

Balancing Authority of Northern California

Regular Meeting of the Commissioners of BANC

2:00 P.M.

Wednesday, October 27, 2021

Teleconference Meeting

Balancing Authority of Northern California

NOTICE OF REGULAR MEETING AND AGENDA

Notice is hereby given that a regular meeting of the Commissioners of the Balancing Authority of Northern California (BANC) will be held on **October 27, 2021 at 2:00 p.m.** **This meeting will be conducted pursuant to the provisions of Assembly Bill 361. Some, or all, of the Commissioners may attend the meeting electronically or telephonically.**

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

Phone number: 1-408-418-9388

Meeting number (access code): 2551 120 2432

WebEx Meeting Link:

<https://braunblaisingsmithwynne.my.webex.com/braunblaisingsmithwynne.my/j.php?MTID=m3a0ffb97b0427f18b6d5e2c04a59b8aa>

AGENDA

- 1 Call to Order and Verification of Quorum.**
- 2 Matters subsequent to posting the Agenda.**
- 3 Public Comment** – any member of the public may address the Commissioners concerning any matter on the agenda.
- 4 Consent Agenda.**
 - A. Minutes of the Regular Commission Meeting held on September 22, 2021.
 - B. BANC Operator Report (September).
 - C. Compliance Officer Report (October).
 - D. PC Committee Chair Report (October).
 - E. General Manager's Report and Strategic Initiatives Update.
- 5 Regular Agenda Items – Discussion and Possible Action.**
 - A. Consider and Possibly Approve Resolution 21-10-17 *Determination that Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees as a Result of the Proclaimed State of Emergency.*
 - B. General Manager Updates.
 - i. EIM Update.
 - a. Consider and Possibly Approve Resolution 21-10-18 *Approval of Cash Reserve Requirements.*
 - b. Consider and Possibly Approve Resolution 21-10-19 *Extension of Binding Date for Flex Ramp Approach.*
 - c. Consider and Possibly Approve Resolution 21-10-20 *Approval of "Do Not Settle" UFE Election for BANC.*
 - ii. EDAM Update.
 - iii. SB100 Update.
 - C. Consider and Possibly Approve Resolution 21-10-21 *Approval of 2022 Annual Budget for BANC.*
 - D. Draft 2021/2022 Strategic Initiatives Review and Possible Acceptance.
 - E. Member Updates.
- 6 Closed Session:** Conference with legal counsel in anticipation of litigation pursuant to Cal. Gov't Code § 54956.9; anticipated FERC litigation.
- 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 administrator@braunlegal.com.

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

September 22, 2021

On this date, a Regular Meeting of the Commissioners of the Balancing Authority of Northern California was held telephonically, pursuant to the provisions of State of California Executive Order N-29-20 (3-17-2020).

Representatives:

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

Other Participants:

Jim Shetler	General Manager
Tony Braun	General Counsel
Kevin Smith	General Counsel
Brittany Iles	General Counsel
Jeanne Haas	Western Area Power Administration (WAPA)
Arun Sethi	WAPA
Brian Griess	WAPA

1. Call to Order: Mr. Shetler verified that there was a quorum to proceed; attendance is noted above. Chair McFall called the meeting to order at 2:02 p.m. Commissioner Hauser joined at the beginning of agenda item 5A.
2. Matters Subsequent to Posting the Agenda: Mr. Shetler noted that a briefing on Assembly Bill 361 would be included under the General Manager's report.
3. Public Comment (any matter not on the agenda): None.
4. Consent Agenda: Chair McFall invited comments from the Commission on the Consent Agenda, and there were none.

Public Comment: None.

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

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BALANCING AUTHORITY OF NORTHERN CALIFORNIA (BANC)

5. Regular Agenda Items – Discussion and Possible Action:

A. General Manager Updates:

As noted in agenda item 2, Mr. Braun introduced this item and Ms. Iles provided a briefing on AB 361, the expiration of Executive Order N-29-20, and related impacts to BANC Commission meetings after September 30, 2021. Commission discussion followed regarding potential options for future meetings.

i. EIM Update:

Mr. Shetler introduced this item, noting that Utilicast had held market participation strategy discussions with BANC EIM Participants.

a. Consider and Possibly Approve Resolution 21-09-14 Approval of BANC Energy Imbalance Market Resource Sufficiency Test Failure Allocation Methodology and Extension of Associated Grace Period.

Mr. Shetler introduced this item and responded to questions from Commissioners. Chair McFall requested clarification regarding the floor and ceiling prices. Mr. Shetler responded that the costs were \$/MWh and any required changes required for clarification purposes would be reflected in the approved document.

Public Comment: None.

ACTION: M/S (Hauser/White) to **approve Resolution 20-09-14 Approval of BANC Energy Imbalance Market Resource Sufficiency Test Failure Allocation Methodology and Extension of Associated Grace Period.** Motion carried by a unanimous roll call vote (Absent: Commissioner Takehara).

b. Consider and Possibly Approve Resolution 21-09-15 Authorization of Amendment to Extend Utilicast Contract for Services Related to Phase 2 Energy Imbalance Market Post Go-Live Support.

Mr. Shetler introduced this item. There were no questions from the Commission.

Public Comment: None.

ACTION: M/S (Hauser/Zettel) to **approve Resolution 20-09-15 Authorization of Amendment to Extend Utilicast Contract for Services Related to Phase 2 of Energy Imbalance market Post Go-Live Support.** Motion carried by a unanimous roll call vote (Absent: Commissioner Takehara).

Mr. Shetler continued with additional EIM updates, including impacts related to BPA joining EIM in 2022 and developments related to BANC cash reserves, responding to questions from the Commission.

ii. EDAM Update – Discussion and Recommendation on Next Steps.

Mr. Shetler introduced this item, recommending that BANC continue to support and participate in this effort. Chair McFall, Alternate Commissioner White, Alternate Commissioner Zettel, Alternate Commissioner Lewis provided comments.

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iii. SB 100 Update and Briefing on Management of Expected Data Request(s).

Mr. Shetler provided an update on this effort and responded to questions from the Commissioners.

iv. NWPP Resource Adequacy Program Discussion and Decision on Phases 3A & 3B.

Mr. Shetler shared that this effort has been renamed the Western Resource Adequacy Program (WRAP). He provided an overview of considerations related to signing on to this program and recommended, following review with the Resource Committee, that BANC suspend further participation in WRAP and reevaluate once the program is operational and/or if Resource Adequacy needs dictate. Chair McFall invited comments from the Commission, and Alternate Commissioner Zettel, Chair McFall, Alternate Commissioner White, and Alternate Commissioner Lewis weighed in, supporting the recommendation.

Public Comment: None.

B. Budget Review Discussion – Updated Draft 2022 BANC Budget.

Mr. Shetler provided an overview of the Draft 2022 BANC Budget, noting a change to PA-5 for EIM Participation for additional funds related to the Utilicast extension. He stated his intent to bring the budget back for approval at a future Commission meeting. A memo to WAPA will be drafted outlining impacts to the Project Participation Agreements for 2022.

Public Comment: None.

C. Draft 2021/2022 Strategic Initiatives Review and Discussion.

Mr. Shetler shared the draft initiatives and responded to questions from the Commission. He clarified that items that were identified as duplicates would be addressed in a future version.

Public Comment: None.

D. Member updates:

Alternate Commissioner White provided an update on Roseville's projects with Department of Water Resources at the Roseville Energy Park. As shortages are predicted in future years, the governor issued a proclamation on June 30th looking to quickly bring additional resources to the grid. Sites where mobile generators could be quickly interconnected were being sought, and Roseville had a viable site where a spare transformer was available for interconnection. Commercial go-live for the project was expected on September 22, 2021.

Alternate Commissioner Lewis shared that SMUD was approached by the state in August to find out if they had any load that could participate in the emergency load reduction program that was being created as part of the same executive order. SMUD was able to identify at least one customer that was interested in providing support if needed, and work continues around feasibility and implementation details.

6. Closed Session: The Commission retired to closed session at 3:26 p.m. for conference with legal counsel in anticipation of litigation pursuant to subdivision (c) of Cal. Gov't Code § 54956.9.

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The Commission adjourned from closed session at 3:45 p.m., where no formal action was taken.

Minutes approved on October 27, 2021.

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 September 2021

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- Declared BA Energy Emergency Alert Level (EEA): EEA0
- 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
 - 10 of 30 days with instances of USF mitigation procedure utilized
 - 0 days on Path 66
 - No operational impact on BANC
- BAAL Operation:
 - Maximum duration of BAAL exceedance: 7 Minutes
 - *7 min 9/21/21 – low exceedance caused by forced outage of generating units*
 - Number of BAAL exceedance >10 minutes: None
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2021 Frequency Response Obligation (FRO): -15.5 MW/0.1Hz

Monthly Notes:

- No additional notes or impacts for September 2021

A JOINT POWERS AUTHORITY AMONG

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

Compliance Officer Report

BANC Commission Meeting

October 2021

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

BA Compliance Issues:

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

BANC MCRC:

- The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, October 25th via teleconference.

