XX**

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 26th day of January 2022, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	James McFall				
City of Redding	Nick Zettel				
City of Roseville	Michelle Bertolino				
City of Shasta Lake	James Takahara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

James McFall
Chair

Attest by: C. Anthony Braun
Secretary

EXHIBIT A : New EIM Participant Costs and EIM Participant Allocations**Purpose**

This Exhibit A sets forth the Commission-approved cost allocation percentages for costs associated with Section 8.1 (New EIM Participant Costs), Section 8.2 (Tier 2 Costs) and Section 8.3 (Tier 1 Costs).

Table 1: New EIM Participant Costs (Section 8.1)¹

EIM Participant	2017 NEL	EIM Participant Responsibility
SMUD	11,598,647	63.5%
MID	2,623,552	14.4%
WAPA-SNR ²	1,987,830	10.9%
Roseville	1,249,280	6.8%
Redding	798,841	4.4%
TOTAL	18,258,150	100.0%

Table 2: EIM Participant Allocation Percentages based on 3-Year Average NEL

EIM Participant	Section 8.3/ Tier 1 Costs	Section 8.2/ Tier 2 Costs	Section 12.1/ Cost Allocation for Violations	Commission Approved Adjusted Allocations
SMUD	64.5%	0	70.1%	X.X%
MID	14.9%	42.1%	16.3%	X.X%
WAPA-SNR	8.1%	22.8%	0.0%	X.X%
Roseville	6.9%	19.4%	7.5%	X.X%
Redding	5.6%	15.7%	6.1%	X.X%
TOTAL	100.0%	100.0%	100.0%	XXX.X%

¹ The 2017 NEL was agreed upon as the basis for New EIM Participant Costs. Based on further BANC discussions, all other costs, unless specified otherwise, will be based on the Commission-approved 3-year rolling average percentages, which are set forth in Table 2, as that table may be updated and amended from time-to-time.

² Western Area Power Administration – Sierra Nevada Region.

The various allocation tiers are defined as follows:

- **Tier 1:** All five (5) EIM Participants will be paying the costs (e.g. – ongoing EIM costs post-Phase 2 go-live)
- **Tier 2:** The four (4) Phase 2 EIM Participants will be paying the costs (e.g. – EIM Phase 2 implementation costs)

Amendments

This Exhibit A may be amended as determined by the Commission; however, allocation adjustments to WAPA-SNR shall require its written consent. Should WAPA-SNR disagree to the change its allocation, the remaining Parties to this Agreement may make adjustments to the non-WAPA-SNR allocations, subject to Commission approval consistent with Section 8.6 of this Agreement. Any amendment to this Exhibit A shall be reflected through a change in the Version History. Minor, non-substantive changes will be reflected in 1/10th increments to the Version History (e.g., 1.1, 1.2, etc.).

Version History

VERSION	CHANGE	BY	DATE
1.0	Initial Version	Commission	02/22/2017
2.0	Phase 2 Version	Commission	8/21/2019
3.0	Amended Phase 2 Version	Commission	01/27/2021
4.0	2022 3-Year Average NEL Update	Commission	01/26/2022



Department of Energy
Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, CA 95630-4710

Sent Via Email

Mr. Jim Shetler
General Manager
MS D-109
Balancing Authority of Northern California
6001 S Street
Sacramento, CA 95852-1830

Dear Mr. Shetler:

Enclosed please find a fully executed Addendum to Energy Imbalance Market (EIM) Funding Agreement 19-SNR-02275 between the Balancing Authority of Northern California (BANC) and Western Area Power Administration (WAPA). The Addendum addresses WAPA's cost responsibility for California Independent System Operator's Security Deposit and increased BANC cash reserves for EIM market invoice fluctuations.

If you have any questions regarding the above, please contact Ms. Sandee Peebles at (916) 353-4454 or peebles@wapa.gov.

