

**Balancing Authority of Northern California**

# Regular Meeting of the Commissioners of BANC

**2:00 P.M.**

**Wednesday, February 21, 2018**

**35 Iron Point Circle, Suite 225**

**Folsom, CA 95630**

# **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 **February 21, 2018 at 2:00 p.m.**, at **35 Iron Point Circle, Suite 225, Folsom, CA 95630**.

### **AGENDA**

- 1 Call to Order.**
- 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. Minutes of the Regular Commission Meeting held on January 24, 2017.
  - B. BANC Operator's Report.
  - C. Compliance Officer's Report.
  - D. PC Committee Chair's Report.
  - E. General Manager's Report and Strategic Initiatives Update.
- 5 Regular Agenda Items – Discussion and Possible Action.**
  - A. Update on EIM implementation.
  - B. Update on BANC IRP Review.
- 6 Closed Session:** Conference with legal counsel – significant exposure to litigation pursuant to subdivision (c) of Cal. Gov't Code § 54956.9; one case.
- 7 Adjournment.**

## **Balancing Authority of Northern California**

# **Consent Agenda Items**

- A. Minutes of the January 24, 2018 BANC Regular Meeting.**
- B. BANC Operator's Report.**
- C. Compliance Officer's Report.**
- D. PC Committee Chair's Report.**
- E. General Manager's Report and Strategic Initiatives Update.**

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

January 24, 2018

On this date, a Regular Meeting of the Commissioners of the Balancing Authority of Northern California (BANC) was held at 915 L Street, Suite 1480, Sacramento, CA 95814.

Representatives Present:

<b>Member Agency</b>	<b>Commissioner</b>
Modesto Irrigation District	Greg Salyer, Chair
City of Redding	Dan Beans
City of Roseville	Michelle Bertolino
Sacramento Municipal Utility District	Steve Lins
City of Shasta Lake	Absent
Trinity Public Utilities District	Paul Hauser

<b>Agency</b>	<b>Liaison</b>
Western Area Power Administration	Subash Paluru

1. Call to Order: Chair Salyer called the meeting to order at 2:02 p.m.
2. Matters Subsequent to Posting the Agenda: Mr. Shetler indicated that he had no additional matters but would include some additional content under the General Manager's Report (Item 4F; no action requested).
3. Public Comment: Chair Salyer invited comments from the public and none were given.
4. Consent Agenda: Mr. Shetler stated that planning was beginning for the 2018 Strategic Planning Session in either May or June, on the stated Commission meeting date. Mr. Shetler requested input regarding the date, and Commissioners responded that May generally appeared to work better with their calendars.

Mr. Shetler also informed the group that he would be making in-person site visits to all members in the near future and would be in touch regarding scheduling.

Mr. Hauser moved, Mr. Beans seconded, and the participating Commissioners unanimously approved the Consent Agenda items comprised of the: (A) Minutes of the Regular Commission Meeting held on December 20, 2017; (B) BANC Operator's Report; (C) Compliance Officer's Report; (D) PC Committee Report; and (E) General Manager's Report and Strategic Initiatives Update.

5. Regular Agenda Items:
  - A. Mr. Shetler provided an EIM Implementation Update, including the status of the EMS upgrade, which is moving forward with a fall 2018 go-live date; the hiring process for new EIM Operator positions; routine project meetings with CAISO, which have started for all project tracks; the BANC/SMUD EIM Services Agreement (Item B on Commission

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

agenda), and EIM EDAM enhancements. Mr. Salyer asked a question regarding the planned hiring level of the operators being hired for the EIM desk. Mr. Mark Willis responded that operators were being hired at the same level as the generation desk operators to facilitate cross-training and so that ten operators would be trained and available rather than five.

Mr. Shetler also touched on an in-process EIM Phase 2 evaluation, in which Turlock Irrigation District has expressed potential interest. A January 24, 2018 meeting has been scheduled between BANC, SMUD, and WAPA-SNR to discuss potential interfaces. Mr. Shetler informed the group that a bilateral trading issue does not appear to be a major issue based on discussions to-date, and SMUD has taken the lead to develop an initial draft of bilateral trading guidelines by the 4<sup>th</sup> quarter of 2018. Finally, Mr. Shetler covered joint BANC/TANC IBAA discussions with CAISO, including the evaluation of a 'transmission MEEA' for TANC and the possibility of elimination of IBAA for BANC if RC services were taken from CAISO.

