

Balancing Authority of Northern California

Regular Meeting of the Commissioners of BANC

2:00 P.M.

Wednesday, June 24, 2020

Telephonic Meeting Only

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 **June 24, 2020 at 2:00 p.m. The meeting will be telephonic only.**

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

Phone number: 1-408-418-9388
Meeting number (access code): 126 189 8224

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 May 20, 2020.
 - B. BANC Operator Report (May).
 - C. Compliance Officer Report (June).
 - D. PC Committee Chair Report (June).
 - E. General Manager's Report and Strategic Initiatives Update.
- 5 Regular Agenda Items – Discussion and Possible Action.**
 - A. EIM Phase 2 Update.
 - i. Consider and Possibly Approve Resolution 20-06-17 *Authorization for the General Manager to Execute the California Independent System Operator Corporation and Balancing Authority of Northern California Amended and Restated EIM Entity Agreement.*
 - B. SB100 Effort Update.
 - C. 2020 Strategic Planning Session.
- 6 Closed Session:** Personnel matters pursuant to Cal. Gov't Code § 549567 and conference with legal counsel in anticipation of litigation pursuant to subdivision (c) of Cal. Gov't Code § 54956.9; one case.
- 7 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 kirkegaard@braunlegal.com.

Balancing Authority of Northern California

Consent Agenda Items

- A. Minutes of the May 20, 2020 BANC Regular Meeting.**
- B. BANC Operator Report (May).**
- C. Compliance Officer Report (June).**
- D. PC Committee Chair Report (June).**
- 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)

May 20, 2020

On this date, a Regular Meeting of the Commissioners of the Balancing Authority of Northern California (BANC) was held telephonically.

Representatives Present:

Member Agency	Commissioner
Modesto Irrigation District (MID)	James McFall
City of Redding	Dan Beans, Chair
City of Roseville	Michelle Bertolino
Sacramento Municipal Utility District (SMUD)	Paul Lau
City of Shasta Lake	James Takehara
Trinity Public Utilities District (TPUD)	Paul Hauser

Agency	Liaison(s)
Western Area Power Administration (WAPA)	Sonja Anderson

1. Call to Order: Mr. Braun took roll call to establish that a quorum was present, and Chair Beans called the meeting to order at 2:02 p.m.
2. Matters Subsequent to Posting the Agenda: Mr. Shetler noted that, following a conversation with BANC Counsel, the Closed Session listed on today's Agenda as item 6 would not be required. Mr. Braun stated that he would like the Commission to formally amend the agenda. Mr. Hauser made a motion to remove Closed Session, Mr. McFall seconded, and a roll call vote was taken. The motion was unanimously approved by all Commissioners present; the City of Shasta Lake had not yet joined the meeting.
3. Public Comment: Chair Beans invited comments from the public and none were given.
4. Consent Agenda: Ms. Bertolino moved, Mr. McFall seconded, and the participating Commissioners unanimously approved the Consent Agenda items comprised of: (A) Minutes of the Special Commission Meeting held on May 7, 2020; (B) BANC Operator Report for April; (C) Compliance Officer Report for May; (D) PC Committee Chair Report for May; and (E) General Manager's Report and Strategic Initiatives Update. The City of Shasta Lake had not yet joined the meeting.
5. Regular Agenda Items – Discussion and Possible Action:
 - A. Mr. Shetler provided brief status updates on EIM Phase 2 topics, including: Deviation Band, WAPA Transmission, EIM Business Practices development, BANC Settlements, RS Tests, Metering, Generation Dispatch, Interchange model, and Phase 2 Participant Discussions with CAISO DMM. Progress is being made in all of these areas. Mr. Shetler highlighted a couple of areas to watch: 1) Multiple EIM Entity Go-lives in April 2021 – five entities scheduled. BANC is pursuing early data/information submittal to CAISO as a

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

mitigation measure and has suggested the possibility of a phased go-live; 2) Resolution for RS test approach – Mr. Shetler is monitoring work group efforts and will escalate any issues to the EIM Committee/Commission as needed. No questions were raised by the Commission.

- B. Mr. Shetler reviewed updates related to EDAM. The CAISO has announced a delay in the 'Bundle 1' issue paper from early April to late June/early July as a result of COVID-19 impacts and the need to focus on Day Ahead Market Enhancements (DAME) proposals first. As a result, the EIM Entities are working with CASO to develop an updated EDAM go-live schedule and taking advantage of the additional time to preform outreach to other stakeholders and refine the details of their proposals.

Mr. Braun stated that there had been no substantial developments with respect to Governance Review Committee efforts since the last Commission meeting. Drafting of a straw proposal continues.

- C. Regarding SB100, Mr. Shetler let the Commission know that the Joint Agencies have not yet responded to BANC's request for information regarding how they plan to address the Balancing Authority input that has been provided. A draft report is expected in June 2020.

- D. Mr. Shetler introduced Mr. Mark Willis, representing the BANC Operator, who provided an overview of the 2020 Summer Load & Resources Assessment to the Commission. The Assessment was approved by the BANC Operating Committee at their meeting last week. In summary, the 2020 peak load forecast is nearly the same as last year, and engineering studies, along with this assessment, concluded that BANC can serve expected load demand in Summer 2020 with a sufficient reserve. Summer Readiness Training is underway for BANC/SMUD System Operators to prepare for summer operations.

Mr. Lau asked whether anything had been received from CAISO regarding any impacts related to COVID-19. Mr. Willis indicated he had not yet seen anything. Ms. Bertolino asked why the WAPA outage referred to in the presentation had been scheduled during wildfire season, and Ms. Anderson responded that the insulator replacement project had been rescheduled from a prior year and required significant coordination with other entities; the project was scheduled in accordance with the result of those coordination efforts.

Ms. Bertolino moved, Mr. Hauser seconded, and a roll call vote was taken. The Commissioners voted unanimously in favor of Resolution 20-05-08 *Acknowledgement and Acceptance of the 2020 Summer Load & Resources Assessment of the Balancing Authority of Northern California.*

- E. Mr. Shetler introduced Mr. Kevin Smith, who reviewed the history and provided an overview of the Amended Balancing Authority Participation Agreement (BAPA) between BANC and CCFC Sutter Energy, LLC. The amended agreement will enable Calpine to sell the other half of the output from the Sutter Energy Center into the CAISO market. The SEC will be split through the CAISO market through the use of a Pseudo Tie between BANC and CAISO.

Ms. Bertolino asked about how this agreement may impact any interest BANC may have in taking additional output from Sutter in the future. Mr. Shetler indicated that this does not obviate that possibility in the long-term.

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Mr. Lau moved, Mr. McFall seconded, and a roll call vote was taken. The Commissioners voted unanimously in favor of Resolution 20-05-11 *Authorization to Execute Amendments to the Balancing Authority Participation Agreement between BANC and CCFC Sutter Energy, LLC and Amend Schedule 2 of the Dynamic Transfer Balancing Authority Operating Agreement.*

The meeting was adjourned at 3:01 p.m.

Minutes approved on June 24, 2020.

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 May 2020

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- NWPP Reserve Energy Activations
 - 0 contingency requiring activation of NWPP
 - 0 MW average generation lost
 - 0 MW maximum generation lost
 - Generating unit(s) and date(s) affected: None
 - All recoveries within 0 minutes
- USF
 - 1 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: 11 minutes
 - Number of BAAL exceedance >10 minutes: 1
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2020 Frequency Response Obligation (FRO): -14.7 MW/0.1 Hz
 - 2020 Q1 Frequency Response Measure (FRM): -33.3 MW/0.1 Hz
 - 2020 Q1 Number of Under-Performed Events: 0 out of 4

Monthly Notes:

- No additional notes or impacts for May 2020

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

June 2020

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.
- The next periodic self-log of potential non-compliance issues will be submitted to WECC on July 31st. At present, there are no BA/PC issues to report.
- NERC is expected to issue a NERC Alert seeking "extent of condition" information from entities regarding bulk power system installed equipment manufactured or supplied by foreign entities of concern (*i.e.*, Russia, China, and Iran). Responses will likely be due in mid-August, and the results compiled and filed with FERC as an anonymous report.

