

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

January 23, 2019

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

Representatives Present:

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

<b>Agency</b>	<b>Liaison</b>
Western Area Power Administration	Dawn Roth Lindell Sonja Anderson

1. Call to Order: Chair Salyer called the meeting to order at 2:00 p.m.
2. Matters Subsequent to Posting the Agenda: None.
3. Public Comment: Chair Salyer invited comments from the public and none were given.
4. Consent Agenda: Mr. Lau moved, Ms. Bertolino seconded, and the participating Commissioners unanimously approved the Consent Agenda items comprised of: (A) Minutes of the Regular Commission Meeting held on November 14, 2018. (B) BANC Operator's Reports for November and December; (C) Compliance Officer's Reports for December and January; (D) PC Committee Chair's Report for December and January; and (E) General Manager's Report and Strategic Initiatives Update.
5. Regular Agenda Items:

A. EIM Implementation/EDAM Update

Mr. Shetler provided a brief overview of status related to EIM Phases 1 and 2 Implementation, the Extended Day Ahead Market (EDAM) and RC Services. All required software for EIM software has been tested, with Energy Management System (EMS) system upgrades remaining as a possible outstanding issue. Day-in-the-life testing is complete, parallel operations began February 1st, and go-live is on track for April 3<sup>rd</sup>.

All required agreements have been executed and CAISO Security & Collateral requirements have been submitted. Current actuals plus forecast estimates indicate that we are expected to come in within 2-3% of the original study estimate plan.

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- i. Mr. Shetler shared that BANC has developed EIM Phase 1 Bilateral Trading Guidelines, which means that when SMUD becomes an EIM participant, there will be restrictions on bilateral trading with Phase 1 participants because of the timelines associated with EIM. Exposure is considered limited, as there have historically not been a significant number of requests for bilateral trades in this timeframe. However, a set of guidelines has been developed and general concurrence with those guidelines has taken place within the Resources Committee and EIM Oversight Committees. At this time, we are not seeking Commission approval, as this is viewed as a living document which may require adjustments going forward. There are currently no open concerns.
- ii. A white paper included in the packet looked at several methodologies regarding how to allocate costs for Phase 2. After much discussion, a decision was made to stay with the load ratio share approach. After some discussion and acknowledgement that cost allocations are not 100% accurate and that any cost allocation methodology could be revisited in the future, Mr. Beans moved, Ms. Bertolino seconded, and the participating Commissioners unanimously approved 19-01-15 *Approval of BANC EIM Cost Allocation for Phase 2 Participation*.
- iii. With regard to Phase 2, Mr. Mark Willis discussed EIM functionality through SMUD. He shared with the Commission that, in terms of the BA footprint (operations, boundaries, NERC compliance, Northwest Power Pool Reserve Sharing Group) and the preservation of Sub-BA arrangements/functionality, everything remains the same as we move into Phase 2, with the exception of redefining the EIM footprint. Mr. Shetler laid out a schedule for the EIM Phase 2 decision-making process, noting the goals of finalizing estimates mid-summer 2019 and bringing the decision on Phase 2 to the Commission in August. Representative(s) were requested to be submitted from each organization for planning purposes.
- iv. Mr. Shetler informed the Commission that the SMUD Utilicast contract expires in April, following EIM Phase 1 implementation. Under a prior sole source request, SMUD previously did a competitive analysis and determined Utilicast to be the best fit for the Phase 1 work. Currently, approval for Tasks 1, 2, and 4 in the attached proposal is requested. Mr. Beans moved, Ms. Bertolino seconded, and the participating Commissioners unanimously approved 19-01-14 *Authorization of Contract for Services Related to BANC EIM Phase 2, EIM Phase 1 Support/Analysis, and EDAM Support*.
- v. Mr. Braun provided an EIM Governance Update. There is a minor change in how issues under EIM Governing Body primary authority. A proposal is being made via issue paper to create a 'primary driver test,' which would require modifications to the EIM Governing Body charter.
- vi. Mr. Shetler gave an update on the Extended Day Ahead Market (EDAM). The Feasibility Assessment (FA) is expected to be complete in June and is a gross benefits analysis of the market as a whole (public) with a high-level gross allocation of benefits to each EDAM participant (non-public/utility-specific). Entities will have the ability to contract separately for more detailed individual assessments at some point in the future. CAISO could launch a formal stakeholder process in the 2<sup>nd</sup> half of 2019, depending on the results of the FA.

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BANC has executed the NDA and cost-sharing agreement to participate in the FA. Mr. Shetler also clarified that only EIM entities can participate in EDAM.

- B. Mr. Shetler gave an RC Services Update including RC-RC coordination around the transitioning of processes and technology to the new RCs. Primary risks include: PEAK viability/staffing retention, challenges presented by multiple transition dates, issues around RC decision-making (seams/boundaries), and the formation of a generation-only RC.

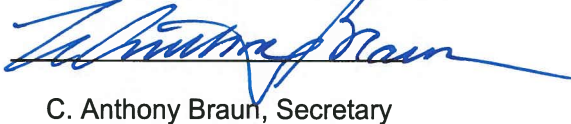
6. Closed Session:

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

After returning to open session, Mr. Braun reported that no action was taken in closed session.

The meeting was adjourned at 3:38 p.m.

Minutes approved on March 23, 2019.



C. Anthony Braun, Secretary