PC Committee Chair Report

BANC Commission Meeting

October 2021

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

BANC PC Committee Updates or Issues:

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

- FAC-002-3 - The third and final report, "FAC-002-2 Eureka Way - Oregon Transmission Line Reconductor Project Compliance Documentation -BANC – Final" was completed on September 24th and posted on the BANC Members Only site. All FAC-002 project reports were shared with BANC PC participants, and BANC PC participants were requested to inform whether there are new projects for 2022.
- FAC-014-2 - The final report was completed on September 24th and shared with the BANC PC participants and external parties. The final report was also posted in the BANC Members Only site.
- MOD-033-1 Steady-State and Dynamic System Model Validation – The data for the steady state portion of the validation was received, and the validation study is set to be completed by the end of October.
- TPL-001-4 - Transmission System Planning Performance – The study report is being drafted and updated to include recommendations from the Archer mock auditors. A draft report was sent out on October 8th to be reviewed by PC participants and finalized by October 22nd.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-3 Interconnection Studies	100%	There are 3 materially modifying transmission facilities projects at the BANC area and all assessments and reports have been completed.
2	FAC-010-3 SOL Methodology for Planning Horizon	100%	The finalized version was sent to external stakeholders and BANC PC Participants on 12/28/2020.
3	FAC-014-2 Establish and Communicate SOLs	100%	Final report shared with BANC PC Participants and external parties on 9/24/2021.
4	IRO-017-1 Outage Coordination	0%	Will send out the annual assessment report to neighboring RCs upon completion of the report.
5	MOD-031-2 Demand and Energy Data	100%	2021 Loads and Resources Supplemental Data Request was completed and uploaded to the WECC EFT server.
6	MOD-032-1 Data for Power System Modeling & Analysis		Ongoing activity.
7	MOD-033-1 System Model Validation	80%	Dynamic portion is complete, steady state portion is to be completed by end of October. Data for steady state validation was received from the PC participants.
8	PRC-006-5 Underfrequency Load Shedding	100%	BANC PC data request was completed and submitted to the WECC OFSPR group data collector. The data was then compiled into a report by the WECC OFSPR group and submitted to WECC staff.
9	PRC-010-2 Undervoltage Load Shedding	100%	Study has been completed. The report was finalized on 12/30/2019.
10	PRC-012-2 Remedial Action Schemes	80%	New Standard to be effective on 1/1/2021. Study Plan finalized on 4/10/2020. Working on performing studies for each RAS scheme.

	PC Standard	Estimated % Complete	Notes
11	PRC-023-4 Transmission Relay Loadability	100%	The final report was sent out on 7/12/2021.
12	PRC-026-1 Relay Performance During Stable Power Swings	100%	The final report was sent out on 8/27/ 2021 to BANC PC Participants.
13	TPL-001-4 Transmission System Planning Performance	90%	The report is being drafted as well as additional cascading analysis being performed. Other recommendations made by the Archer auditors are being incorporated into the study report.
14	TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events	100%	Registered the SMUD/BANC PC GIC monitoring device at Carmichael with NERC – compliance requirement. Made request to the GIC manufacturer to increase sampling rate from the default once every hour to once every 10s or faster per NERC recommendation SMUD sent the TPL-007-4 requirement R12 and R13 to the BANC PC members. The effective date for these requirements is 7/01/2021.

GM Report

BANC Commission Meeting

October 27, 2021

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

Outreach Efforts:

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

LADWP/Seattle City Light/SRP

Dialogue continues with these entities regarding EIM participation. Based upon the group's discussions, we have agreed to continue to interact on an informal basis to make sure we are aligned on EIM issues from a POU perspective. We are routinely holding bi-weekly calls to provide updates and discuss issues. To date, we have collaborated with the other POUs on joint language to use in the EIM Entity agreement, 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. We have also been using this forum to discuss potential 2020 heat wave impacts on EIM and EDAM design. We expect this group will become more active as the EDAM stakeholder process is reinitiated.

POU Western Markets Initiative

BANC continues to participate in this effort, which is being coordinated by APPA. The group has stepped back and is taking a less formal role with occasional update conference calls. The last call was on September 21.

Coronavirus Restrictions

Though restrictions on public gatherings and travel have been relaxed, BANC continues to generally use remote meeting attendance, both for our own internal member meetings, as well as outside meetings. We are starting to relax some of these restrictions as the ability to have gatherings is increased. 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.

Summer 2021 Heat Waves

California has seen several heat wave events this summer. BANC has been proactive in preparing for and responding to these events. This has included the BANC Operator holding daily heat wave briefings with the BANC participants on status. The BANC Operator will provide an update on these events at Commission meetings as appropriate.

Market Initiatives:

EIM Participation

Staff continues monitoring EIM participation. CAISO quarterly benefit reports continue to show that BANC is seeing benefits from EIM participation, with the 2nd Quarter 2021 report showing gross benefits of \$18.12 million. This is the first quarterly report for BANC EIM Phase 2 operations.

With respect to BANC EIM Phase 2 effort, BANC has been passing both the EIM Capacity and Flex Ramp tests with a high success rate. BANC staff have transitioned the EIM Committee from a project oversight function to a market monitoring/improvement function. This has included the formation of a Technical Evaluation Subcommittee and a Settlements Subcommittee. Staff provided a recommendation to the Commission at the September meeting regarding the Flex Ramp Approach, which the Commission approved. Additional dialogue is being held at the working level regarding a potential “pooling” concept for Flex Ramp among the WAPA Sub-BA participants. As these discussions progress staff will provide more updates to the Commission.

EDAM Participation

The EDAM stakeholder process was on hold due to the CAISO’s focus on 2021 Summer readiness. The EIM Entities were also focused on summer readiness. With the end of the summer months, the CAISO held a Market Forum on October 13, 2021, to address next steps with EDAM. The efforts of the sub-group discussions among the CAISO, PTOs, and EIM Entities was reported out as the basis for reinitiating the EDAM stakeholder process. The CAISO is looking at an expedited process with a goal of a final EDAM design by the end of 2022, implementation efforts in 2023, and initial go-live in 2024.

Other Market Developments

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

1. SPP has announced its Markets + effort to support utilities in the West with a range of market options from EIM to full RTO services.
2. A group of Western utilities have formed a group called Western Market Exploratory Group (WMEG) with a stated purpose of identifying what a full market in the West should entail.

WAPA:

Market Engagement

WAPA-SNR was also successful in its EIM Phase 2 go-live on March 25, 2021.

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

San Luis Transmission Project

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

WECC

WECC Board Meetings

The latest WECC MAC and Board meetings were held on September 8-9, 2021, which was also the annual membership meeting. This was a virtual meeting. The next set of meetings is scheduled for December, which are also expected to be virtual.

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

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

NWPP

Resource Adequacy Project

As agreed at the September meeting, BANC has informed NWPP that it will not be participating in Phase 3 of the Western Resource Adequacy Project (WRAP) due to our lack of ability to have firm, long-term transfer capability at Mid-C, which is the hub for the WRAP interchanges. To date there are ~22 entities across the West that have indicated intent to participate in the WRAP.

RSG and FRSG Participation

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

CDWR Delta Pumping Load:

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

SB100 Implementation

As part of SB100, the CPUC, CEC, and CARB (Joint Agencies) are required to collaborate with the California BAs to develop a quadrennial report on the status of achieving the goals of SB100. The four POU BAs (BANC, IID, LADWP, and TID) are collaborating on positions and responses. 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. The Joint Agencies held an outreach meeting with the California BAs on August 25, 2020, to brief the BAs on the results of the Agencies initial analysis. This was followed by a public workshop on September 2, 2020. BANC coordinated with the POU BAs via CMUA and filed joint comments on September 15, 2020. The final report was scheduled for submittal to the Legislature in early January 2021; however, it was delayed and not issued until 3/15/21. The CEC did reach out to the POU BAAs via CMUA in early March seeking more engagement with the BAAs for the next round of analysis for the SB100 effort. The POU BAAs are coordinating via CMUA on how to engage in this request. A subgroup of the POU BAAs, including BANC, participated in a Joint Agency SB100 workshop on June 2, 2021. We have also had several follow-up discussions with the Joint Agencies. Based upon recent discussions, we are working with the other POU BAAs to hire consulting support for this effort. We are also working on concepts for a reliability analysis effort and providing current known interconnection queue information as well as forecast renewable resource procurement assumptions.

Western Electricity Industry Leaders (WEIL) Group

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

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

Initial draft reports have been developed by the work groups and are now being reviewed both by WEIL and the state energy policy advisors. The goal was to have a set of actionable recommendations that could be presented to the December Western Governors meeting. However, it is now expected that it will be later in 2021 before we are ready for any possible recommendations. The WEIL group discussed and reached consensus at its February CEO meeting on a position statement for this effort. WEIL continues to coordinate with CNEE and the key state energy advisors on next steps in this effort.

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

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

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

Strategic Initiatives

An update of the 2020/2021 Strategic Initiatives is attached to this report. The final draft 2021/2022 Strategic Initiatives will be presented at the October Commission meeting.