BANC MCRC:

- The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, June 22, 2020 via webinar. (This meeting was originally scheduled to be held in-person, but this meeting – and all others – will be held online until conditions for in-person gatherings are more favorable.)

PC Committee Chair Report

BANC Commission Meeting

June 2020

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:

- SMUD staff continue to work toward demonstrating compliance with PC-related NERC reliability standards:
 - FAC-010-3 System Operating Limits Methodology for the Planning Horizon – Staff is updating the SOL Methodology. A draft will be sent for PC Participants to review at the end of June.
 - FAC-013-2 Near-Term Transfer Capability for the Planning Horizon – Staff sent out study plan for BANC PC Participants to review. Comments are due by June 17th.
 - PRC-006-3 - Underfrequency Load Shedding – Staff has completed the data requests and collection for BANC PC participants and submitted data to the UFLSWG SILTP group. The revised WECC UFLS study report for the latest study cycle is expected soon to be available for WECC members to use in compliance with the PRC-006-3 standard.
 - PRC-012-2 Remedial Action Schemes – Staff is currently performing a technical evaluation of each RAS at SMUD and Roseville areas required by the NERC standard once every five full calendar years. The Effective Date of PRC-012-2 is January 1, 2021.
 - PRC-023-4 – Transmission Relay Loadability - Notification for PRC-023-4 was sent out to BANC PC Participants for review at the end of May. The notification stated no applicable circuits were identified based on the assessment results. Staff is now working on the draft report, which will be sent out for comments in early July.
 - PRC-026-1 – Relay Performance During Stable Power Swings - Staff is currently performing study. Preliminary study results will be sent out to BANC PC Participants for comments by June 12th.
 - TPL-001-4 - Transmission System Planning Performance – Preliminary study results were sent out on May 28th as scheduled. Responses are due on June 26th. Short Circuit analysis is due on June 26th as well.

- MOD-033-1 – Steady State Performance – Two year re-study is due by end of October, please be prepared for a data request for steady state historical data when the first heat wave is expected this summer.
- TPL-007-4 - GMD Transmission Performance – Staff updated the TPL-007-4 R1 Vulnerability Assessment Responsibilities Agreement for the BANC PC Area, which will be enforced on October 1st. The Agreement was sent to BANC PC participants to review on May 29th. A conference call with BANC PC Participants was held on June 4th to discuss the changes in Vulnerabilities Assessment Responsibilities Agreement for the new version of the TPL-007-4 R1.

A GIC monitor will be installed at the SMUD Carmichael Substation by the end of 2020 to comply with TPL-007-4 R12.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-2 Interconnection Studies	25%	There are 3 materially modifying transmission facilities projects within BANC area this year.
2	FAC-010-3 SOL Methodology for Planning Horizon	75%	Staff is updating the methodology. A draft for review will be sent out by middle of June, 2020.
3	FAC-013-2 Transfer Capability for Near-Term Planning Horizon	25%	Study plan sent out for review. Comments due 06/17/2020.
4	FAC-014-2 Establish and Communicate SOLs	5%	Study plan is expected by beginning of July, 2020.
5	IRO-017-1 Outage Coordination		Will send out 2020 annual assessment report in October.
6	MOD-031-2 Demand and Energy Data	100%	2020 Loads and Resources supplement Data Request III sent to WECC end of March.
7	MOD-032-1 Data for Power System Modeling & Analysis		Ongoing activity.
8	MOD-033-1 System Model Validation		Data request in June, 2020.
9	PRC-006-3 Underfrequency Load Shedding	95%	BANC PC Participant data was submitted to the WECC UFLSWG SILTP group. A revised study report from latest study cycle is expected soon to be available from WECC UFLSWG.

	PC Standard	Estimated % Complete	Notes
10	PRC-010-2 Undervoltage Load Shedding	100%	Study has been completed. The report was finalized on 12/30/2019.
11	PRC-012-2 Remedial Action Schemes	35%	New Standard to be effective on 1/1/2021. Study Plan was finalized on 4/10/2020. Working on base cases and contingencies for each RAS scheme.
12	PRC-023-4 Transmission Relay Loadability	75%	Preliminary results notification has been sent out. Draft report is expected early July.
13	PRC-026-1 Relay Performance During Stable Power Swings	50%	Study plan has been finalized. Preliminary results are expected on 6/12/2020.
14	TPL-001-4 Transmission System Planning Performance	40%	Preliminary study results sent out on 5/29/2020.
15	TPL-007-4 R1 GMD	85%	Draft agreement sent to Members to review on 5/31/2020. Conference call on 6/4/2020 with Members to discuss the changes in Vulnerabilities Assessment Responsibilities Agreement for the new version of TPL-007-4.

GM Report

BANC Commission Meeting

June 24, 2020

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/TID/Tacoma Power

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 on the same page on EIM issues from a POU perspective. We are routinely holding bi-weekly calls to provide updates and discuss issues. To date, we have collaborated with the other POUs on joint language to use in the EIM Entity agreement that we will all need to sign for EIM operations, on how to address market-based rate authority with DMM, potential common language for OATT revisions, and joint comments on the EIM governance issues. We have also used this forum to discuss POU positions regarding the EDAM development. In addition, we have worked with the other three entities to agree upon the joint funding of BBSW to monitor CAISO interfaces for us. On April 1, 2020, both SRP and Seattle City Light went live with EIM. Feedback is that the transitions were smooth with no major issues. We are also engaging with the group regarding the evolution of discussions on EDAM.

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. Our last meeting was a webinar on May 19th. The next discussion is expected to take place later this summer.

Coronavirus Restrictions

With the increased restrictions on public gatherings and travel, BANC has moved to more remote meeting attendance, both for our own internal member meetings as well as outside meetings for the foreseeable future. We will maintain this approach until public health authorities advise the restrictions can be relaxed. 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.

BANC Summer Assessment

The BANC Operations Committee has completed its annual summer assessment review. The results of the review are showing an estimated peak of 4484 MW and an estimated operating reserve margin of 42.9% for the BANC footprint. The results of the summer assessment were accepted by the Commission at the May Commission meeting.

Market Initiatives:

EIM Participation

The BANC EIM Phase 1 implementation effort was completed on April 3, 2019, with the successful go-live of BANC as the EIM Entity and SMUD as a Participating Resource. We are now monitoring EIM participation. CAISO quarterly benefit reports continue to show that BANC/SMUD is seeing benefits from the EIM participation. BANC was contacted by a writer for APPA regarding an article on public power experiences with joining the Western EIM. An article will be included in an upcoming APPA release.

With respect to BANC EIM Phase 2 effort, staff is coordinating with the Phase 2 participants and Utilicast to move forward with implementation. We have reached a tentative agreement on the use of WAPA transmission for EIM. WAPA and the members continue to discuss how the deviation band can be used in the EIM. The settlements allocation methodologies effort is proceeding well with completion of the initial draft of a settlement's allocations manual. We have initiated discussions on metering and Resource Sufficiency/Flex Ramp test approach. We have worked with CAISO to resolve some of the unique issues associated with the BANC structure, which currently all seem to meet our needs. In addition, we have finalized an initial draft BANC EIM Business Practices that WAPA can reference for their upcoming OATT and Rates processes. We have initiated review of the Business Practices with the full EIM Participants for concurrence. Our goal is to bring the Business Practices to the Commission for approval by early fall.