- B. Mr. Lins moved, Mr. Hauser seconded, and the participating Commissioners unanimously approved Resolution 1-01-15 *Authorization to Execute EIM Services Agreement Between BANC and SMUD*.
- C. Mr. Smith provided background on and an overview of the Balancing Authority Participation Agreement between BANC and CCFC Sutter Energy, LLC. Following questions from the group regarding a potential Phase 2, the contract effective date (February 22, 2018) and the commercial operation date (April 2018), Mr. Shetler reiterated the three actions that were requested of the Commission in the resolution. Mr. Lins moved, Ms. Bertolino seconded, and the participating Commissioners unanimously approved Resolution 18-01-16 *Authorization to Execute Balancing Authority Participation Agreement between BANC and CCFC Sutter Energy, LLC*.

6. Closed Session:

- A. The Commission retired to closed session for conference with legal counsel pursuant to subdivision (c) of Cal. Gov't Code § 54956.9; one case.

After returning to open session, Mr. Braun reported that during closed session, the Commission took no action.

The meeting was adjourned at 3:24 p.m.

Minutes approved on February 21, 2018.

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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 January 2018

## Operations:

- BA Operations: Normal
- Significant BA Issues: None
- NWPP
  - 0 contingency requiring activation of NWPP
  - 0 MW average generation lost
  - 0 MW maximum generation lost
  - All recoveries within 0 minutes
- USF
  - 3 of 31 days with instances of USF mitigation procedure utilized
    - 2 days on Path 66
  - No operational impact on BANC
- BAAL Operation:
  - Number of BAAL exceedance >10 minutes: None
  - Maximum duration of BAAL exceedance: 5 minutes
  - BAAL violation (BAAL exceedance >30 minutes): None
  - BAAL calculation issue identified on January 3, 2018 (See related summary report of Frequency Bias Setting Issue)
- COI Actual Flow Greater Than TTC: 0.6 Hours

## Monthly Notes:

- No additional notes or impacts for January 2018

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

# Summary Report of Frequency Bias Setting Issue

## **Background**

NERC Reliability Standard BAL-001-2 requires that:

- R1.** The Responsible Entity shall operate such that the Control Performance Standard 1 (CPS1), calculated in accordance with Attachment 1, is greater than or equal to 100 percent for the applicable Interconnection in which it operates for each preceding 12 consecutive calendar month period, evaluated monthly.
- R2.** Each Balancing Authority shall operate such that its clock-minute average of Reporting ACE does not exceed its clock-minute Balancing Authority ACE Limit (BAAL) for more than 30 consecutive clock-minutes, calculated in accordance with Attachment 2, for the applicable Interconnection in which the Balancing Authority operates.

Where R2 is a new requirement and became effective on July 1, 2016.

In preparation for R2 compliance, BANC purchased a separate EMS BAAL Module which is independent from the existing AGC Module from Siemens in Spring of 2016.

During the process of preparing WECC's 2017 Self-Certification request for BAL-001-2, it was discovered that BANC's Frequency Bias Setting (FBS) value in the BAAL Module was not effectively updated with the 2017 value of -26.7 MW/0.1Hz. Instead, it had the 2016 value of -28.7 MW/0.1Hz. The issue was discovered on 01/03/2018. The EMS group was immediately informed and the issue was corrected on 01/04/2018.

## **Impact Analysis**

Further investigation was performed for the impacts of this data issue. The findings are as follows:

- (1) The data issue happened between 4/4/2017, when BANC's FBS was required to be updated with 2017 value, and 1/4/2018, when the issue was fixed.
- (2) There are two independent FBS parameters in EMS, one for the AGC Module and the other for the new BAAL Module.
- (3) The FBS in the AGC Module was correctly updated to the 2017 value on 4/4/2017. Therefore, all CPS1 and ACE related calculations were not affected.
- (4) The FBS in the BAAL Module was modified on 4/4/2017 but due to a bad software linkage issue it did not correctly update and inadvertently remained the 2016 value between 4/4/2017 and 1/4/2018 causing the calculations for BAAL high and BAAL low being around 7% off the correct values.
- (5) Grid Operations Staff re-calculated BANC's BAAL high, BAAL low, and BAAL exceedance minutes for the period of 4/4/2017 and 1/4/2018. Although the total minutes of BAAL exceedance increased with the updated FBS value, there was no BAAL exceedance for more than consecutive 30 clock-minutes identified.
- (6) POE staff submitted the 2017 Q4 CPS1 and BAAL Exceedance Report to NERC with correct data on 1/13/2018.