BANC 2020/2021 Strategic Plan - Routine Initiatives October 2021 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
1 Medium	INDEPENDENCE	Effectively oversee the BA operations.	Jim Shetler	Ongoing	See monthly Ops, PC, Compliance, & GM Reports
2 Medium		Maintain long-term succession plan and traits for General Manager	Jim Shetler/Commission	Ongoing as Necessary	Revisit in 2022
3 Medium	OUTREACH	Engage in industry forums (WECC, Peak, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & NWPP Exec. Forum meetings
4 Medium		Coordinate with other POU BAs (Ca and regionally)	Jim Shetler	Ongoing	Coordinating with SCL/SRP/LA/TP/TID on EIM/EDAM & SB100
5 Medium		Outreach to regulatory and legislative bodies on key issues	Jim Shetler/BBSW	Ongoing as Necessary	Participating in WEIL group outreach to West governors
6 Medium		More formal engagement with TID on BA/EIM/EDAM issues	Jim Shetler/BBSW	Ongoing	Continue periodic discussions on areas of collaboration
7 Medium	ASSETS	Evaluate joint options for resource needs for BA	Resource Committee	4th Qtr. 2021	Initiating discussions on possible BANC resource addition/ RFP
8 Low	MEMBER SERVICES	Identify and outreach to potential new BANC members	Jim Shetler	Ongoing	

BANC 2020/2021 Strategic Plan - Focused Initiatives October 2021 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	3/25/21	COMPLETED on 3/25/21
10 High		Manage EIM Phase 2 Going Forward	Jim Shetler/SMUD	Ongoing	Initiated Phase 2 operations including Tech Analysis & Settlements committees
11 High		EDAM evaluation effort ~ CAISO Stakeholder Process ~ CAISO Tariff Development	Jim Shetler/BBSW Jim Shetler/BBSW	3rd Qtr. 2021 1st Qtr. 2022	On Hold/Fall restart On Hold
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 effort on WIRED issues
14 High		Regionalization: ~Monitor CAISO GRC effort	Jim Shetler/BBSW	4th Qtr. 2021	GRC proposals adopted by GB & BOG
15 High		Coordinate with CA BAs on SB100 effort	Jim Shetler/BBSW	12/31/21	CEC issued report 3/15/21; Initiating coordination effort between CEC & BAAs
16 Medium	ASSETS	Evaluate resource criteria for BANC long-term needs	Jim S./Res. Com.	4th Qtr. 2021	Initiating discussions on possible BANC resource addition/ RFP
17 Medium	MEMBER SERVICES	Evaluate possible support to participants for EIM operations	Jim S.	Ongoing	Approved EIM Participation Agreement Amendments

Balancing Authority of Northern California

Agenda Item 5A

1. ***Resolution 21-10-17 Determination that Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees as a Result of the Proclaimed State of Emergency.***

Braun Blaising Smith Wynne, P.C.

Attorneys at Law

10/17/21

To: BANC Commission

From: BANC Counsel

RE: Ralph M. Brown Act AB 361 Revisions

On September 16, 2021, the Governor of California signed Assembly Bill (“AB”) 361. This bill clarifies required applicable public agency meeting rules upon expiration of Executive Order N-29-20, under which we have been conducting BANC Commission meetings. AB 361 authorizes a local agency to hold meetings telephonically or virtually without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act (“Brown Act”) under certain conditions and upon findings from the legislative body of a local agency. Failure to make these findings would require several changes to the practices which we have been utilizing since all BANC Commission meetings have been under the Executive Order. Notably, all locations at which Commissioners are present and participating in the meeting would have to be noticed with an opportunity for public attendance at the location.

BANC Counsel recommends that the Commission make a determination that meeting in person would present imminent risks to the health or safety of attendees due to the current proclaimed state of emergency.

Background

On March 4, 2020 the Governor of California proclaimed a state of emergency in California as a result of the threat of COVID-19. On March 17, 2020, the Governor issued Executive Order N-29-20 authorizing exemptions to certain requirements under the Ralph M. Brown Act to facilitate virtual meetings of a legislative body of a local agency. Specifically, N-29-20 suspended the requirements that:

- (i) State and local bodies notice each teleconference location from which a member will be participating in a public meeting;
- (ii) Each teleconference location be accessible to the public;
- (iii) Members of the public may address the body at each teleconference conference location;
- (iv) State and local bodies post agendas at all teleconference locations;
- (v) At least one member of the state or local body be physically present at the location specified in the notice of the meeting; and

- (vi) During teleconference meetings, at least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction.

On June 11, 2021, the Governor issued Executive Order N-08-12 extending the provisions of N-29-20 until September 30, 2021. All previous meetings of the BANC Commission have been held virtually pursuant to the suspended notice provisions of N-29-20 due to the proclaimed state of emergency.

On September 16, 2021, the Governor of California signed Assembly Bill 361 which provides for the continued suspension of the above Brown Act requirements for virtual meeting when a legislative body of a local agency holds a meeting during a declared state of emergency and either (i) state or local officials have imposed or recommended measures to promote social distancing, or (ii) the legislative body holds a meeting for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

Determination

We do not believe the state and local rules put in place meet the requirement of “imposed or recommended measures to promote social distancing,” as the focus of these rules is on masking and close gatherings of large amounts of people are allowed. BANC Counsel is recommending that the BANC Commission make a determination that meeting in person would present imminent risks to the health or safety of attendees. Should the Commission decide not to make this determination, the meeting will be ended and all further items on the agenda will be held to a subsequent meeting in order to allow for compliance with all teleconference meeting requirements pursuant to the Brown Act as specified above.

This determination will remain effective for 30 days. After which time, the Commission shall, not later than 30 days after teleconferencing for the first time pursuant to the above provisions of AB 361, and every thirty (30) days thereafter, make a finding that the Commission has reconsidered the circumstances of the state of emergency and found any of the following circumstances to exist:

- (i) The state of emergency continues to directly impact the ability of the members to meet safely in person.
- (ii) State or local officials continue to impose or recommend measures to promote social distancing.

**Balancing Authority of Northern California
Resolution 21-10-17**

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

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

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

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

WHEREAS, the BANC Commission has been holding Board Meetings virtually pursuant to the notice provisions of N-29-20 due to the proclaimed state of emergency; and

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

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

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

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of October 2021, 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	Paul Lau				
TPUD	Paul Hauser				

James McFall
Chair

Attest by: C. Anthony Braun
Secretary

Balancing Authority of Northern California

Agenda Item 5B

1. **Resolution 21-10-18 *Approval of Cash Reserve Requirements.***
2. **Attachment A to Resolution 21-10-18: BANC Cash Reserve Calculation.**
3. **Resolution 21-10-19 *Extension of Binding Date for Flex Ramp Approach.***
4. **Exhibit A: Annual UFE Election Letter for 2022**
5. **Resolution 21-10-20 *Approval of “Do Not Settle” UFE Election for BANC.***
6. **Extended Day-Ahead Market (EDAM): Common Design Principles & Concepts.**



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

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

10/18/21

To: BANC Commission
From: BANC General Manager
RE: Establishment of a BANC Minimum Cash Reserve

BANC staff are requesting that the Commission establish a minimum cash reserve in order to ensure our ability to pay expected invoices. Traditionally, BANC has had a predictable cash flow requirement based upon our stable budget forecasts. This allowed accounting to accurately predict needed member cash calls to maintain an adequate cash balance. With our participation in EIM, we are exposed to more fluctuations in potential cash needs due to possible market dynamics. We originally believed we had estimated our budget for EIM to take this into account, but our operational experience over the course of the summer is requiring us to recalibrate our original estimates.

The August 2021 EIM invoice from the CAISO included a confluence of two unusual issues:

1. Initial Settlement Statement for 7/9 (\$1,933,678.16) resulting from the heat wave event; and
2. Recalculated Statements for April trade dates (\$327,516.73) resulting from initial errors.

The combined invoice amount of \$2,261,194.89 put BANC into a potential overdraft situation with our cash on hand. Fortunately, SMUD was willing to step up and provide the additional \$750,000 to cover the balance to pay the invoice, which provided a short-term solution. However, this imposes an undue burden on SMUD and is not an appropriate long-term solution. Staff therefore recommends that BANC increase its cash reserves to ensure it always has sufficient cash on hand to pay its obligations and to ensure that the timing of invoice payments to CAISO and the payment of other invoices for BANC's EIM Participants don't put BANC in another overdraft situation.

SMUD financial and settlement team members have reviewed the data that led to the August invoice, which caused the overdraft, in conjunction with expected cash inflows and compared that data to expected monthly cash needs for BANC. Since April, BANC has had average cash outflows of approximately \$1.7M monthly. Based on this data, it is recommended

A JOINT POWERS AUTHORITY AMONG

Modesto Irrigation District, City of Redding, City of Roseville, Trinity Public Utilities District,

City of Shasta Lake, and Sacramento Municipal Utility District



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

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that a sufficient reserve balance would be equal to the highest expected CAISO invoice plus approximately 30%.

In analyzing this issue, SMUD (BANC Accounting, Treasury, Settlements) and the BANC GM developed two scenarios for the highest expected CAISO invoice, as outlined in the attached spreadsheet. It is being recommended that BANC consider establishing a cash reserve of \$2,500,000, as outlined in Scenario 2, which would result in the participant cash calls shown in the attached. This recommended cash call would result in both establishing the \$2,500,000 cash reserves and providing the reimbursement to SMUD of the other EIM Participants' share of the \$750,000 advanced by SMUD. It is further recommended that the EIM Settlements Working Group:

1. Review EIM invoices for the 4th Quarter 2021 and 1st Quarter 2022 to determine if the above proposed cash reserve levels are sufficient;
2. Review the expected situation for the summer of 2022 to determine if any special adjustment might be warranted for the summer peak months; and
3. Report back to the EIM Committee and Commission on the results of these reviews during the 2nd Quarter of 2022.