EDAM Participation

The EDAM Feasibility Assessment is complete. The CAISO issued an initial EDAM issues white paper on October 10 and held a stakeholder webinar on October 17. The CAISO requested comments on the issues white paper by November 22, with the EDAM Entities filing joint comments and BANC also filing supporting comments. It is expected that the CAISO will use most of 2020 to conduct the formal stakeholder process, including development of a straw proposal for EDAM, followed

by tariff filings at FERC. The EDAM Entities (including BANC) were active participants in the first EDAM public stakeholder workshop on February 11-12, 2020. Stakeholder comments have been submitted and the EDAM Entities are in the process of digesting the comments to determine next steps. The CAISO has indicated that the impacts of COVID-19 and the other market policy issues they are addressing will result in a delay of the EDAM issue paper from April to late June to early July. This will impact the overall EDAM stakeholder and design development process. An EDAM go-live, if there is sufficient interest by EIM entities to participate, will likely slip beyond the 2022 timeframe. The EIM Entities are using this delay time to both work among ourselves to refine our EDAM policy positions and to do outreach with other stakeholders.

WAPA:

Market Engagement

We have included WAPA-SNR in our EIM Phase 2 planning efforts and WAPA-SNR is an active participant. As noted above, the main discussions with WAPA-SNR have been around the approach for use of WAPA-SNR transmission in EIM and how the deviation band will be handled in EIM. Also, as noted above, we are working proactively with WAPA-SNR to assist them in their OATT and Rates processes for EIM.

San Luis Transmission Project

WAPA-SNR has announced its intent to work with the Bureau of Reclamation and CDWR to construct the SLTP. BANC met with WAPA and the other parties to fully understand the implications of having this new transmission project in the BANC BA/WAPA-SNR sub-BA. The SLTP developers (DATC) have completed the open season on the additional capacity for the project. We will keep the Commission informed as more information becomes available.

Peak Reliability:

Closure Activities

Peak ceased operations as a registered RC on December 4, 2019. The final closure activities (terminating contracts, vacating facilities, etc.) have been completed. The closure administrator (Marie Jordan, former Peak CEO) has issued a notice that the Peak budget was under run and that the Funding Parties will be receiving a rebate. BANC received its rebate check in early June.

WECC

WECC Board Meetings

The next MAC and Board meetings are scheduled for June 16-17, 2020, in Salt Lake City. I expect that my attendance will be remote due to the COVID-19 issues.

RC Services for the West

With the completion of the RC transition from Peak to the new RCs, WECC and NERC have refocused their efforts from monitoring transition to monitoring operations of the RCs. At the March 11 Board meeting, NERC CEO Jim Robb commended the Western Interconnection for the successful transition of RC services from Peak to the new RC providers.

NWPP

Resource Adequacy Project

In light of the concerns raised last year regarding resource adequacy (RA) for the PNW entities, NWPP initiated a formal project to develop an RA program for the region. As a NWPP member, BANC has been providing funding for the initial phases of this effort. It is anticipated that NWPP will be issuing in late June the scope, schedule, and budget for the next phase of this effort. BANC and the BANC Operator will evaluate the budget for this next phase to determine whether we should continue to participate. We have confirmed that NWPP members do not have to participate in the RA program to continue to participate in the existing reserve sharing and frequency response sharing programs as we do today. Staff will keep the Commission informed on this issue.

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, which will be performed during 2020.

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 initial report is due 1/1/21. The four POU BAs

(BANC, IID, LADWP, and TID) are collaborating on positions and responses. In addition, we have done outreach to the CAISO, PacifiCorp, NV Energy, and WAPA BA's in California to determine if there is benefit to all BAs coordinating on this effort. BANC filed comments with the agencies on 12/2/19. BANC stated that it supported the long-term goals of the State regarding GHG reductions. However, we also cautioned that the transition from the current mix of resources to the long-term resource mix needs to be done in an orderly manner to ensure that grid reliability and affordability can be maintained for the benefit of the end-use consumers. We also supported a "net zero" carbon approach to meeting the goals, at least on an interim basis. I attended the SB100 workshop on 2/24/2020 and participated on a BA reliability panel. Subsequent to the workshop, staff worked with the other POU BAs (LADWP, IID, and TID) regarding comments to the Joint Agencies. Feedback from the Joint Agencies is that they intend to reach out to the BAs to address the BA comments; however, we have yet to be contacted.

Sutter Energy Center

Based upon Commission concurrence at the February meeting, staff, along with SMUD, continue to hold discussions with Calpine regarding a potential term sheet.

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 have 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. The group has agreed to focus discussions around three topics:

- State clean electricity goals and GHG accounting
- Reliability/resource adequacy
- Transmission planning and development.

The goal is to have a set of actionable recommendations that can be presented to the December Western Governors meeting. Staff is monitoring these discussions and is participating in the reliability/RA and transmission planning and development work groups.

Strategic Initiatives

An update of the 2019/2020 Strategic Initiatives is attached to this report.

BANC 2019/2020 Strategic Plan - Routine Initiatives - June 2020 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	Ongoing	Draft plan discussed with Commission. Discuss at Strategic Plng. Session
3 Medium		Organizational Issues: ~ Develop BANC procedures & processes as appropriate	Jim Shetler/BBSW	4th Qtr. 2020	Initial draft of business practices under review
4 Medium	OUTREACH	Engage in industry forums (WECC, Peak, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & NWPP Exec. Forum meetings
5 Medium		Coordinate with other POU BAs (Ca and regionally)	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, TP, & TID on EIM
6 Medium		Outreach to regulatory and legislative bodies on key issues	Jim Shetler/BBSW	Ongoing as Necessary	Participating in WEIL group outreach to West governors
7 Medium	ASSETS	Evaluate joint options for resource needs for BA	Resource Committee	4th Qtr. 2020	
8 Low	MEMBER SERVICES	Identify and outreach to potential new BANC members	Jim Shetler	Ongoing	Discussions with WAPA-SNR

BANC 2019/2020 Strategic Plan - Routine Initiatives - June 2020 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
9 High	INDEPENDENCE	Manage implementation of EIM Phase 2 participation effort	Jim Shetler/SMUD	4/1/21	Routine EIM Committee meetings being held
10 High		Manage EIM Phase 1	Jim Shetler/SMUD	Ongoing	
11 High		EDAM evaluation effort ~ CAISO Stakeholder Process ~ CAISO Tariff Development	Jim Shetler/BBSW Jim Shetler/BBSW	3rd Qtr. 2020 1st Qtr. 2021	Coordinating with EDAM SC
12 Medium	OUTREACH	Evaluate opportunities to engage other entities in market development	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, TID, & Tacoma
13 Medium		Regional Policy Issues: Monitor/ weigh-in where appropriate	Jim Shetler/Commission	Ongoing	Participating in WEIL group outreach to West governors
14 High		Regionalization: ~Monitor CAISO GRC effort	Jim Shetler/BBSW	3rd Qtr. 2020	GRC meeting; T. Braun selected
15 High		Coordinate with BAs on SB100 collaboration effort	Jim Shetler/BBSW	12/31/20	Participated in 2/24/20 reliability workshop Submitted BANC comments 3/9/20
16 Medium	ASSETS	Evaluate resource criteria for BANC long-term needs	Jim S./Res. Com.	4th Qtr. 2020	Holding discussions at Resource Committee
17 Medium	MEMBER SERVICES	Evaluate possible support to participants for EIM	Jim S.	4th Qtr. 2020	Finalized software EIM procurement options

Balancing Authority of Northern California

Agenda Item 5A

1. **California Independent System Operator Corporation and Balancing Authority of Northern California Amended and Restated EIM Entity Agreement.**
2. ***Resolution 20-06-17 Authorization for the General Manager to Execute the California Independent System Operator Corporation and Balancing Authority of Northern California Amended and Restated EIM Entity Agreement .***

Braun Blaising Smith Wynne, P.C.