Sincerely,

**SONJA
ANDERSON**

Digitally signed by
SONJA ANDERSON
Date: 2021.12.22
09:59:25 -08'00'

Sonja A. Anderson
Senior Vice President and
Sierra Nevada Regional Manager

Enclosure



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

P.O. BOX 15830 • D109 • SACRAMENTO • CA 95852 -1830

WAPA 2022 EIM Budget Concurrence
in Compliance with
Energy Imbalance Market Participation Agreement
19-SNR-02275

Ms. Sonja Anderson
Senior Vice President and Sierra Nevada Regional Manager
Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, CA 95630

Dear Ms. Anderson:

The Balancing Authority of Northern California (BANC) and the Western Area Power Administration-Sierra Nevada Region (WAPA-SNR), hereinafter together referred to as the Parties, executed the First Amended and Restated Energy Imbalance Market Participation Agreement (EIM PA) on September 17, 2019 (WAPA-SNR signed on September 4). Subsequently, a Second Amended and Restated Energy Imbalance Market Participation Agreement was signed on March 17, 2021 (WAPA-SNR signed on February 8). This agreement, 19-SNR-02275, sets forth the terms and conditions for BANC Participants, including WAPA-SNR, to reimburse BANC for the costs it incurs as an EIM Participant.

Section 8 of the EIM PA (EIM Participant and New EIM Participant Costs) lays out EIM Participant responsibilities for payment of costs associated with participation in EIM. Section 8.6 specifically states that "EIM Participant Costs will be determined through the EIM Committee process unless otherwise agreed, in writing, between the Parties. Any costs allocated by BANC to EIM Participants must be placed in the budget and reviewed and concurred with by the EIM Committee prior to submittal to the Commission for final approval. In addition, BANC will obtain written concurrence by WAPA for their share of EIM Participant costs in advance of seeking final approval from the Commission." The purpose of this document is to memorialize WAPA's concurrence regarding its share of costs.

On October 27, 2021, the BANC Commission passed Resolution 21-10-21, Approval of 2022 Annual Budget for BANC, which provides approval for the 2022 budget and directs the BANC Treasurer to assess each BANC Member and EIM Participant in accordance with the budget. A copy of the approved 2022 EIM Participation Budget is attached, which shows WAPA-SNR's share. In January of 2022, a resolution is expected to be brought to

A JOINT POWERS AUTHORITY AMONG

Modesto Irrigation District, City of Redding, City of Roseville, Trinity Public Utilities District,
City of Shasta Lake, and Sacramento Municipal Utility District

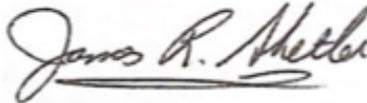
WAPA 2022 EIM Budget Concurrence
in Compliance with
Energy Imbalance Market Participation Agreement
19-SNR-02275

the Commission to revise Exhibit A to the EIM PA (New EIM Participant Costs and EIM Participant Allocations). The percentages in 'Table 2: EIM Participant Allocation Percentages based on 3-Year Average NEL' will be revised in accordance with the updated 3-Year Average NEL, which are consistent with the approved 2022 EIM Budget allocations. A copy of the proposed revision has been provided for your reference.

By executing this Addendum, WAPA is providing its written concurrence with their share of EIM Participant costs for 2022 and its allocation as revised in the proposed amendment to Exhibit A to the EIM PA.

If you agree, please sign and date both originals, have the signatures attested, and return one original to the attention of Tony Braun, c/o Amy Freeman at Braun Blaising Smith Wynne, P.C., 555 Capitol Mall, Suite 570, Sacramento, CA 95814.

Sincerely,



Jim Shetler
BANC General Manager

In Duplicate

WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION

By: SONJA ANDERSON Digitally signed by SONJA ANDERSON
Date: 2021.12.22 10:00:22 -08'00'

Sonja Anderson

Title: Senior VP and Sierra Nevada Regional
Manager

Address: 114 Parkshore Drive
Folsom, CA 95630

Dated: _____

By: SANDEE PEEBLES Digitally signed by SANDEE PEEBLES
Date: 2021.12.22
10:10:52 -08'00'
Title: Contracts & Energy Serv

Balancing Authority of Northern California

Agenda Item 5F

1. **Resolution 22-01-06 *Authorization of Audit Services Extension with Baker Tilly US, LLP.***
2. **Attachment A to Resolution 21-01-06: *Baker Tilly US, LLP Amendment to Engagement Letter.***

**Balancing Authority of Northern California
Resolution 22-01-06**

AUTHORIZATION OF AUDIT SERVICES CONTRACT EXTENSION WITH BAKER TILLY US, LLP

WHEREAS, the Balancing Authority of Northern California (“BANC”) was created by a Joint Powers Agreement (“JPA”) to, among other things, acquire, construct, maintain, operate, and finance Projects; and

WHEREAS, BANC entered into an agreement with Baker Tilly Virchow Krause, LLP (now Baker Tilly US, LLP) on September 19, 2016 for audit services through 2018, with the option for years 2019 and 2020 at the discretion of management; and