A JOINT POWERS AUTHORITY AMONG

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

**Balancing Authority of Northern California
Resolution 21-10-18**

APPROVAL OF CASH RESERVE REQUIREMENTS

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

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

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

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

WHEREAS, BANC EIM Phase 2 successfully launched on March 25, 2021; and

WHEREAS, participation in the EIM market has resulted in an exposure to increased fluctuations in potential cash needs due to market dynamics; and

WHEREAS, operational experience in EIM has demonstrated that the amount previously thought to be sufficient to cover these fluctuations can no longer be considered adequate; and

WHEREAS the General Manager has worked with SMUD (BANC Accounting, Treasury, and Settlements) team members to review the available data and provide a recommendation.

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

1. Authorize the plan to establish a cash reserve of \$2,500,000; and
2. Direct the BANC Treasurer to assess each BANC EIM Participant in accordance with the cash calls outlined in Scenario 2 in Attachment A to this resolution.
3. Direct the EIM Settlements Working Group to:
 - a. Review EIM invoices for the 4th Quarter 2021 and 1st Quarter 2022 to determine if the above proposed cash reserve levels are sufficient;
 - b. Review the expected situation for the summer of 2022 to determine if any special adjustment might be warranted for the summer peak months; and
 - c. Report back to the EIM Committee and Commission on the results of these reviews during the 2nd Quarter of 2022.

**Balancing Authority of Northern California
Resolution 21-10-18**

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of October 2021, 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	Paul Lau				
TPUD	Paul Hauser				

James McFall
Chair

Attest by: C. Anthony Braun
Secretary

Attachment A to Resolution 21-10-18

BANC Cash Reserve Calculation New

Total Cash Reserve Calculations

	Scenario #1	Scenario #2 Highest Invoice less April Adj
Original Amount	\$ 1,049,663.20	\$ 1,049,663.20
Additional	1,950,336.80	1,450,336.80
Suggested	<u>\$ 3,000,000.00</u>	<u>\$ 2,500,000.00</u>

Member Cash Call (Scenario 1)

Member	Allocation	Amount	Due from Member
SMUD	64.30%	1,254,066.56	504,066.56
MID	14.60%	284,749.17	284,749.17
WAPA	8.60%	167,728.96	167,728.96
ROSEVILLE	6.90%	134,573.24	134,573.24
REDDING	5.60%	109,218.86	109,218.86
Total		<u>1,950,336.80</u>	<u>1,200,336.80</u>

Member Cash Call (Scenario 2)

Member	Allocation	Amount	Due from Member
SMUD	64.30%	932,566.56	182,566.56
MID	14.60%	211,749.17	211,749.17
WAPA	8.60%	124,728.96	124,728.96
ROSEVILLE	6.90%	100,073.24	100,073.24
REDDING	5.60%	81,218.86	81,218.86
Total		<u>1,450,336.80</u>	<u>700,336.80</u>

Notes:

- 1) Suggested collateral (Scenario #1) is based on highest invoice to date (\$2,261,194.89), plus approximately 30%.
- 2) Suggested collateral (Scenario #2) is based on highest invoice to date excluding prior period adjustments (\$2,261,194.89-\$327,516.73), plus approximately 30%.
- 3) SMUD wired \$750,000 to BANC on 8/10/21 to cover the NSF and provide near term working capital. The amounts due are net of this amount.
- 4) Collateral to be evaluated annually
- 5) Any time the collateral is used a review of the collateral, including contributing factors will be reviewed by the Accounting, Settlements and Treasury teams.

Additional Information:

These are the 2 invoices that made up the bulk of the April repayment. The 8/2 invoice is the invoice that caused the NSF, which was influenced by the prior week April repayment and the large July invoiced amount.

SC_ID	Inv_Type	Bill Period	Inv_\$Amount	Inv_Due Date
BNCS	T+9B Initial	07/09-07/15/2021	1,933,678.16	
	T+70B Recalc	04/09-04/15/2021	327,516.73	
2021072731-49936089		Invoice Total	2,261,194.89	8/2/2021

Total April payback: 1,370,574.82
 Total July Invoices: 2,550,103.32

SC_ID	Inv_Type	Bill Period	Inv_\$Amount	Inv_Due Date
BNCS	T+9B Initial	07/01 - 07/08/2021	-\$1,490.52	
	T+70B Recalc	04/02 - 04/08/2021	\$1,043,058.09	
2021072031-49836900		Invoice Total	\$1,041,567.57	7/26/2021

Other Invoices covering July

SC_ID	Inv_Type	Bill Period	Inv_\$Amount	Inv_Due Date
BNCS	T+9B Initial	07/16-07/22/2021	269,649.72	
	T+70B Recalc	04/16-04/22/2021	140,119.05	
2021080331-50115762		Invoice Total	409,768.77	8/9/2021

SC_ID	Inv_Type	Bill Period	Inv_\$Amount	Inv_Due Date
BNCS	T+9B Initial	07/23-07/29/2021	\$80,874.80	
	T+70B Recalc	04/23-04/29/2021	\$65,223.19	
	T+9M Recalc	10/01-10/31/2020 + OCT 2020 EOM	\$67.70	
	T+18M Recalc	01/01-01/31/2020 + JAN 2020 EOM	\$64.08	
2021081031-50214000		Invoice Total	\$146,229.77	8/16/2021

SC_ID	Inv_Type	Bill Period	Inv_\$Amount	Inv_Due Date
BNCS	T+9B Initial	07/30-07/31/2021 + Jul 2021 EOM	267,391.16	
	T+9B Initial	08/01-08/05/2021	180,065.21	
	T+70B Recalc	04/30/2021 + Apr 2021 EOM	34,919.00	
	T+70B Recalc	05/01-05/06/2021	268,861.24	
2021081731-50265648		Invoice Total	751,236.62	8/23/2021



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

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

10/19/21

To: BANC Commission

From: BANC General Manager

RE: Request for Extension of the “Binding” Date for the EIM Flex Ramp Test Allocation Methodology

At its meeting on September 22, 2021, the Commission approved Resolution No. 21-09-14 establishing the approach for allocating compensation between EIM participants for supporting the EIM Flex Ramp Test. This resolution also set December 1, 2021, as the “binding” date when payments would be imposed upon the participants. The period between the end of September 2021 and end of November 2021 was to be used by participants as a trial period to ensure the processes for calculating and settling EIM Flex Ramp Test support are properly established.

Subsequent to this approval, the EIM Technical and Settlements sub-committees have been evaluating an option proposed by WAPA to use a Sub-Balancing Authority (BA) pooling arrangement for management of the EIM Flex Ramp Test. This approach would allow the participants in the WAPA Sub-BA to pool their EIM Flex Ramp Test requirements and resources. Initial analysis indicates that this would greatly reduce the incident of individual participant EIM Flex Ramp Test failures. This proposal has been reviewed by the Technical and Settlements sub-committees and by the EIM Committee and has received support from all participants as the best approach to deal with this issue. However, the teams require more time to review the proposal, define the implementing processes, and determine the need for any software updates to implement this proposed alternative. It is the consensus of the participants that it would not be an efficient use of staff time to implement the currently approved approach only to replace it soon after with this proposed alternative approach.

Therefore, the General Manager is requesting that the Commission approve an up to 90-day extension of the “binding” date for the EIM Flex Ramp Test allocation methodology to allow staff and participants time to finalize the approach for this alternative. Staff will return before the end of this 90-day period with a formal proposal for proceeding with this issue for Commission approval.

A JOINT POWERS AUTHORITY AMONG

Modesto Irrigation District, City of Redding, City of Roseville, Trinity Public Utilities District,

City of Shasta Lake, and Sacramento Municipal Utility District

**Balancing Authority of Northern California
Resolution 21-10-19**

EXTENSION OF BINDING DATE FOR FLEX RAMP APPROACH

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

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

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

WHEREAS, BANC EIM Phase 2 successfully launched on March 25, 2021; and

WHEREAS, participation in the EIM, operated by the California Independent System Operator (“CAISO”), requires that BANC, as the EIM Entity, must pass certain hourly and sub-hourly Resource Sufficiency (“RS”) tests (“RS Tests”) conducted by the CAISO to ensure that participating Balancing Authority Areas do not lean on the EIM to serve their underlying load serving obligations; and

WHEREAS the RS Tests include, among them, a RS “Balancing Test” to ensure sufficient capacity to meet load and a RS flexibility test, or “Flex Test” to ensure sufficient upward and downward ramping capability by each EIM Entity to address forecast and resource variability, in the real time market; and

WHEREAS, in recognition of the complexities and challenges of the Flex Test and BANC’s lack of operational history, the Commission, through Resolution 20-11-11, adopted a Grace Period, whereby no costs associated with failures of the Flex Test by EIM Participants will be allocated; and

WHEREAS, the General Manager, in consultation with the EIM Committee, determined that, in order to facilitate the adoption of the proposed allocation methodology for the costs associated with EIM Participant failures of the Flex Test, an extension of the Grace Period was warranted; and

WHEREAS the Commission, through Resolution 21-09-14 approved a proposed extension of the Grace Period for the allocation of Flex Test failure costs to EIM Participants from September 30, 2021, to November 30, 2021; and

WHEREAS, subsequent to the approval of Resolution 21-09-14, the EIM Technical and Settlements sub-committees have been evaluating an option proposed by WAPA to use a Sub-Balancing Authority pooling arrangement for management of the EIM Flex Ramp Test; and

WHEREAS initial analysis indicates that this would greatly reduce the incident of individual participant EIM Flex Ramp Test failures; and

WHEREAS this proposal has been reviewed by the Technical and Settlements sub-committees and by the EIM Committee and has received support from all participants; and

WHEREAS the teams require more time to review the proposal, define the implementing processes, and determine the need for any software updates to implement this proposed alternative.