Attorneys at Law

6/17/20

To: BANC Commission

From: BANC Counsel

RE: Authorization for the General Manager to Execute the BANC Phase 2 Energy Imbalance Market Entity Agreement with the California Independent System Operator Corporation

This Memorandum provides background and requests authorization for the General Manager to execute the BANC Amended and Restated Energy Imbalance Market (EIM) Entity Agreement (EIM EA) with the California Independent System Operator Corporation (CAISO) to enable BANC EIM Phase 2.

I. Background

The Balancing Authority of Northern California (BANC) became an active EIM Entity in April of 2019 upon commencement of operating EIM within the BANC Balancing Authority Area (BAA). For Phase 1 of BANC EIM, Sacramento Municipal Utility District (SMUD) was the sole EIM Participant. Since then, BANC has been working with several of its other members, namely, the Modesto Irrigation District (MID), the City of Redding (Redding), and the City of Roseville (Roseville), as well as the Western Area Power Administration – Sierra Nevada Region (WAPA), to enable their participation, along with SMUD, in EIM.

Prior to BANC EIM Phase 1, BANC entered into an enabling agreement with CAISO referred to as the EIM EA. The EIM EA enables the EIM Entity to participate in the CAISO's real-time market and to provide EIM services within the EIM Entity BAA, including real-time transfers of energy between the CAISO BAA and other EIM Entity BAAs. The first EIM EA entered into for Phase 1 limited EIM participation to the SMUD sub-BAA. The Amended and Restated EIM EA before the Commission expands this participation to both the SMUD and WAPA sub-BAAs. BANC members which have chosen to participate in EIM with their own resources and WAPA will enter into their own agreements with the CAISO to allow such participation. The EIM EA only addresses the relationship between the EIM Entity/BANC and the Market Operator/CAISO.

In order to enable Phase 2 EIM operations within BANC, the EIM EA required several changes. However, most of the substantive provisions, which the Commission approved for Phase 1¹, have remained intact. Among the changes:

¹ BANC Resolution No. 18-06-20, approved June 27, 2018.

- More expansive Recitals to address the implementation of BANC EIM Phase 2, including details surrounding the expanded BANC EIM footprint through the addition of MID, Redding, Roseville and WAPA;
- The addition of the defined term “EIM Participant,” as those parties (i.e., MID, Redding, Roseville, SMUD and WAPA) who have entered into the EIM Participation Agreement with BANC; and
- More expanded references to EIM Transmission Availability (Section 2.5) to address the addition of new BANC EIM Participants.

II. Conclusion

The Amended and Restated EIM EA has been provided to the EIM Committee for comment and no changes were requested. For your information, we have provided both redline and clean copies for reference in Attachment A to this memorandum. *We therefore respectfully request authorization for the General Manager to execute the Amended and Restated EIM EA in substantially final form as provided in Attachment A.*

ATTACHMENT A

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

Balancing Authority of Northern California

**AMENDED AND RESTATED
EIM
ENTITY AGREEMENT**

AMENDED AND RESTATED EIM ENTITY AGREEMENT

THIS AMENDED AND RESTATED ENERGY IMBALANCE MARKET ENTITY AGREEMENT (“AGREEMENT”) is established this ____ day of _____, _____, and is accepted by and between:

(1) The Balancing Authority of Northern California, a joint powers authority (“JPA”) established pursuant to the laws of the State of California (“EIM Entity”),

and

(2) **California Independent System Operator Corporation (“CAISO”)**, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate.

The EIM Entity and the CAISO are hereinafter referred to as the “Parties.”

Whereas:

- A. The Parties named above operate Balancing Authority Areas.
- B. The EIM Entity is a JPA that, among other things, provides Balancing Authority services to BANC Members and the Western Area Power Administration – Sierra Nevada Region (“WAPA”) in accordance with an operating agreement, whose certain members and WAPA within the Balancing Authority Area may in turn provide transmission service to their customers pursuant to existing agreements and/or open access transmission tariffs (“OATT”), including balancing Energy services.
- C. The CAISO operates the Real-Time Market pursuant to the CAISO Tariff.
- D. In April of 2019, the EIM Entity, along with one of its members, the Sacramento Municipal Utility District (“SMUD”), completed implementation and began successfully operating in the Energy Imbalance Market, referred to as BANC EIM Phase 1 (“Phase 1”).
- E. Other BANC Members and WAPA, whose facilities are also located within the BANC Balancing Authority Area, did not participate in Phase 1 to allow more time to address operational and contractual challenges.
- F. These other BANC Members and WAPA are now in a position to participate in the Energy Imbalance Market and, therefore, the Parties intend this

Agreement to define such additional participation in the Energy Imbalance Market within the EIM Entity Balancing Authority Area, referred to as BANC EIM Phase 2.

- G.** The Parties are entering into this Agreement to enable the EIM Entity to participate in the CAISO's Real-Time Market and to facilitate the provision of Energy Imbalance Market services within the EIM Entity Balancing Authority Area, including Real-Time transfers of Energy among the CAISO Balancing Authority Area and other EIM Entity Balancing Authority Areas.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, **THE PARTIES AGREE** as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

- 1.1 Master Definitions Supplement.** All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the CAISO Tariff unless defined below.
- (a) **BANC Member** means a party to the BANC Joint Powers Agreement, as that agreement may be modified from time to time.
 - (b) **EIM Participant** means a party to the BANC EIM Participation Agreement, as that agreement may be modified from time to time.
- 1.2 Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:
- (a) if and to the extent a matter is specifically addressed by a provision of this Agreement, the provision of this Agreement shall govern notwithstanding any inconsistent provisions of the CAISO Tariff;
 - (b) if and to the extent this Agreement provides that a matter shall be determined in accordance with the applicable provisions of the CAISO Tariff, the applicable provisions of the CAISO Tariff shall govern;
 - (c) the singular shall include the plural and vice versa;
 - (d) the masculine shall include the feminine and neutral and vice versa;
 - (e) "includes" or "including" shall mean "including without limitation";

- (f) references to a Section, Article or Schedule shall mean a Section, Article or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;
- (g) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
- (h) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (i) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (j) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (k) any reference to a day, week, month or year is to a calendar day, week, month or year;
- (l) unless the context requires otherwise, “or” is used in the conjunctive sense; and
- (m) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II

RESPONSIBILITIES OF EIM ENTITY AND CAISO

- 2.1 Scope of Responsibilities.** The Parties are individually responsible for the reliable operation of their Balancing Authority Areas consistent with the Reliability Standards established by the Western Electricity Coordinating Council (“WECC”) and the North American Electric Reliability Corporation (“NERC”). Nothing in this Agreement is intended to change, supersede, or alter either Party's obligations to abide by NERC and WECC Reliability Standards.
- 2.2 Tariff Provisions.** The CAISO shall provide open access to the Real-Time Market in accordance with the terms of the CAISO Tariff.