## **Corrective Actions**

- (1) POE group to revise quarterly CPS1 and BAAL Exceedance Report for Q2 and Q3 of 2017 and resubmit to NERC.
- (2) EMS group will make sure that the FBS values in both AGC Module and BAAL Module be updated to 2018 values in April 2018.
- (3) With the EMS upgrade project, the BAAL Module will be combined into the AGC Module such that only one FBS parameter will need to be updated in April 2019 and going forward.

# Compliance Officer's Report

## BANC Commission

### February, 2018

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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.
- Routine periodic compliance reviews of selected BA operational actions and data confirm that all standard requirements reviewed are being met or exceeded.

#### **BANC MCRC:**

- The next Member Compliance Review Committee (MCRC) teleconference will be held at 10:00 AM on Monday, February 26, 2018.
- Annual Self-Certification statements are due to WECC by March 1, 2018. Evaluations of evidence and compliance narratives are currently underway, but it is expected that BANC will report 100% compliance for all NERC Reliability Standards and requirements subject to Self-Certification.



# BANC PC Committee Chair's Report

## February 2018

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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 Issues:**

- A BANC PC Committee meeting was held on February 8 via webinar. All PC Participants were represented. The topics of discussion were the 2018 Planning Assessment Study Plan and the 2018 System Operating Limit (SOL) Study Plan. These study plans cover the studies necessary to demonstrate compliance with the TPL-001-4 and FAC-014-2 NERC Reliability Standards, respectively. There was minimal feedback during the meeting and no objections to the study plans.
- Per the aforementioned 2018 Planning Assessment Study Plan, staff began working on the Planning Assessment by developing and sharing the power flow base cases with the PC Participants for their review and approval. Staff also requested a number of data sets from the PC Participants that will be used to update the power flow base cases before staff performs the power flow simulations.
- Per the 2018 SOL Study Plan, staff will commence with the SOL studies once the Planning Assessment power flow base cases are finalized.
- SMUD staff are developing a high-level work plan showing the sequence and timing of work related to the various PC standards in 2018.

# GM Report

## BANC Commission Meeting

### February 21, 2018

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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:

#### **TID**

We continue to be open to discussions with TID regarding potential joint efforts on EIM participation. TID provided feedback that they have been given authority to work with BANC on potential EIM participation and possible joint use of the SMUD/BANC EMS. Prior feedback from TID is that they wanted to see if the actual benefits for SMUD in Phase 1 of BANC EIM match the forecast before they commit to moving forward with EIM participation. However, TID did seek a rough estimate of what joining the BANC EIM might cost for their planning purposes. We had a meeting with TID staff on January 12, 2018, to discuss various options for BANC and TID to work together in the future. These included the potential for TID to join BANC and/or to work with BANC on EIM participation. This was the most productive meeting we have had with TID and we will follow-up on next steps.

#### **LADWP/Seattle City Light/SRP**

Dialogue continues with these entities regarding EIM participation. LADWP received approval from the City Council in May 2017 to participate in EIM. They are still shooting for a Spring 2019 go-live date, though there are strong indications this could slip to Spring 2020. Seattle City Light received approval in November 2016 from the City Council to proceed with participation in EIM. SCL has recently announced that they will slip implementation to spring of 2020. SRP management received approval from its Board in February 2017 to participate in EIM and made its formal announcement in early May. They are currently forecasting "go-live" in spring 2020. Based upon the group's discussions, we have agreed to continue to interact on an informal basis to make sure we are on the same page on EIM issues from a POU perspective. The CAISO also announced in early June 2017 that Powerex would be joining the EIM. The POU group is still trying to understand what this means and exactly how they will be participating. Several meetings have been held to better understand the impacts of Powerex participation in the EIM. In addition, we are collaborating with the other POUs on joint language to use in the EIM

agreement that we will all need to sign for EIM operations, on how to address market-based rate authority with DMM, and potential common language for OATT revisions. We have also worked with the other three entities to agree upon the joint funding of BBSW to monitor CAISO interfaces for us.

### **POU Western Markets Initiative**

BANC continues to participate in this effort, which is being coordinated by APPA. The group continues to evaluate how best to represent the POUs in the ever-changing power markets in the West. The group held an in-person meeting on January 11, 2018, in Sacramento. This included discussions on the MWTG initiative and an update with the CAISO. The group also conducted an update conference call on February 16, 2018.

### **South San Joaquin Irrigation District (SSJID)**

SSJID is in the process of evaluating which California BA they should join once they become a LSE. They have had some preliminary discussions with BANC on what would be involved in joining BANC. In addition, SSJID has contacted BANC regarding working with other BANC members to help secure resources to meet RA requirements should they join BANC.