**Balancing Authority of Northern California
Resolution 21-10-19**

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

1. Approve an up to 90-day extension of the “binding” date for the EIM Flex Ramp Test allocation methodology to allow staff and participants time to finalize the approach for this alternative; and
2. Direct BANC Staff to return for Commission approval of a formal proposal for proceeding with this issue before the end of this 90-day period.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of October 2021, 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	Paul Lau				
TPUD	Paul Hauser				

James McFall
Chair

Attest by: C. Anthony Braun
Secretary



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

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

10/20/21

To: BANC Commission

From: BANC General Manager

RE: BANC EIM Annual UFE Election for CAISO EIM Settlements

BANC staff are requesting that the Commission authorize the General Manager to execute the 2022 Annual Unaccounted for Energy (UFE) Election Letter with the California Independent System Operator Corporation (CAISO), provided as Exhibit A to this memorandum, in accordance with what is described further below.

Background

BANC serves as the Energy Imbalance Market (EIM) Entity and the EIM Entity Scheduling Coordinator (SC) for the BANC EIM footprint. As the SC, BANC must allocate EIM settlement charges and credits to EIM Participants. One of these settlement charges relates to UFE, which reflects unaccounted for costs attributable to meter measurement errors, power flow modeling errors, energy theft, statistical Load profile errors, and distribution loss deviations. Due to the nature of UFE costs, they are highly utility-specific and pose challenges when allocated on the BANC percentage share basis to EIM Participants. More specifically, UFE costs are not being allocated based on cost causation principles, rather through the more general allocations developed for BANC EIM cost sharing. This can potentially result in cost-shifting among EIM Participants. Most of the UFE costs relate to our use of static losses under OATTs as opposed to marginal losses settled for entities inside the CAISO BAA. Recognizing this issue, which is not just applicable to BANC but other EIM Entities as well, the CAISO has developed an “election” to allow EIM Entities to select whether they want the CAISO to settle their UFE. If the EIM Entity opts not to have UFE settled with the CAISO, these costs will be collected more directly from EIM Participants through imbalance energy pricing and other charge types. As such, this will avoid assigning UFE to BANC, which may have no relationship to the actual UFE contribution of the individual EIM Participants in the BANC EIM footprint.

The UFE election is annual, so the next election at issue is for 2022 and must be made by October 31, 2021. Each year BANC will need to make this election.

If BANC were to elect to settle UFE, the CAISO will continue to settle UFE and there will be no changes to the BANC settlement allocation Charge Codes and the current BANC EIM Sub-allocation process. On the other hand, by selecting ‘**NOT**’ to settle, which is what is being

A JOINT POWERS AUTHORITY AMONG

Modesto Irrigation District, City of Redding, City of Roseville, Trinity Public Utilities District,

City of Shasta Lake, and Sacramento Municipal Utility District



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

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

proposed, there will be an impact to the allocation Charge Codes and will require minor changes in our BANC EIM Sub-allocation formulas. It will also require participants to apply zero percent loss factor when calculating Load submitted to the CAISO. Thus, due to the impact to cost allocation in BANC, we are addressing this through discussions with the BANC EIM Settlements Working Group (WG) and the EIM Committee. To date, the consensus from BANC settlement subject matter experts is that BANC should elect “not” to settle UFE with the CAISO, which will better align BANC EIM settlements with principles of cost causation.

Conclusion

Based on our preliminary feedback and discussions (which will continue further for the next couple of weeks with the WG and the EIM Committee), BANC staff is proposing to **NOT** have CAISO settle UFE for 2022 (1/1-12/31/2022). The deadline to submit election is on 10/31/2021, with a month of grace period if we decide to reverse our election (i.e., BANC can rescind its decision by letter to the CAISO on or before November 30, 2021). BANC will be required to make this election every year. We are therefore proposing the Commission:

1. Authorize the General Manager, or his delegee, to execute the 2022 Annual UFE Election Letter with the CAISO, indicating that BANC, as the EIM Entity does not elect to settle UFE with the CAISO for 2022; and
2. Direct the General Manager to report back to the Commission at the November Commission meeting his recommendation, based on further consultation with the EIM Committee and BANC Settlements staff, whether to maintain or rescind the election for 2022.



Exhibit A
BALANCING AUTHORITY OF NORTHERN CALIFORNIA

RELIABILITY • COLLABORATION • SUSTAINABILITY

Annual UFE Election Letter for 2022: Due by 10/31/2021

California ISO
Settlements Department
Via CIDI submission

Subject: UFE Elections - 2022

Pursuant to CAISO Tariff Section 29.11(c) (2) (B), BANC makes the following UFE Elections for 2022

UFE Settlement Election: No.

Loss Factor: 0%

CAISO understands that this BANC election requires final approval by its Commission and therefore retains a right to rescind this UFE Election no later than November 30, 2021.

Please contact Heather Wilson (Heather.Wilson@smud.org) with any questions.

(Authorized signature)

Name: _____

Title: _____

Date: _____

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

6201 S STREET, MS B356, SACRAMENTO, CA 95852-0830
WWW.THEBANC.ORG

**Balancing Authority of Northern California
Resolution 21-10-20**

APPROVAL OF “DO NOT SETTLE” UFE ELECTION FOR BANC

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

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

WHEREAS, BANC also serves as the EIM Entity Scheduling Coordinator, whereby BANC allocates EIM Entity settlement charges and credits to EIM Participants; and

WHEREAS, one of the settlement charges is Unaccounted for Energy (“UFE”), which for each EIM Entity Balancing Authority Area (“BAA”) is calculated as the difference between its metered demand and the sum of the metered supply and the metered values at the interties, adjusted for losses; and

WHEREAS, BANC derives its metered demand at the BAA level as a calculation of generation, imports, exports and the application of a static OATT loss factor”; and

WHEREAS, the California Independent System Operator Corporation (“CAISO”) cannot accurately account for an EIM Entity’s transmission losses due to the difference in the static OATT loss factor versus the actual losses calculated by CAISO’s market solution; and

WHEREAS, the CAISO offers an election as to whether the EIM Entity wants to settle UFE, and for BANC, this election would require it to maintain its settlement allocation based on its EIM Participant allocation percentages, and not in accordance with cost causation principles; and

WHEREAS, alternatively, the EIM Entity may elect not to settle UFE with the CAISO, whereby for BANC, this election results in actual market losses settling directly with each EIM Participant in accordance with their direct contribution to real time imbalance energy; and

WHEREAS, the annual UFE election letter for 2022 is to be made by written letter to the CAISO by October 31, 2021; and

WHEREAS, the General Manager will have obtained concurrence from both the EIM Settlement Working Group and the EIM Committee electing not to settle UFE at the BANC-level, prior to issuing a letter; and

WHEREAS, because this issue will change the current cost allocation, this issue has been brought to the Commission in accordance with BANC EIM Business Practices for Commission approval; and

WHEREAS, in order to meet the CAISO deadline of October 31, 2021 to make its election, the General Manager is seeking authorization from the Commission to execute a letter electing that BANC not settle the UFE unless not concurred by the EIM Settlement Working Group and the EIM Committee; and

WHEREAS, BANC will retain a right in such letter for the Commission to “Rescind” the election should further assessments among BANC subject matter experts between the October and November 2021 Commission meetings lead to a change in the recommendation.

**Balancing Authority of Northern California
Resolution 21-10-20**

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

1. Authorize the General Manager, or his delegee, to execute the 2022 Annual UFE Election Letter with the CAISO, indicating that BANC, as the EIM Entity does not elect to settle UFE with the CAISO for 2022; and
2. Direct the General Manager to report back to the Commission at the November Commission meeting his recommendation, based on further consultation with the EIM Committee and BANC Settlements staff, whether to maintain or rescind the election for 2022.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of October 2021, 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	Paul Lau				
TPUD	Paul Hauser				

James McFall
Chair

Attest by: C. Anthony Braun
Secretary

Extended Day-Ahead Market (EDAM)

Common Design Principles & Concepts

A small group was convened of current EIM Entities and California Participating Transmission Owners, facilitated by the CAISO, to discuss certain design concepts for the potential Extension of the Day-Ahead Markets (EDAM) to the EIM Entities. The objective of the workgroup was to facilitate the restart of the general EDAM stakeholder process by reflecting areas of common agreement and understanding among the parties. This document identifies the progress to date regarding EDAM concepts and/or principles in critical areas of policy design. These common EDAM design principles and concepts represent the consensus of the working group participants¹ at this stage and commitment to further design, but not a commitment to participate or join EDAM.