- 2.3 EIM Entity Scheduling Coordinator.** The EIM Entity shall be represented by an EIM Entity Scheduling Coordinator to implement the provisions of this Agreement, which may be the EIM Entity or another entity certified by the CAISO to perform the functions of an EIM Entity Scheduling Coordinator.
- 2.4 EIM Transmission Service and Resource Information.** The EIM Entity shall provide information to the CAISO for Energy Imbalance Market purposes regarding the network topology of its EIM Entity Balancing Authority Area, non-participating resources, and loads in accordance with the CAISO Tariff and the Business Practice Manual for the Energy Imbalance Market. The EIM Entity will use reasonable efforts to provide accurate and complete information described in this section to the CAISO.
- 2.5 EIM Transmission Availability.** The EIM Entity shall make available for use in the Real-Time Market transmission capacity within the EIM Entity Balancing Authority Area that is not otherwise encumbered, reserved, scheduled, or being used by EIM Participants, their transmission customers or by others and shall make arrangements with third party transmission service providers within the EIM Entity Balancing Authority Area that intend to enable Energy Imbalance Market services on their transmission systems to provide such transmission capacity on their systems for use in the Real-Time Market. The EIM Entity shall provide the CAISO with real time information regarding the availability of transmission capacity for use in the Energy Imbalance Market as provided in the CAISO Tariff and Business Practice Manual for the Energy Imbalance Market.
- 2.6 EIM Entity Corrective Actions.** The EIM Entity may take corrective action to address an issue with Energy Imbalance Market implementation or operation consistent with Section 29 of the CAISO Tariff.
- 2.7 EIM Entity Non-Jurisdictional Status.** The CAISO acknowledges that the EIM Entity is an exempt entity as described in section 201(f) of the Federal Power Act, 16 U.S.C. 824(f) and this Agreement does not extend the Federal Energy Regulatory Commission's ("FERC") jurisdiction over the EIM Entity, as that jurisdiction may or may not exist beyond the terms of the Agreement.

ARTICLE III

TERM AND TERMINATION

- 3.1 Effective Date.** This Agreement shall be effective as of the later of the date it is executed by the Parties or the date it is accepted for filing and made effective by FERC and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.

3.2 Termination

3.2.1 Termination by CAISO. The CAISO may terminate this Agreement by giving written notice of termination pursuant to Section 29.1(d) of the CAISO Tariff or in the event that the EIM Entity commits any material default under this Agreement or Section 29 of the CAISO Tariff that, if capable of being remedied, is not remedied within thirty (30) days after the CAISO has given the EIM Entity written notice of the default, unless the default is excused by reason of Uncontrollable Forces in accordance with Article IX of this Agreement. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the CAISO with FERC will be considered timely if (1) the filing of the notice of termination is made after the preconditions for termination have been met, and the CAISO files the notice of termination within sixty (60) days after issuance of the notice of default; or (2) the CAISO files the notice of termination in accordance with the requirements of FERC Order No. 2001. This Agreement shall terminate upon acceptance by FERC of such a notice of termination or thirty (30) days after the date of the CAISO's notice of default, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

3.2.2 Termination by EIM Entity. In the event that the EIM Entity no longer wishes to enable Energy Imbalance Market services within its Balancing Authority Area pursuant to the CAISO Tariff, it may terminate this Agreement on giving the CAISO not less than one-hundred and eighty (180) days written notice. The CAISO shall file a timely notice of termination with FERC after the termination date provided in the EIM Entity notice. Termination will be effective upon acceptance of the notice of termination by FERC; provided, however, that the EIM Entity's rights and obligations under this Agreement will terminate as of the termination date provided in the EIM Entity's notice of termination, regardless of any action or inaction by FERC with respect to any application by the CAISO to terminate this Agreement.

3.3 No Termination Charge. The CAISO shall not levy an exit fee or other charge associated with CAISO systems, procedures, or other changes required by the termination of the EIM Entity's participation in the Energy Imbalance Market as of the effective date of such notice, provided that EIM Entity obligations incurred under this Agreement prior to the effective date of such notice shall survive termination until satisfied.

ARTICLE IV

CAISO TARIFF

- 4.1 Agreement Subject to CAISO Tariff.** This Agreement shall be subject to Section 29 of the CAISO Tariff, which shall be deemed to be incorporated herein as interpreted in accordance with sections 1.2(a) and 1.2(b) of this Agreement. The EIM Entity shall abide by, and shall perform, all of the obligations of EIM Entities under the CAISO Tariff.

ARTICLE V

COSTS

- 5.1 Operating and Maintenance Costs.** The EIM Entity shall be responsible for all its costs incurred in connection with meeting its obligations under this Agreement.

ARTICLE VI

DISPUTE RESOLUTION

- 6.1 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the CAISO Tariff to Market Participants shall be read as a reference to the EIM Entity and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

- 7.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 7.2 Necessary Approvals.** The EIM Entity represents that all necessary rights, leases, approvals, permits, licenses, easements, access to operate in compliance with this Agreement have been or will be obtained by the EIM Entity prior to the effective date of this Agreement, including any arrangement with third party Balancing Authorities.

ARTICLE VIII

LIABILITY

- 8.1 Liability for Damages.** Except as provided for in Section 13.3.14 of the CAISO Tariff and subject to Section 8.3, neither Party to this Agreement, nor any of its directors, officers, employees, consultants or agents nor any of its directors, officers, employees, consultants or agents, shall be liable to any other Party for any losses, damages (including consequential, incidental, punitive, special or indirect damages), claims, liability, costs, or expenses (including legal expenses) arising from the performance or non-performance of its obligations under this Agreement except to the extent that its grossly negligent performance of this Agreement (including intentional breach) results directly in physical damage to property owned, operated by, or under the operational control of any of the other Parties or in the death or injury of any person.
- 8.2 Exclusion of Certain Types of Loss.** Neither Party shall be liable to the other Party under any circumstances whatsoever for any punitive damages or consequential or indirect financial loss (including but not limited to loss of profit, loss of earnings or revenue, loss of use, loss of contract, or loss of goodwill) resulting from physical damage to property for which a Party may be liable under Section 8.1.
- 8.3 Indemnity.** The EIM Entity shall indemnify the CAISO and hold it harmless against all losses, damages, claims, liability, costs, or expenses (including legal expenses) arising from third party claims due to any acts or omissions of the EIM Entity, except to the extent that they result from intentional wrongdoing or gross negligence on the part of the CAISO or of its officers, directors, or employees. The CAISO shall give written notice of any third party claims against which it is entitled to be indemnified under this Section to the EIM Entity concerned promptly after becoming aware of them. The EIM Entity who has acknowledged its obligation to provide a full indemnity shall be entitled to control any litigation in relation to such third party claims (including settlement and other negotiations) and the CAISO shall, subject to its right to be indemnified against any resulting costs, cooperate fully with the EIM Entity in defense of such claims.

ARTICLE IX

UNCONTROLLABLE FORCES

- 9.1 Uncontrollable Forces Tariff Provisions.** Section 14.1 of the CAISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14.1 of the CAISO Tariff to Market Participants shall be

read as a reference to the EIM Entity and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE X

MISCELLANEOUS

- 10.1 Assignments.** Either Party may assign or transfer any or all of its rights or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the CAISO Tariff and no Party may assign or transfer any or all of its rights or obligations under this Agreement without such consent. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights or obligations under this Agreement as if said successor in interest were an original Party to this Agreement.
- 10.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the CAISO Tariff, provided that all references in Section 22.4 of the CAISO Tariff to Market Participants shall be read as a reference to the EIM Entity and references to the CAISO Tariff shall be read as references to this Agreement, and unless otherwise stated or agreed shall be made to the representative of the other Party indicated in Schedule 1. A Party must update the information in Schedule 1 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 10.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.
- 10.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before FERC.
- 10.5 Consistency with State Laws and Regulations.** The participation under this Agreement by the EIM Entity, which is not a public utility under the Federal

Power Act, is subject in all respects to the laws and regulations of the state of its creation and to rate schedules adopted by its governing body under state law. FERC has exclusive jurisdiction to interpret this Agreement, and how it applies to the EIM Entity. However, in the event that the governing body of the EIM Entity, subject to state court review, determines that a conflict exists between the applicable state law, regulations, or rate schedules and the provisions of this Agreement as interpreted by FERC, such state law, regulations, or rate schedules shall, effective upon the CAISO's filing with FERC as described below, govern with respect to the application of this Agreement to the EIM Entity. Should the governing body of the EIM Entity determine that such a conflict exists, the EIM Entity must submit in writing to the CAISO documents notifying the CAISO of the governing body's determination of such a conflict and explaining both the conflict (including what state laws, regulations or rate schedules, and what provisions of this Agreement, are at issue) and what actions the governing board is taking in response to that determination. The CAISO will review the documents submitted by the EIM Entity and, if it determines that any modification to this Agreement that would become effective under this provision will not impair the efficiency of Energy Imbalance Market and will not make the EIM Entity's continued participation in Energy Imbalance Market unduly discriminatory or preferential, the CAISO will file the documents provided by the EIM Entity with the Commission. If the CAISO cannot make such a determination, then the CAISO will terminate this Agreement in accordance with Section 3.2.1 and the modification to this Agreement described in the documents will not take effect.