## **Market Initiatives:**

### **FRSG**

BANC continues to work with the NWPP on a joint effort for meeting the new frequency reserve requirements of NERC BAL-003, which was phased-in late 2016. Implementation results continue to look good.

### **EIM Participation**

The CAISO filed the BANC Implementation Agreement with FERC on 3/24/17. BANC did file at FERC in support of approval of the agreement. FERC issued a letter order on 5/18/17 accepting the CAISO filing for BANC EIM participation. BANC has initiated the efforts for registering with the CAISO as the BANC EIM Entity and SC for the EIM project. In addition, BANC is working with the Treasurer to identify the processes and approvals needed to obtain counterparty financial status with the CAISO. It is anticipated that some approvals by the Commission will be required during the 1<sup>st</sup> Quarter to meet the schedule for implementation.

Utilicast finalized the system “gap” analysis on technologies to identify any additional areas needed for supporting EIM implementation. Results of the system “gap” analysis were presented on June 29, 2017. No major areas of concern were identified. Utilicast stated that the BANC/SMUD team is the best prepared for EIM participation of any entity they have evaluated. Utilicast completed a process “gap”

analysis, with a report provided on October 3, 2017. This analysis also concluded that there are no major areas of concern.

BANC and SMUD have met to discuss the initial outline of scope of services for the BANC/SMUD EIM Services Agreement. BBSW has finalized a formal agreement and BANC and SMUD have agreed upon initial funding levels. The Commission at its January 2018 meeting approved the agreement.

BANC, SMUD, and the other members continue to discuss the issue of internal bilateral trading within the BANC footprint once SMUD participates in EIM in 2019. We have outlined the scope of the problem, have held discussions with the CAISO to better understand the limitations on SMUD in EIM, and are shooting to return to the Commission late 2018 with some preliminary recommendations on how to proceed.

BANC and TANC continue to hold discussions with the CAISO regarding IBAA relief. As a result of these discussions, the CAISO has initiated evaluating options for BANC/TANC consideration. We will update the Commission when these options are fully defined.

The CAISO has also announced the intent to allow EIM entities to participate in the Day-ahead Market. The details of how this will work will be discussed during the coming year, with the intent to have the enhancements in place in 2020.

## **WAPA:**

### **Market Engagement**

We are working with WAPA on integrating them in to the EIM implementation discussions. This includes EIM Phase 2 discussions with WAPA, MID, Redding, and Roseville. Based upon these discussions, the group has developed a set of “principles” for a possible Phase 2. In addition, the group has contracted with GridSME for additional evaluation work for a possible Phase 2. GridSME issued its preliminary report in early August and a revision in early September. The Phase 2 group has reviewed this report. In addition, SMUD has offered some concepts around moving forward with a possible Phase 2, which the group reviewed in December 2017. We are having follow-up discussions with WAPA-SNR regarding their role in Phase 2. The goal is to have a concept by early 2018 of how we would like to see Phase 2 proceed.

In addition, Redding has requested that a separate task, which would be solely funded by Redding, be initiated with GridSME to evaluate the effort necessary for Redding to become a scheduling coordinator (SC). Based upon discussions with BBSW, we have determined that this task can be initiated under the current delegations to the General Manager. This effort is nearing completion.

## Peak Reliability:

### Aliso Canyon

Peak/CAISO/LADWP/SCE have finalized assessments for summer 2017. Public meetings were scheduled to start the process for determining if Aliso Canyon can “restart”. Indications are that public opposition to restart of Aliso Canyon will be strong. At this stage, it is assumed that Aliso Canyon will not be available for use this summer, though there might be a possibility for “emergency” use. Though partial injection of gas in to the fields has begun, the Governor has also requested that shutdown of the field within 10 years be evaluated.

### Peak Interest in Overseeing Congestion Management for Western Interconnection

Peak provided more clarification on this concept at the December 2016 Board meeting. The focus is on assisting the BAs and TOPs along with Peak in using the new Enhanced Curtailment Calculator (ECC) tool to better manage congestion in the Interconnection. Peak made it clear that they only intended to retain their role from a reliability perspective and **would not** perform economic re-dispatch functions. We continue to work with Peak staff on better defining Peak’s role in congestion management in the future. This issue was discussed as part of the Enhanced Curtailment Calculator (ECC) Phase 4 update at the September 2017 Peak meetings. Peak and the BAs/TOPs held a webinar on December 6, 2017, to discuss the proposal for implementation of Phase 4. This was discussed further at the Peak Board meetings in December and February.