Common areas of agreement on key EDAM design elements

EDAM Design Area	Common Agreement
Participation Commitment, Voluntary Participation	<p>Objective: Continue with the concepts of voluntary entry, Balancing Authority Area-wide application of the program, and no-penalty exit that have worked extremely well for the EIM.</p> <p>EDAM is considered an incremental step to the EIM. Consistent with the voluntary nature of the EIM, a determination by an EIM Entity also to participate in EDAM would be voluntary. An EIM Entity may continue to only participate in the EIM, but would not be able to participate in the EDAM without also remaining in the EIM. EDAM would apply to all load in the Balancing Authority Area either by means of self-schedules or by providing bids and letting the market optimize the load’s day-ahead dispatch.</p> <p>The determination to participate comes with obligations. Among these, as with the EIM, all load in the EDAM Entities’ Balancing Authority Area would be subject to the day-ahead resource sufficiency and scheduling requirements. Further, participation is not a day-by day decision. An EIM Entity enabling EDAM must commit to a minimum period. The minimum commitment timeframe is under consideration. For reference, the minimum commitment for the EIM is six months.</p> <p>There would not be a penalty or other additional charges to exit other than settlement of previously incurred market obligations. The</p>

¹ The following organizations participated in the workgroup discussions and development of this document: Arizona Public Service Company, Balancing Authority of Northern California, NV Energy, Idaho Power Company, PacifiCorp, Salt River Project, Pacific Gas & Electric, Seattle City Light, Southern California Edison, and San Diego Gas & Electric.

	<p>objective is a balance between commitment to EDAM and sufficient off-ramps and paths forward that would provide EDAM participants ability to either revert or evolve to other participation models.</p>
<p>Transmission Commitment</p>	<p>Objective: Maximize the amount of transmission (firm, or otherwise high priority) made available to EDAM, while respecting the existing OATT framework and contractual commitments.</p> <p>To support this goal, EIM Entities enabling EDAM would be committed to providing transmission made available through its resource sufficiency evaluation, as well as any unsold Available Transfer Capability (ATC) to the EDAM optimization. In addition, there would be certain general requirements reflected in the CAISO Tariff as well as implementing provisions in the EIM Entities’ respective Open Access Transmission Tariffs (OATTs). Transmission would be made available in accordance with three “buckets.”</p> <ul style="list-style-type: none"> • Bucket 1 consists of network and point-to-point transmission service used to meet load service and resource sufficiency obligations. It must be firm, conditional firm, or otherwise highly reliable. As this transmission has been procured from the transmission provider(s) prior to submittal to EDAM, there would be no additional usage fee. Bucket 1 transmission would be optimized by the market at no cost. The policy design process should further delineate under what circumstances transmission in Bucket 1 may not be made available for optimization to strive toward consistent market participation. No additional direct compensation for Bucket 1 transmission would be provided by EDAM. • Bucket 2 consists of firm, conditional firm, or otherwise highly reliable point-to-point transmission that has been previously reserved by different parties (LSEs, generator owners, marketers) that is not otherwise made available in Bucket 1. The original Bucket 2 concept was that the OATT customer would have a choice: (1) schedule all or part of their point-to-point reservation; (2) provide all or part of their reservation to the EDAM for optimization, or (3) do nothing. If provided to EDAM, the customer could not recall the reservation for use the next day. To encourage OATT customers who would not be using their reserved capacity to make it available to the market, there would

	<p>be compensation. The exact form is still under consideration, but could consist of an allocated share of congestion payments.²</p> <p>In further support of the transmission maximization principle, also under consideration is whether it would be feasible to permit the market to optimize Bucket 2 transmission that was not scheduled or otherwise provided by the OATT customer. If the OATT customer submitted an intra-day schedule, the market would redispatch to accommodate the change.</p> <ul style="list-style-type: none"> • Bucket 3 consists of firm Available Transfer Capability (ATC). This previously unsold capacity would be made available to EDAM and compensated at a usage rate. This could be a previously approved posted rate or a discounted rate at the discretion of the Transmission Provider. The OATT would be amended to provide a period for the CAISO to determine the amount of Bucket 3 transmission utilized by the day-ahead market. Any transmission not optimized by the market would be released back to Transmission Provider.
Supply Commitment	<p>Objective: To provide greater certainty to the EDAM market participants, including the CAISO LSEs as to amount of participating load and resources.</p> <p>Consistent with the “prevention-of-leaning” concept supported by the existing EIM resource sufficiency test, the EDAM would have robust resource sufficiency requirements. This test would be developed and applicable to all participating entities in order to qualify for EDAM market participation each day.</p> <p>Similar to the CAISO’s existing resource adequacy showings, there would be a general advisory showing of capacity sufficiency by each EDAM Entity in a parallel timeframe – 45 days in advance. The advisory showing is intended to provide an indication of the progress of the entity toward establishing resource sufficiency in the month-ahead timeframe.</p> <p>The purpose of the resource sufficiency evaluation is to ensure that EDAM entities come into the DA market with adequate supply to cover forecasted load plus reserves and consequently do not lean on other EDAM entities to meet their reliability needs. The EDAM resource sufficiency evaluation is not a substitute for an EDAM entity’s resource planning or resource adequacy requirements.</p>

² Recognition that pre-existing legacy arrangements and terms of those legacy arrangements have to be honored.

The principles identified below are intended to guide the EDAM resource sufficiency evaluation policy design.

EDAM Resource Sufficiency Evaluation (RSE) – Principles

- The RSE should ensure that entering the Day-Ahead Market, EDAM entities can meet their individual capacity and other balancing authority area obligations based on conditions expected in the Day Ahead timeframe in order to prevent leaning on other EDAM entities.
- Participation in the EDAM, including meeting the EDAM RSE, should not modify state or local control over long-term RA planning and integrated resource planning, or any other aspect of state or local generation planning and certification.
- The RSE recognizes the different resource planning and resource adequacy programs of EDAM entities and resources complying with those programs count toward meeting the RSE.
- Transparent and equitable application of the RSE across all EDAM entities.
- Failure to meet EDAM RSE should carry incentive-based consequences for the failing EDAM entity to ensure confidence of EDAM transfers and prevent leaning among EDAM entities.

Key concepts supporting RSE principles:

- EDAM entities will make advisory resource sufficiency or equivalent showings in the month-ahead timeframe.
- Power purchase agreements used to support the EDAM RSE test must be “firm” in nature. This concept is consistent with the overall principle of EDAM that transfers/transactions must be reliable and dependable. A firm power contract (whether for energy or capacity) is one where the seller can fail to perform only for reliability reasons. This concept does not dictate the type of transmission priority supporting the delivery of a “firm” power contract.
- The EDAM RSE design should strive to harmonize with the emerging and prevailing resource adequacy and resource planning programs. These programs should not drive EDAM design, but as programs evolve the RSE should strive to harmonize with those changes as much as possible and appropriate, and consistent with the RSE principles.
- Consequences for failure to pass the EDAM RSE should strive to strike a balance between incentivizing coming resource sufficient into the DA market while not being punitive to undermine the benefits of EDAM. The consequence structure should also not make compliance with the EDAM RSE so onerous as to undermine the benefits of EDAM participation.

<p>Congestion Rent Allocation (Between BAAs)</p>	<p>Objective: To hold transmission customers harmless without creating new uplifts.</p> <p>With regard to allocation of congestion rents associated with transfers between EDAM Entities and between an EDAM Entity and the CAISO, the group has explored a number of possibilities:</p> <ul style="list-style-type: none"> • Congestion rents associated with EDAM transfers between EDAM Entities areas are generally split 50/50 between these areas to reflect that transfer is a result of the two voluntary offerings from EDAM Entity’s BAAs meeting in the middle. If the transmission made available for EDAM transfers extends all the way into the sinking balancing area rather than stopping at the midpoint of balancing areas, the general 50/50 approach may not necessarily apply. Rather, 100% to sending balancing authority area may apply. • CAISO retains 100% of congestion rents associated with intertie schedule constraints (ITC) at the boundary of the CAISO. • EDAM Entity BAA retains 100% of transfers on interface with CAISO. <p>While no final determination as to an approach has been made, the group has reached agreement as to the objective – (1) hold OATT customers harmless from exercising their existing intra-day scheduling rights, without causing uplift charges that would be assessed to the other OATT customers; (2) allocate incremental congestion created by EDAM and not modify current congestion processes. In other words, permit the scheduling change rights as exist today while trying to retain the pricing certainty reflected in the existing OATT rates. If there are excess congestion rents after these customers are held harmless, the dollars would be allocated back to transmission customers and not retained by the Transmission Provider.</p>
<p>Congestion Rent Allocation (Distribution to LSEs and Transmission Customers)</p>	<p>Objective: Facilitate the Congestion rent allocation priorities in the prior section in an equitable and implementable manner.</p> <p>To ensure equal treatment among OATT customers, the CAISO would allocate the appropriate congestion rents to each EDAM Entity. Each EDAM Entity as the OATT Transmission Provider would sub-allocate the appropriate portion of these rents in accordance with the hold-harmless principle discussed above, to their customers, per the terms of their OATT.</p>

<p>Level of Confidence in EDAM Transfers</p>	<p>Objective: In order to encourage EDAM participation, EDAM Entities must have confidence that the Day-Ahead award transfer is firm and can be relied upon.</p> <p>To incent EDAM Entities to fully commit resources to the EDAM and thereby achieve maximum efficiencies for customers, EDAM transfers must be considered firm transfers serving load and afforded protections associated with firm service including reserve deployment and management. As a result, the ultimate objective is that the DA market design adequately tests sufficiency to ensure load and uncertainty are covered such that EDAM transfers are firm energy transfers.</p> <p>Principle: Transfers identified through EDAM are considered firm energy transfers and can be relied upon under different conditions.</p>
<p>GHG Accounting</p>	<p>Objective: Account for GHG costs of EDAM transfers equitably, consistent with state policies of different participating entities.</p> <p>The GHG framework should strive to meet the following principles:</p> <ol style="list-style-type: none"> 1. To the maximum extent possible, market design should fairly reflect and be consistent with state policy objectives. 2. Jurisdictions that have not adopted a GHG or renewable procurement policy should not be improperly affected, directly or indirectly, by policies adopted by other jurisdictions. 3. The entity responsible for the output of a resource, as defined by a jurisdiction’s policy, should receive the full greenhouse gas or renewable benefit and bear the full greenhouse gas cost of that resource. 4. The market design should allocate costs and benefits consistent with the applicable (i.e., state) greenhouse gas regulation policies. 5. Renewable and non-emitting resources outside of jurisdictions with greenhouse gas policies should not be unfairly disadvantaged compared to renewable and non-emitting resources inside jurisdictions with greenhouse gas programs. <p>GHG design objectives to achieve the GHG policy framework principles:</p> <ul style="list-style-type: none"> • No inappropriate or unacceptable GHG impact in non-GHG zone. • Leakage should be minimized. • Enable resources in non-GHG zone to compete on a level playing field with resources inside GHG zone. • Do not inadvertently undermine RPS policies. • Allow for market efficiency. • Technically feasible.