The EIM Entity shall notify the CAISO as soon as practicable after it identifies a potential conflict that it expects to ask its governing body to determine pursuant to this provision, and negotiate in good faith with the CAISO to modify this Agreement in a way that avoids the conflict.

10.6 Merger. This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter.

10.7 Severability. If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

10.8 Amendments. This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. Nothing contained herein shall be construed as affecting in any way the right of the CAISO to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder, and the EIM Entity shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

10.9 Counterparts. This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: _____

Name: _____

Title: _____

Date: _____

Balancing Authority of Northern California

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 1

NOTICES

[Section 10.2]

EIM Entity

Name of Primary

Representative: _____ James R. Shetler _____

Title: _____ General Manager _____

Company: _____ Balancing Authority of Northern California _____

Address: _____ P.O. Box 15830 MS D109 _____

City/State/Zip Code: _____ Sacramento, CA 95852-1830 _____

Email Address: _____ jimshetler@thebanc.org _____

Phone: _____ (916)870-3774 _____

Fax No: _____

Name of Alternative

Representative: _____ C. Anthony Braun _____

Title: _____ General Counsel _____

Company: _____ Braun Blasing Smith Wynne, P.C. _____

Address: _____ 555 Capitol Mall, Suite 570 _____

City/State/Zip Code: _____ Sacramento, CA 95814 _____

Email Address: _____ braun@braunlegal.com _____

Phone: _____ (916)326-5812 _____

Fax No: _____ (916)330-4337 _____

CAISO

Name of Primary Representative: Regulatory Contracts
Title: N/A
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: RegulatoryContracts@caiso.com
Phone: (916) 351-4400
Fax: (916) 608-5063

Name of Alternative Representative: Christopher J. Sibley
Title: Manager, Regulatory Contracts
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: csibley@caiso.com
Phone: (916) 608-7030
Fax: (916) 608-5063

**CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

AND

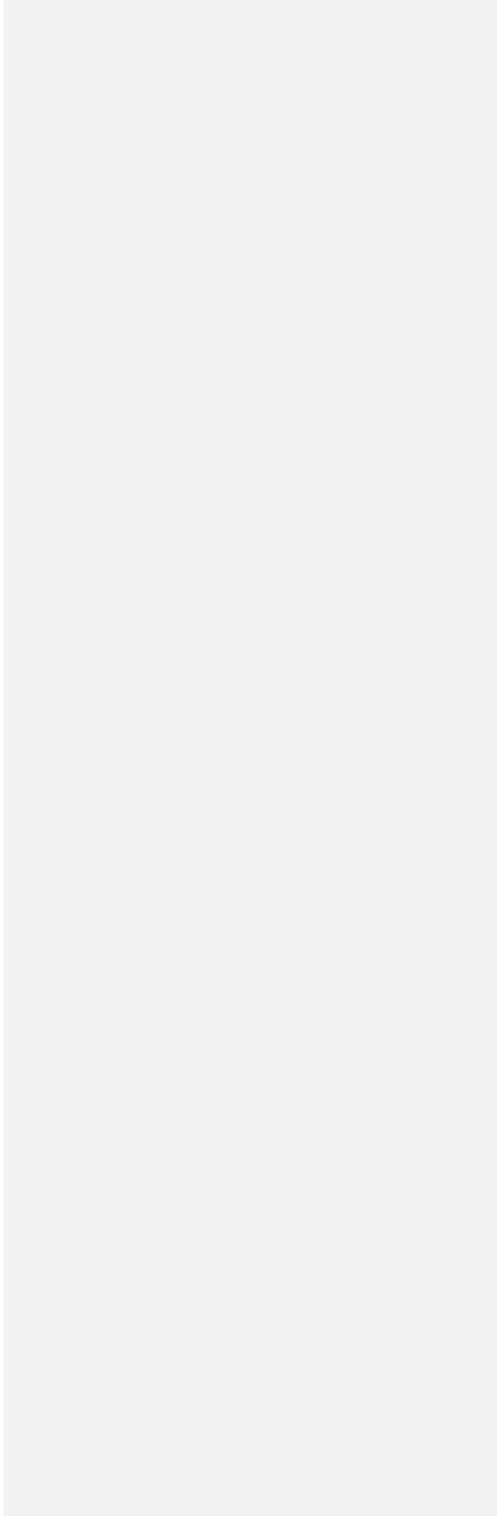
Balancing Authority of Northern California

AMENDED AND RESTATED

**EIM
ENTITY AGREEMENT**

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AMENDED AND RESTATED EIM ENTITY AGREEMENT

THIS AMENDED AND RESTATED ENERGY IMBALANCE MARKET ENTITY AGREEMENT (“AGREEMENT”) is established this ____ day of _____, ____ and is accepted by and between:

(1) The Balancing Authority of Northern California, a joint powers authority (“JPA”) established pursuant to the laws of the State of California (“EIM Entity”),

and

(2) **California Independent System Operator Corporation (“CAISO”)**, a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate.

The EIM Entity and the CAISO are hereinafter referred to as the “Parties.”

Whereas:

- A. The Parties named above operate Balancing Authority Areas.
- B. The EIM Entity is a JPA that, among other things, provides Balancing Authority services to BANC Members and the Western Area Power Administration – Sierra Nevada Region (“WAPA”) in accordance with an operating agreement, whose certain members and WAPA within the Balancing Authority Area may in turn provide transmission service to their customers pursuant to existing agreements and/or open access transmission tariffs (“OATT”), including balancing Energy services.
- C. The CAISO operates the Real-Time Market pursuant to the CAISO Tariff.
- D. In April of 2019, the EIM Entity, along with one of its members, the Sacramento Municipal Utility District (“SMUD”), completed implementation and began successfully operating in the Energy Imbalance Market, referred to as BANC EIM Phase 1 (“Phase 1”).
- E. Other BANC Members and WAPA, whose facilities are also located within the BANC Balancing Authority Area, did not participate in Phase 1 to allow more time to address operational and contractual challenges.
- F. These other BANC Members and WAPA are now in a position to participate in the Energy Imbalance Market and, therefore, the Parties intend this

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Agreement to define such additional participation in the Energy Imbalance Market within the EIM Entity Balancing Authority Area, referred to as BANC EIM Phase 2.

- G. The Parties are entering into this Agreement to enable the EIM Entity to participate in the CAISO's Real-Time Market and to facilitate the provision of Energy Imbalance Market services within the EIM Entity Balancing Authority Area, including Real-Time transfers of Energy among the CAISO Balancing Authority Area and other EIM Entity Balancing Authority Areas.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, **THE PARTIES AGREE** as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1 **Master Definitions Supplement.** All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement to the CAISO Tariff unless defined below.

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(b) **EIM Participant** means a party to the BANC EIM Participation Agreement, as that agreement may be modified from time to time.