### Peak MAC and Board Meetings

I attended the Peak quarterly MAC and Board meetings in Portland, OR, in February. As part of these meetings the issue of the future of Peak was discussed. The MWTG continues to evaluate joining SPP, which would assume RC services for the MWTG; Peak has announced a potential partnership with PJM Connex; and the CAISO announced its notice of withdrawal from Peak, which will occur in September 2019. BANC is working with the other Peak Funding Parties on a transition for future RC services.

## WECC

### Electricity/Natural Gas Reliability Interface

WECC initiated its natural gas/electricity interface study in September 2017. Based upon further discussions with WECC, I have been asked to participate on the executive oversight committee for this effort. The status of this effort was discussed at the February 2018, WEIL meeting in San Diego, which I attended. The next update will be provided at the WEIL meeting in early May 2018. WECC is working with the WEIL members to determine how best to communicate the results of this study, which should be completed by spring this year.

### **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. We have received feedback that CDWR intends to use SMUD for transmission service at the north end of the project and WAPA for the south end, but are still awaiting a formal announcement of their decision. CDWR is also waiting on formal decisions by the water contractors to fund the project. A follow-up meeting with CAISO, WAPA-SNR, CDWR, and us was held on 11/9/17 to discuss how load will be served for this project.

### **Strategic Initiatives:**

Refer to the 2017/2018 Strategic Initiatives update, which is attached to this report. Note that this update reflects the additional initiatives agreed upon at the June 2017 Strategic Planning Session.

BANC and BBSW are working to define the agenda for the planned BANC Strategic Planning session for May 23, 2018.

BANC 2017/2018 Strategic Plan - Routine/Ongoing Initiatives - February 2018 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		Develop long-term succession plan and traits for General Manager	Jim Shetler/Commission	4th Qtr. 2019	
3 Medium		Develop BANC "101" Training presentation	Jim Shetler/BBSW	4th Qtr. 2017	COMPLETED
4 Low		Organizational Issues: ~Issue committee rosters ~Update website	Jim Shetler/BBSW Jim Shetler/BBSW	3rd Qtr. 2017 1st Qtr. 2018	COMPLETED ~Completion 1st Qtr 2018
5 Medium	OUTREACH	Engage in industry forums (WECC, Peak, NWPPA, etc.)	Jim Shetler	Ongoing	Continue attending Peak & WECC Board meetings & NWPP Exec. Forum
6 Medium		Coordinate with other POU BAs (Ca and regionally)	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, & TID on EIM
7 Medium		Outreach to regulatory and legislative bodies on key issues	Jim Shetler/BBSW	Ongoing	~Update meeting w/ CPUC Chair Picker 10/2/17 ~Attended EIM Gov. Body meeting 11/29/17
8 Medium	ASSETS	Identify and implement efforts to improve BANC member asset optimization & renewable integration	Resource Committee	1st Qtr. 2018	~Data collection complete ~Developed scenarios & evaluation plan. Work will extend in to 2018.
9 Low	MEMBER SERVICES	Identify and outreach to potential new BANC members	Jim Shetler	Ongoing	~Continue follow-on discussions with TID on EIM. Mtg on 1/12/2018 ~Discussions with SSJID on joining BANC

BANC 2017/2018 Strategic Plan - Focused Initiatives - February 2018 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
10 High	INDEPENDENCE	Manage implementation of EIM participation effort	Jim Shetler	No earlier than Spring 2019	~ Finalizing EIM Services Agreement. ~ Addressing Bilateral trading issue ~ Addressing EIM data sharing issue ~ Evaluating consultant support
11 Medium	OUTREACH	Evaluate opportunities to engage other entities in market development	Jim Shetler	4th Qtr. 2017	~ Continue coordination w/ LA, SCL, SRP ~ Met w/ TID 1/12/18
12 High		Regional Policy Issues: Monitor/weigh-in where appropriate	Jim Shetler/Commission	Ongoing	
13 Medium		Regionalization: ~Monitor CAISO governance ~ Develop white paper on BA consolidation	Jim Shetler/BBSW Jim Shetler/BBSW	Ongoing 1st Qtr. 2018	~Draft in review
14 Medium		Monitor MWTG & Peak impacts & alternatives	Jim Shetler	Ongoing	~Engaged w/ Funding Parties on next steps for RC
15 Medium	ASSETS	Develop BANC footprint "IRP" focused on VERs firming & renewables.	Resource Committee	1st Qtr. 2018	~Developed scenarios & evaluation plan. Work will extend in to 2018.
16 High	MEMBER SERVICES	Implement PA/PC project to be fully compliant	Jim Shetler/SMUD	Dec-17	COMPLETED