<p>Price Formation</p>	<p>Objective: Consider the price formation concepts of extended locational marginal pricing mechanism, scarcity pricing and market power mitigation mechanism as general market design initiative.</p> <p>Price formation, in the context organized markets fast start pricing and scarcity pricing, are important topics that have been debated at FERC for several years as a means to reduce uplift costs.</p> <p>Outside of the organized market and in the context of EDAM, price formation has also been identified as a market design element to reconcile when compared to bilateral pricing practices. As such, the bilateral market considers a different way of pricing these transactions that may be different from the pricing of transactions in the Day-Ahead organized market.</p> <p>The topic of price formation has a broader scope and application than EDAM and this topic should therefore be considered outside of the EDAM initiative but nevertheless recognizing the implications for the EDAM framework. It is recommended that that the broader topics of price formation design be taken up ahead of, or in parallel with, EDAM design work.</p> <p>Price formation principles in context of EDAM:</p> <ol style="list-style-type: none"> 1. Price formation practices should result in just, reasonable, and equitable price signals across the footprint. 2. Price formation practices should consider the impacts and incentive signals for the evolving sources of supply.
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Balancing Authority of Northern California

Agenda Item 5C

1. **Resolution 20-10-21 Approval of 2022 Annual Budget for BANC.**
2. **Attachment A to Resolution 20-10-21 2022 BANC Budget – October 2021 DRAFT.**

**Balancing Authority of Northern California
Resolution 21-10-21**

APPROVAL OF 2022 ANNUAL BUDGET FOR BANC

WHEREAS, the Balancing Authority of Northern California (“BANC”) Joint Powers Agreement (“JPA”) Section 11.4 describes both the responsibilities and the non-delegable duties of the BANC Commission which include approving an annual budget and approving assessments to each Member; and

WHEREAS, JPA Section 12 provides that the BANC Commission may assess each Member for its respective Participation Percentage share of funds required to carry out BANC’s purposes as specified in the annual budget; and

WHEREAS, BANC Resolution 12-02-03 established a process whereby Member assessments shall be required no less than two times per year; and

WHEREAS, the General Manager worked together with staff to develop a draft budget that has been presented for Commission review during prior Commission meetings; and

WHEREAS, based on input and direction from the Commission, the General Manager has prepared a final version for consideration and possible adoption by the Commission.

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

1. Approve the 2022 Annual Budget for BANC in the form attached hereto as Attachment A.
2. Directs the BANC Treasurer to assess each BANC Member and EIM Participant in accordance with Resolution 12-02-03.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of October, 2021, 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	Paul Lau				
TPUD	Paul Hauser				

James McFall
Chair

Attest by: C. Anthony Braun
Secretary

BANC 2022 Budget

October 2021 - DRAFT

1. Base Budget

- a. General Manager Expenses = **\$339,000**
 - i. Scope: General Manager retainer (@\$27,000/mo.) and expenses (@\$1,250/mo.)
 - ii. Assumptions: No increase in retainer from 2020/2021 and maintain reduced travel expenses
- b. Legal Services (BBMS) = **\$540,000**
 - i. Assumptions: No increase in base legal services from 2021, with the notation that additional legal services may be required based on the level of activity in Market Engagement
- c. NWPP Membership Payments = **\$105,000**
 - i. Scope: Covers NWPP charges to BANC as an NWPP member, including RSG, FRSG, and Executive Forum
- d. Resource Committee Support = **\$100,000**
 - i. Scope: Potential consultant support for evaluating IRP recommendations and coordination with members, and potential consultant support for SB100 report engagement.
- e. Asset Valuation = **\$1,025,708**
 - i. Energy Management System
 - 1. Assumptions:
 - a. Amortized capital cost, excluding EIM module (BANC share) = \$517,238
 - b. Annual Siemens support cost (BANC share) = \$113,470
 - c. Revised to reflect latest capitalization amount for Siemens EMS upgrade (\$5,508,835) and annual support services (\$263,883) both excluding EIM module. Assumes capital investment is amortized over 5 years @ 3%/year. BANC share of EMS capital and support services costs is 43%.
 - 2. Total = \$630,708
 - ii. Energy Management Center/Backup Control Center
 - 1. Assumptions:

Attachment A to Resolution 21-10-21

- a. Total estimated amount for EMC+BCC= \$~1,300,000/year
 - b. TOP/BA share is 76% = \$988,000
2. BANC share of TOP/BA= 40% = \$395,200

- f. Administrative Expenses = **\$9,400**
 - i. Annual Audit Fees = \$8,500
 - ii. Bank Charges = \$900

g. Sub-total = **\$2,119,308**

h. Contingency: **\$100,000**

Total = **\$2,219,308**

Member Breakdown Comparison of 2021 vs. 2022 Base Budgets (based upon 2020 Retail Sales):

MEMBER ALLOCATION	2021	2022
SMUD (69.2%)	\$ 1,534,704.91	\$ 1,518,461.14
MID (16.9%)	\$ 354,667.90	\$ 370,838.05
ROSEVILLE (7.7%)	\$ 166,387.41	\$ 168,961.72
REDDING (4.9%)	\$ 105,086.78	\$ 107,521.09
SHASTA LAKE (1.3%)	\$ 28,461.00	\$ 28,526.00
Subtotal	\$ 2,189,308.00	\$ 2,194,308.00
TPUD (fixed)	\$ 25,000.00	\$ 25,000.00
TOTAL	\$ 2,214,308.00	\$ 2,219,308.00

2. Participation Agreement #1 (PA-1) – PC Services

a. Assumptions:

- i. SMUD to provide contract PC services to BANC
- ii. Total Base Cost to BANC = \$285,000
 - 1. Main PC evaluation labor = \$250,000
 - 2. \$35,000 for labor to perform an overview assessment of full BANC footprint
 - 3. No planned labor rate adjustment for 2022
- iii. WAPA-SNR does not participate, TPUD and Shasta Lake embedded within WAPA-SNR; all other members participate
- iv. Cost to be allocated based upon 50% to SMUD and 50% to remaining members prorated by share of generation/60kV and above buses among the remaining members:
 - 1. SMUD = (50%)
 - 2. MID = (30%)
 - 3. Redding = (9.5%)
 - 4. Roseville = (10.5%)

b. Estimated costs by member:

MEMBER	PA-1 ASSESSMENT
SMUD (50%)	\$ 149,700.00
MID (30%)	\$ 89,820.00
REDDING (9.5%)	\$ 28,443.00
ROSEVILLE (10.5%)	\$ 31,437.00
TOTAL	\$ 299,400.00

3. Participation Agreement #2 (PA-2) – RC Funding

a. Assumptions

- i. BANC transitioned from Peak RC to RC West (CAISO) for RC services on 7/1/19 and going forward.
- ii. RC West Funding
 - 1. TPUD and Shasta Lake embedded within WAPA-SNR, which becomes a TOP Funding Party under CAISO RC West tariff
 - 2. MID, Redding, and SMUD become TOP Funding Parties under CAISO tariff
 - 3. BANC pays the remaining amount allocated to the BA footprint per CAISO tariff for Roseville
 - 4. RC West 2022 charge-out rates = \$0.0267/MWH
 - 5. 2020 NEL for remaining BANC footprint:
 - a. Roseville = 1,193,630 MWH

b. Estimated costs under PA-2 based upon RC West proposed rates for Roseville and Redding:

MEMBER	2020 NEL - MWH	2022 ASSESSMENT
ROSEVILLE	1,193,630	\$ 31,869.92
TOTAL	1,193,630	\$ 31,869.92

4. Participation Agreement #3 (PA-3) – EIM Implementation (Phase 1) - **CLOSED**

5. Participation Agreement #4 (PA-4) – Extended Day-Ahead Market (EDAM) and Other Market Opportunities Evaluation
 - a. Assumptions
 - i. In light of the issues coming out of the Summer 2020 Heat Wave Incidents and increased activity in the West regarding resource adequacy and possible West-wide RTO, the discussions on day-ahead market expansion have become more complicated. The EDAM effort was placed on hold for the Summer of 2021. Though there is still a level of interest in EDAM, there are also many of the EIM Entities that are discussing alternative day-ahead market options separate from the CAISO market. In addition, several states have either passed or are considering passing legislation mandating utility consideration of joining a West-wide RTO. Thus, it is difficult to project a schedule for a transition to a day-ahead market. However, it is assumed that it is in BANC’s best interest to “stay at the table” in the various discussions.
 - ii. It is assumed that all Participating Resources (SMUD, MID, WAPA-SNR, Roseville, and Redding) participate in this effort. (NOTE: Shasta Lake loads assumed part of Redding load for this allocation). Cost allocation based upon 3-year rolling average NEL as follows:
 1. SMUD – 64.5%
 2. MID – 14.9%
 3. WAPA-SNR – 8.1%
 4. Roseville – 6.9%
 5. Redding – 5.6%
 - b. Estimated costs for monitoring day-ahead market development, including EDAM continued engagement, under PA-4 are initial estimates based upon discussions among the EIM entities, CAISO, and BANC staff, including BBSW support and consultant support as noted.