1.2 **Rules of Interpretation.** The following rules of interpretation and conventions shall apply to this Agreement:

- (a) if and to the extent a matter is specifically addressed by a provision of this Agreement, the provision of this Agreement shall govern notwithstanding any inconsistent provisions of the CAISO Tariff;
- (b) if and to the extent this Agreement provides that a matter shall be determined in accordance with the applicable provisions of the CAISO Tariff, the applicable provisions of the CAISO Tariff shall govern;
- (c) the singular shall include the plural and vice versa;
- (d) the masculine shall include the feminine and neutral and vice versa;
- (e) "includes" or "including" shall mean "including without limitation";

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The EIM Entity understands that SMUD's participation must, at this time, be accounted for separately from WAPA and the other BANC Members

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<#>EIM External Interties as defined in the CAISO Tariff shall include the interties between the EIM Entity Balancing Authority Area and the WAPA transmission system located within the Balancing Authority Area of the EIM Entity. ¶

<#>EIM Internal Interties as defined in the CAISO Tariff shall include the interties between the EIM Entity Balancing Authority Area and the CAISO Balancing Authority Area or other EIM Entity Balancing Authority Areas. ¶

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- (g) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented or restated through the date as of which such reference is made;
- (h) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced or restated from time to time;
- (i) unless the context otherwise requires, any reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having separate legal personality;
- (j) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;
- (k) any reference to a day, week, month or year is to a calendar day, week, month or year;
- (l) unless the context requires otherwise, “or” is used in the conjunctive sense; and
- (m) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II

RESPONSIBILITIES OF EIM ENTITY AND CAISO

- 2.1 Scope of Responsibilities.** The Parties are individually responsible for the reliable operation of their Balancing Authority Areas consistent with the Reliability Standards established by the Western Electricity Coordinating Council (“WECC”) and the North American Electric Reliability Corporation (“NERC”). Nothing in this Agreement is intended to change, supersede, or alter either Party’s obligations to abide by NERC and WECC Reliability Standards.
- 2.2 Tariff Provisions.** The CAISO shall provide open access to the Real-Time Market in accordance with the terms of the CAISO Tariff.

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2.3 EIM Entity Scheduling Coordinator. The EIM Entity shall be represented by an EIM Entity Scheduling Coordinator to implement the provisions of this Agreement, which may be the EIM Entity or another entity certified by the CAISO to perform the functions of an EIM Entity Scheduling Coordinator.

2.4 EIM Transmission Service and Resource Information. The EIM Entity shall provide information to the CAISO for Energy Imbalance Market purposes regarding the network topology of its EIM Entity Balancing Authority Area, non-participating resources, and loads in accordance with the CAISO Tariff and the Business Practice Manual for the Energy Imbalance Market. The EIM Entity will use reasonable efforts to provide accurate and complete information described in this section to the CAISO.

2.5 EIM Transmission Availability. The EIM Entity shall make available for use in the Real-Time Market transmission capacity within the EIM Entity Balancing Authority Area that is not otherwise encumbered, reserved, scheduled, or being used by EIM Participants, their transmission customers or by others and shall make arrangements with third party transmission service providers within the EIM Entity Balancing Authority Area that intend to enable Energy Imbalance Market services on their transmission systems to provide such transmission capacity on their systems for use in the Real-Time Market. The EIM Entity shall provide the CAISO with real time information regarding the availability of transmission capacity for use in the Energy Imbalance Market as provided in the CAISO Tariff and Business Practice Manual for the Energy Imbalance Market.

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2.6 EIM Entity Corrective Actions. The EIM Entity may take corrective action to address an issue with Energy Imbalance Market implementation or operation consistent with Section 29 of the CAISO Tariff.

2.7 EIM Entity Non-Jurisdictional Status. The CAISO acknowledges that the EIM Entity is an exempt entity as described in section 201(f) of the Federal Power Act, 16 U.S.C. 824(f) and this Agreement does not extend the Federal Energy Regulatory Commission's ("FERC") jurisdiction over the EIM Entity, as that jurisdiction may or may not exist beyond the terms of the Agreement.

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ARTICLE III

TERM AND TERMINATION

3.1 Effective Date. This Agreement shall be effective as of the later of the date it is executed by the Parties or the date it is accepted for filing and made effective by FERC and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.

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3.2 Termination

3.2.1 Termination by CAISO. The CAISO may terminate this Agreement by giving written notice of termination pursuant to Section 29.1(d) of the CAISO Tariff or in the event that the EIM Entity commits any material default under this Agreement or Section 29 of the CAISO Tariff that, if capable of being remedied, is not remedied within thirty (30) days after the CAISO has given the EIM Entity written notice of the default, unless the default is excused by reason of Uncontrollable Forces in accordance with Article IX of this Agreement. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the CAISO with FERC will be considered timely if (1) the filing of the notice of termination is made after the preconditions for termination have been met, and the CAISO files the notice of termination within sixty (60) days after issuance of the notice of default; or (2) the CAISO files the notice of termination in accordance with the requirements of FERC Order No. 2001. This Agreement shall terminate upon acceptance by FERC of such a notice of termination or thirty (30) days after the date of the CAISO's notice of default, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

3.2.2 Termination by EIM Entity. In the event that the EIM Entity no longer wishes to enable Energy Imbalance Market services within its Balancing Authority Area pursuant to the CAISO Tariff, it may terminate this Agreement on giving the CAISO not less than one-hundred and eighty (180) days written notice. The CAISO shall file a timely notice of termination with FERC after the termination date provided in the EIM Entity notice. Termination will be effective upon acceptance of the notice of termination by FERC; provided, however, that the EIM Entity's rights and obligations under this Agreement will terminate as of the termination date provided in the EIM Entity's notice of termination, regardless of any action or inaction by FERC with respect to any application by the CAISO to terminate this Agreement.

3.3 No Termination Charge. The CAISO shall not levy an exit fee or other charge associated with CAISO systems, procedures, or other changes required by the termination of the EIM Entity's participation in the Energy Imbalance Market as of the effective date of such notice, provided that EIM Entity obligations incurred under this Agreement prior to the effective date of such notice shall survive termination until satisfied.

ARTICLE IV**CAISO TARIFF**

- 4.1 Agreement Subject to CAISO Tariff.** This Agreement shall be subject to Section 29 of the CAISO Tariff, which shall be deemed to be incorporated herein as interpreted in accordance with sections 1.2(a) and 1.2(b) of this Agreement. The EIM Entity shall abide by, and shall perform, all of the obligations of EIM Entities under the CAISO Tariff.

ARTICLE V**COSTS**

- 5.1 Operating and Maintenance Costs.** The EIM Entity shall be responsible for all its costs incurred in connection with meeting its obligations under this Agreement.

ARTICLE VI**DISPUTE RESOLUTION**

- 6.1 Dispute Resolution.** The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the CAISO Tariff to Market Participants shall be read as a reference to the EIM Entity and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE VII**REPRESENTATIONS AND WARRANTIES**

- 7.1 Representation and Warranties.** Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.
- 7.2 Necessary Approvals.** The EIM Entity represents that all necessary rights, leases, approvals, permits, licenses, easements, access to operate in compliance with this Agreement have been or will be obtained by the EIM Entity prior to the effective date of this Agreement, including any arrangement with third party Balancing Authorities.