WHEREAS, on December 22, 2021, Baker Tilly US, LLP provided BANC with an extension to that contract through the year ending December 31, 2021 that incorporates recently issued Statements on Auditing Standards and includes no increase to fees and expenses incurred by BANC; and

WHEREAS, Section 19 of the BANC Joint Exercise of Powers Agreement requires that the Controller of BANC ‘shall either make or contract with a certified public accountant or firm of such accountants to make an annual audit of the accounts and records of BANC’;

NOW THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby authorize the BANC Controller to extend the contract with Baker Tilly US, LLP through the year ending December 31, 2021 in the form hereto attached to this Resolution.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 26th day of January 2022, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	James McFall				
City of Redding	Nick Zettel				
City of Roseville	Michelle Bertolino				
City of Shasta Lake	James Takehara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

James McFall
Chair

Attest by: C. Anthony Braun
Secretary



Baker Tilly US, LLP
4807 Innovate Ln, PO Box 7398
Madison, WI, 53707-7398
United States of America

T: +1 (608) 249 6622
F: +1 (608) 249 8532

bakertilly.com

December 22, 2021

Balancing Authority of Northern California
P.O. Box 15830
MS D109
Sacramento, CA 95852-1830

Dear Board of Directors:

This letter reflects our agreement to amend our engagement letter of September 19, 2016 with the Balancing Authority of Northern California (the "Company") in the following respects to incorporate the recently issued Statements on Auditing Standards. In addition, we extend the terms to audit the financial statements of the Company as of and for the year ended December 31, 2021. As a result of these changes, we estimate no additional fees and expenses will be incurred.

1. The *Service and Related Report* section shall include the additional language:

Our report does not include reporting on key audit matters.

2. The *Our Responsibilities and Limitations* section shall be replaced with the following language:

The objective of a financial statement audit is the expression of an opinion on the financial statements. We will be responsible for performing the audit in accordance with auditing standards generally accepted in the United States of America (GAAS). These standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. A misstatement is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user based on the financial statements. The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. Our audit does not relieve management or those charged with governance of their responsibilities. Our audit is limited to the period covered by our audit and does not extend to any later periods during which we are not engaged as auditor.

We will perform our audit in accordance with GAAS. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We will also:

- > Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- > Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal controls, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

We are also responsible for determining that those charged with governance are informed about certain other matters related to the conduct of the audit, including (i) our responsibility under GAAS; (ii) an overview of the planned scope and timing of the audit and (iii) significant findings from the audit, which include (a) our views about the qualitative aspects of the Company's significant accounting practices, accounting estimates and financial statement disclosures, (b) difficulties encountered in performing the audit, (c) uncorrected misstatements and material corrected misstatements that were brought to the attention of management as a result of auditing procedures, and (d) other significant and relevant findings or issues (e.g., any disagreements with management about matters that could be significant to the Company's financial statements or our report thereon, consultations with other independent accountants, issues discussed prior to our retention as independent auditors, fraud and illegal acts and all significant deficiencies and material weaknesses identified during the audit). Lastly, we are responsible for ensuring that those charged with governance receives copies of certain written communications between us and management including written communications on accounting, auditing, internal controls or operational matters and representations that we are requesting from management.

The audit will not be planned or conducted in contemplation of reliance by any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

3. The *Management's Responsibilities* section shall be replaced with the following language:

Our audit will be conducted on the basis that the Company's management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- > For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- > For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and

December 22, 2021

Page 3

- > To provide us with:
 - Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - Additional information that we may request from management for the purpose of the audit; and
 - Unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence.

Management is responsible for (i) adjusting the financial statements to correct material misstatements and for affirming to us in a management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the year under audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and (ii) notifying us of all material weaknesses, including other significant deficiencies, in the design or operation of the Company's internal control over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report external financial data reliably in accordance with accounting principles generally accepted in the United States of America. Management also is responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

As part of our audit process, we will request from management and, when appropriate, those charge with governance written confirmation concerning representations made to us in connection with the audit.

All other provisions of our engagement letter of September 19, 2016 with the Company remain unchanged.

We appreciate the opportunity to be of service to you. If there are any questions, please call Aaron Worthman at 512 975 7281. If the services outlined herein are in accordance with your requirements and if the above terms are acceptable, please have one copy of this letter signed in the space provided below and return it to us.

Sincerely,

BAKER TILLY US, LLP



This letter correctly sets forth the understanding of the Balancing Authority of Northern California.

Official's Name

Official's Signature

Title

Date