Attachment A to Resolution 21-10-21

IMPLEMENTATION CATEGORY	COST ESTIMATE	SMUD	MID	WAPA-SNR	ROSEVILLE	REDDING
Legal Support	\$ 200,000.00	\$ 129,000.00	\$ 29,800.00	\$ 16,200.00	\$ 13,800.00	\$ 11,200.00
Consultant Support						
~ Cost Eval. (Utilicast)	\$ 25,000.00	\$ 16,125.00	\$ 3,725.00	\$ 2,025.00	\$ 1,725.00	\$ 1,400.00
~ Update Ben. Anal.(Brattle)	\$ 20,000.00	\$ 12,900.00	\$ 2,980.00	\$ 1,620.00	\$ 1,380.00	\$ 1,120.00
~ Market Dev. Spt. (CES)	\$ 24,000.00	\$ 15,480.00	\$ 3,576.00	\$ 1,944.00	\$ 1,656.00	\$ 1,344.00
~ Market Eval. Spt. (TBD)	\$ 50,000.00	\$ 32,250.00	\$ 7,450.00	\$ 4,050.00	\$ 3,450.00	\$ 2,800.00
~ Total	\$ 119,000.00	\$ 76,755.00	\$ 17,731.00	\$ 9,639.00	\$ 8,211.00	\$ 6,664.00
Total Estimate	\$ 319,000.00	\$ 205,755.00	\$ 47,531.00	\$ 25,839.00	\$ 22,011.00	\$ 17,864.00
Contingency (~15%)	\$ 45,000.00	\$ 28,935.00	\$ 6,570.00	\$ 3,870.00	\$ 3,105.00	\$ 2,520.00
TOTAL for 2022	\$ 364,000.00	\$ 234,690.00	\$ 54,101.00	\$ 29,709.00	\$ 25,116.00	\$ 20,384.00

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Attachment A to Resolution 21-10-21

6. Participation Agreement #5 (PA-5) – EIM Participation

a. Assumptions

- i. BANC serves as EIM Entity
- ii. SMUD/MID/Roseville/Redding/WAPA-SNR participate as PRSCs for full year
- iii. Costs allocated in accordance with 3-year rolling average NEL for all five participants as follows:
 - 1. SMUD – 64.5%
 - 2. MID – 14.9%
 - 3. WAPA-SNR – 8.1%
 - 4. Roseville – 6.9%
 - 5. Redding – 5.6%

b. Cost estimates based on EIM Services Agreement, and latest estimates, including software charges per contracts. Includes 3.25% adjustment for SMUD EIM Operator labor and 3% adjustment for software contracts.

c. Allocation of TPU D load settlement charges assigned to SMUD/MID/Redding/Roseville per original agreement. Load based settlement charges assumed at \$50,000 for EIM operation in 2022.

		Participant Cost Allocations					
IMPLEMENTATION CATEGORY	ESTIMATE	SMUD	MID	WAPA-SNR	ROSEVILLE	REDDING	TOTAL
Personnel - EIM Desk (5)	\$ 1,746,958.00						
Personnel - Settlements (1.5)	\$ 629,396.00						
Personnel - Outage Mgmt (0.4)	\$ 135,358.00						
Personnel - Netwk Model (1)	\$ 285,534.00						
Personnel - Meter Data Mgmt (0.5)	\$ 42,267.00						
Personnel - SME/Oversight (0.4)	\$ 182,486.00						
Personnel - IT Support (0.25)	\$ 59,542.00						
Personnel Total (9.05)	\$ 3,081,541.00						
EIM Software Support							
- OATI	\$ 92,700.00						
- Power Settlements	\$ 456,187.00		\$ 51,500.00			\$ 51,500.00	\$ 559,187.00
- ITOA	\$ 20,000.00						
- Allowanc for SW Upgrades	\$ 50,000.00						
- WebEIM	\$ 40,000.00						
EIM Software Support Total	\$ 658,887.00						
EMS EIM Module							
- Amortized Capital	\$ 52,978.00						
- O&M Support	\$ 10,000.00						
EMS EIM Module Total	\$ 62,978.00						
EIM OPERATOR TOTAL	\$ 3,803,406.00	\$2,453,196.87	\$618,207.49	\$308,075.89	\$262,435.01	\$264,490.74	\$3,906,406.00

Attachment A to Resolution 21-10-21

Miscellaneous Support							
- Legal Support	\$ 30,000.00						
- EIM Stakeholder Support (CES)	\$ 24,000.00						
- Utilicast Support	\$ 40,000.00						
Miscellaneous Support Total	\$ 94,000.00						
CAISO Charges							
- Fees	\$ 250,000.00						
- Uplifts	\$ 500,000.00						
CAISO Charges Total	\$ 750,000.00						
TOTAL EIM Operations for 2022	\$ 4,647,406.00	\$2,988,282.06	\$730,021.28	\$399,676.92	\$320,671.01	\$311,754.74	\$4,750,406.00
TPUD Load Charges	\$ 50,000.00	\$ 35,200.00	\$ 8,000.00	\$ -	\$ 3,800.00	\$ 3,000.00	
TOTAL EIM FOR 2022	\$ 4,697,406.00	\$3,023,482.06	\$738,021.28	\$399,676.92	\$324,471.01	\$314,754.74	\$4,800,406.00

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Attachment A to Resolution 21-10-21

7. Participation Agreement #6 (PA-6) – EIM Phase 2 Preparation (Revision 1 – 5/15/19) – **CLOSED**
8. Participation Agreement # 7 (PA-7) – EIM Phase 2 Implementation - CLOSED

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Attachment A to Resolution 21-10-21

9. 2022 BANC Member Assessments

MEMBER	BASE BUDGET	PA-1: PA/PC	PA-2: RC West	PA-4: EDAM	PA-5: EIM Part.	2022 TOTAL	2021 TOTAL
SMUD	\$1,518,461.14	\$142,500.00	\$ -	\$247,590.00	\$3,023,482.06	\$4,932,033.20	\$5,271,695.95
MID	\$ 370,838.05	\$ 85,500.00	\$ -	\$ 57,081.00	\$ 738,021.28	\$1,251,440.33	\$1,407,028.48
ROSEVILLE	\$ 168,961.72	\$ 27,075.00	\$ 31,869.92	\$ 26,496.00	\$ 324,471.01	\$ 578,873.65	\$ 657,172.98
REDDING	\$ 107,521.09	\$ 29,925.00	\$ -	\$ 21,504.00	\$ 314,754.74	\$ 473,704.83	\$ 549,834.91
SHASTA LAKE	\$ 28,526.00	\$ -	\$ -	\$ -	\$ -	\$ 28,526.00	\$ 28,461.00
TPUD	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00
BANC TOTAL	\$2,219,308.00	\$285,000.00	\$ 31,869.92	\$352,671.00	\$4,400,729.09	\$7,289,578.01	\$7,939,193.32
WASN	\$	\$ -	\$ -	\$ 31,329.00	\$ 399,676.92	\$ 431,005.92	\$ 517,122.65
GRAND TOTAL	\$2,219,308.00	\$285,000.00	\$ 31,869.92	\$384,000.00	\$4,800,406.01	\$7,720,583.93	\$8,456,315.97

Balancing Authority of Northern California

Agenda Item 5D

- 1. Draft 2021/2022 Strategic Initiatives.**

BANC 2021/2022 Strategic Plan - Routine Initiatives October 2021 Draft

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
1 Medium	INDEPENDENCE	Effectively oversee the BA operations.	Jim Shetler	Ongoing	See monthly Ops, PC, Compliance, & GM Reports
2 Medium		Maintain long-term succession plan and traits for General Manager	Jim Shetler/Commission	Ongoing as Necessary	Revisit in 2022
3 Medium	OUTREACH	Engage in industry forums (WECC, Peak, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & NWPP Exec. Forum meetings
4 Medium		Coordinate with other POU BAs (Ca and regionally)	Jim Shetler	Ongoing	Coordinating with SCL/SRP/LA/TP/TID on EIM/EDAM & SB100
5 Medium		Outreach to regulatory and legislative bodies on key issues	Jim Shetler/BBSW	Ongoing as Necessary	Participating in WEIL group outreach to West governors
6 Medium		More formal engagement with TID on BA/EIM/EDAM issues	Jim Shetler/BBSW	Ongoing	Continue periodic discussions on areas of collaboration
7 Medium	ASSETS	Evaluate establishing BANC criteria for RA resources	Resource Committee	4th Qtr. 2021	
8 Low	MEMBER SERVICES	Identify and outreach to potential new BANC members	Jim Shetler	Ongoing	

BANC 2021/2022 Strategic Plan - Focused Initiatives October 2022 Draft

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