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ARTICLE VIII

LIABILITY

- 8.1 Liability for Damages.** Except as provided for in Section 13.3.14 of the CAISO Tariff and subject to Section 8.3, neither Party to this Agreement, nor any of its directors, officers, employees, consultants or agents nor any of its directors, officers, employees, consultants or agents, shall be liable to any other Party for any losses, damages (including consequential, incidental, punitive, special or indirect damages), claims, liability, costs, or expenses (including legal expenses) arising from the performance or non-performance of its obligations under this Agreement except to the extent that its grossly negligent performance of this Agreement (including intentional breach) results directly in physical damage to property owned, operated by, or under the operational control of any of the other Parties or in the death or injury of any person.
- 8.2 Exclusion of Certain Types of Loss.** Neither Party shall be liable to the other Party under any circumstances whatsoever for any punitive damages or consequential or indirect financial loss (including but not limited to loss of profit, loss of earnings or revenue, loss of use, loss of contract, or loss of goodwill) resulting from physical damage to property for which a Party may be liable under Section 8.1.
- 8.3 Indemnity.** The EIM Entity shall indemnify the CAISO and hold it harmless against all losses, damages, claims, liability, costs, or expenses (including legal expenses) arising from third party claims due to any acts or omissions of the EIM Entity, except to the extent that they result from intentional wrongdoing or gross negligence on the part of the CAISO or of its officers, directors, or employees. The CAISO shall give written notice of any third party claims against which it is entitled to be indemnified under this Section to the EIM Entity concerned promptly after becoming aware of them. The EIM Entity who has acknowledged its obligation to provide a full indemnity shall be entitled to control any litigation in relation to such third party claims (including settlement and other negotiations) and the CAISO shall, subject to its right to be indemnified against any resulting costs, cooperate fully with the EIM Entity in defense of such claims.

ARTICLE IX

UNCONTROLLABLE FORCES

- 9.1 Uncontrollable Forces Tariff Provisions.** Section 14.1 of the CAISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14.1 of the CAISO Tariff to Market Participants shall be

read as a reference to the EIM Entity and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE X

MISCELLANEOUS

- 10.1 Assignments.** Either Party may assign or transfer any or all of its rights or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the CAISO Tariff and no Party may assign or transfer any or all of its rights or obligations under this Agreement without such consent. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights or obligations under this Agreement as if said successor in interest were an original Party to this Agreement.
- 10.2 Notices.** Any notice, demand or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the CAISO Tariff, provided that all references in Section 22.4 of the CAISO Tariff to Market Participants shall be read as a reference to the EIM Entity and references to the CAISO Tariff shall be read as references to this Agreement, and unless otherwise stated or agreed shall be made to the representative of the other Party indicated in Schedule 1. A Party must update the information in Schedule 1 of this Agreement as information changes. Such changes shall not constitute an amendment to this Agreement.
- 10.3 Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.
- 10.4 Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply shall be brought in any of the following forums, as appropriate: any court of the State of California, any federal court of the United States of America located in the State of California, or, where subject to its jurisdiction, before FERC.
- 10.5 Consistency with State Laws and Regulations.** The participation under this Agreement by the EIM Entity, which is not a public utility under the Federal

Power Act, is subject in all respects to the laws and regulations of the state of its creation and to rate schedules adopted by its governing body under state law. FERC has exclusive jurisdiction to interpret this Agreement, and how it applies to the EIM Entity. However, in the event that the governing body of the EIM Entity, subject to state court review, determines that a conflict exists between the applicable state law, regulations, or rate schedules and the provisions of this Agreement as interpreted by FERC, such state law, regulations, or rate schedules shall, effective upon the CAISO's filing with FERC as described below, govern with respect to the application of this Agreement to the EIM Entity. Should the governing body of the EIM Entity determine that such a conflict exists, the EIM Entity must submit in writing to the CAISO documents notifying the CAISO of the governing body's determination of such a conflict and explaining both the conflict (including what state laws, regulations or rate schedules, and what provisions of this Agreement, are at issue) and what actions the governing board is taking in response to that determination. The CAISO will review the documents submitted by the EIM Entity and, if it determines that any modification to this Agreement that would become effective under this provision will not impair the efficiency of Energy Imbalance Market and will not make the EIM Entity's continued participation in Energy Imbalance Market unduly discriminatory or preferential, the CAISO will file the documents provided by the EIM Entity with the Commission. If the CAISO cannot make such a determination, then the CAISO will terminate this Agreement in accordance with Section 3.2.1 and the modification to this Agreement described in the documents will not take effect.

The EIM Entity shall notify the CAISO as soon as practicable after it identifies a potential conflict that it expects to ask its governing body to determine pursuant to this provision, and negotiate in good faith with the CAISO to modify this Agreement in a way that avoids the conflict.

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10.6 Merger. This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter.

10.7 Severability. If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

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10.8 Amendments. This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. Nothing contained herein shall be construed as affecting in any way the right of the CAISO to unilaterally make application to FERC for a change in the rates, terms and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder, and the EIM Entity shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under Sections 205 or 206 of the FPA and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

10.9 Counterparts. This Agreement may be executed in one or more counterparts at different times, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same Agreement.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: _____
Name: _____
Title: _____
Date: _____

Balancing Authority of Northern California

By: _____
Name: _____
Title: _____
Date: _____

SCHEDULE 1

NOTICES
[Section 10.2]

EIM Entity

Name of Primary
Representative: James R. Shetler
Title: General Manager
Company: Balancing Authority of Northern California
Address: P.O. Box 15830 MS D109
City/State/Zip Code: Sacramento, CA 95852-1830
Email Address: jimshetler@thebanc.org
Phone: (916)870-3774
Fax No: _____

Name of Alternative
Representative: C. Anthony Braun
Title: General Counsel
Company: Braun Blaising Smith Wynne, P.C.
Address: .555 Capitol Mall, Suite 570
City/State/Zip Code: Sacramento, CA 95814
Email Address: braun@braunlegal.com
Phone: (916)326-5812
Fax No: (916)330-4337

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CAISO

Name of Primary Representative: Regulatory Contracts
Title: N/A
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: RegulatoryContracts@caiso.com
Phone: (916) 351-4400
Fax: (916) 608-5063

Name of Alternative Representative: Christopher J. Sibley
Title: Manager, Regulatory Contracts
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: csibley@caiso.com
Phone: (916) 608-7030
Fax: (916) 608-5063

**Balancing Authority of Northern California
Resolution 20-06-17**

Authorization for the General Manager to Execute the California Independent System Operator Corporation and Balancing Authority of Northern California Amended and Restated EIM Entity Agreement

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

WHEREAS, BANC proposes to become the Energy Imbalance Market (“EIM”) Entity for the BANC EIM footprint; and

WHEREAS, for a balancing authority to become an EIM Entity, it must enter into, among other things, an EIM Entity Agreement (“EIM EA”) with the California Independent System Operator Corporation (“CAISO”) to address the ongoing operational relationship between BANC as the EIM Entity and the CAISO as the Market Operator; and

WHEREAS, in BANC Resolution Number 18-06-20, adopted on June 27, 2018, the Commission authorized the BANC General Manager to execute the EIM EA for BANC EIM Phase 1; and

WHEREAS, BANC EIM Phase 1, and the original EIM EA, only related to the participation of BANC as the EIM Entity with one EIM Participant, the Sacramento Municipal Utility District (“SMUD”);

WHEREAS, BANC EIM Phase 1 successfully commenced operating in April of 2019;

WHEREAS, subsequent to the operation of BANC EIM Phase 1, the Modesto Irrigation District (“MID”), the City of Redding (“Redding”), the City of Roseville (“Roseville”) and the Western Area Power Administration – Sierra Nevada Region (“WAPA”) determined that they desired to participate in EIM along with SMUD, referred to as “BANC EIM Phase 2”; and

WHEREAS, the Amended and Restated EIM EA before the Commission addresses the addition of MID, Redding, Roseville, and WAPA, along with SMUD, as EIM Participants within the BANC EIM Entity footprint for BANC EIM Phase 2.

NOW THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby authorize the BANC General Manager to execute the Amended and Restated EIM EA, in substantially final form to that provided to the Commission;

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 24th day of June 2020, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	James McFall				
City of Redding	Dan Beans				
City of Roseville	Michelle Bertolino				
City of Shasta Lake	James Takehara				
SMUD	Arlen Orchard				
TPUD	Paul Hauser				

Dan Beans
Chair

Attest by: C. Anthony Braun
Secretary