

Balancing Authority of Northern California

Regular Meeting of the Commissioners of BANC

2:00 P.M.

Wednesday, September 27, 2023

555 Capitol Mall, Suite 570

Sacramento, CA 95814

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 **September 27, 2023 at 2:00 p.m.** at **555 Capitol Mall, Suite 570, Sacramento, CA 95814.**

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

Phone: 1-309-205-3325 or 1-719-359-4580 **Meeting ID:** 831 0795 0952 **Passcode:** 431895
Meeting Link: <https://us06web.zoom.us/j/83107950952?pwd=xSFSEHRoEBiEYS9tAkDKWDYDhjgKYb.1&from=addon>

Additional Public Meeting Location(s):

In addition to the primary meeting location listed above, any member of the public may also observe the meeting and offer public comment at the following address(es):

Modesto Irrigation District
1231 11th Street, Conference Room 2D
Modesto, CA 95354

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 and Strategic Planning Session held on August 23, 2023.
 - B. BANC Operator Report (August).
 - C. Compliance Officer Report (September).
 - D. PC Committee Chair Report (September).
 - E. General Manager's Report and Strategic Initiatives Update.
- 5 Regular Agenda Items – Discussion and Possible Action.**
 - A. General Manager Updates.
 - i. Market Updates – EIM, EDAM, Markets+, WRAP.
 - ii. Draft BANC 2023/2024 Strategic Initiatives Review and Possible Acceptance.
 - B. Budget Updates.
 - i. Consider and Possibly Approve Resolution 23-09-01 *Approval of Revised 2023 Annual Budget for BANC.*
 - ii. Consider and Possibly Approve Resolution 23-09-02 *Accepting and Adopting the BANC Member Participation Percentages for 2024.*
 - iii. Consider and Possibly Approve Resolution 23-09-03 *Approval of 2024 Annual Budget for BANC.*
 - C. Consider and Possibly Approve Resolution 23-09-04 *Approval of BANC Internal Compliance Program Charter.*
 - D. Member Updates.
- 6 Adjournment.**

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

Balancing Authority of Northern California

Consent Agenda Items

- A. Minutes of the August 23, 2023 BANC Regular Meeting and Strategic Planning Session.**
- B. BANC Operator Report (August).**
- C. Compliance Officer Report (September).**
- D. PC Committee Chair Report (September).**
- E. General Manager Report and Strategic Initiatives Update.**

MINUTES OF THE REGULAR MEETING AND STRATEGIC PLANNING SESSION
OF THE COMMISSIONERS OF
THE BALANCING AUTHORITY OF NORTHERN CALIFORNIA (BANC)

August 23, 2023

On this date, a Regular Meeting and Strategic Planning Session of the Commissioners of the Balancing Authority of Northern California was held at 555 Capitol Mall, Suite 570, Sacramento, CA 95814.

Representatives:

Member Agency	Commissioner
Modesto Irrigation District (MID)	Martin Caballero
City of Redding	Nick Zettel
City of Roseville	Shawn Matchim, Alternate
Sacramento Municipal Utility District (SMUD)	Paul Lau
City of Shasta Lake	Absent
Trinity Public Utilities District (TPUD)	Paul Hauser

Other Participants:

Jim Shetler	General Manager
Tony Braun	General Counsel
Brittany Iles	General Counsel
Kris Kirkegaard	General Counsel Support
James Leigh-Kendall	BANC Compliance Officer
Mark Willis	BANC Operator
Janice Zewe	BANC Planning Coordinator Chair
Brock Costalupes	Alternate Commissioner, MID
Joe Bowers	Alternate Commissioner, City of Redding
Bill Forsythe	Alternate Commissioner, City of Roseville
Bryan Griess	WAPA
Jeanne Haas	WAPA
Arun Sethi	WAPA
Andy Campbell	Presenter; Chair, WEIM Governing Body
Alice Reynolds	Presenter; President, CPUC

1. Call to Order and Verification of Quorum: Mr. Shetler verified that there was a quorum to proceed; attendance is noted above. Chair Hauser called the meeting to order at 1:00 p.m. Commissioner Caballero joined the meeting during item 5Ai.
2. Matters Subsequent to Posting the Agenda: None.

MINUTES OF THE REGULAR MEETING AND STRATEGIC PLANNING SESSION
OF THE COMMISSIONERS OF
THE BALANCING AUTHORITY OF NORTHERN CALIFORNIA (BANC)

3. Public Comment (any matter on the agenda): None.
4. Consent Agenda: Chair Hauser invited comments from the Commission and a motion on the Consent Agenda; no comments.

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

5. BANC Strategic Planning Session.
 - A. Discussion and Possible Decision on BANC Participation in CAISO Extended Day Ahead Market (EDAM).
 - i. CA Market Developments and Electricity Policy Panel.

Mr. Andrew Campbell (WEIM Governing Body) and Ms. Alice Reynolds (President, CPUC) addressed the Commission and a discussion followed.
 - ii. Background on BANC Evaluation of EDAM.

Mr. Shetler provided an overview and answered questions. No formal action was taken.
 - iii. Consider and Possibly Approve Resolution 23-08-01 Concurrence and Authorization in Furtherance of EDAM Participation by BANC.

Due to an error on the resolution with respect to the date the remainder of BANC members entered into the Western Energy Imbalance Market (2021, not 2020), following the original motion and second, a substitute motion was put forth noting this correction.

ACTION: M/S (Lau/Caballero) to **approve Resolution 23-08-01 Concurrence and Authorization in Furtherance of EDAM Participation by BANC**. Motion carried by a unanimous roll call vote (Absent: Commissioner Takehara).

- B. Discussion on Resource Procurement Options for BANC.
 - i. Consider and Possibly Approve Resolution 23-08-02 Authorization for General Manager to Enter into a Letter of Intent to Develop an Agreement with Golden State Clean Energy.

ACTION: M/S (Caballero/Zettel) to **approve Resolution 23-08-02 Authorization for General Manager to Enter into a Letter of Intent to Develop an Agreement with Golden State Clean Energy**. Motion carried by a unanimous roll call vote (Absent: Commissioner Takehara).

- ii. Discussion of Sutter Carbon Sequestration Project.

Mr. Shetler provided an overview and answered questions. No formal action was taken.

MINUTES OF THE REGULAR MEETING AND STRATEGIC PLANNING SESSION
OF THE COMMISSIONERS OF
THE BALANCING AUTHORITY OF NORTHERN CALIFORNIA (BANC)

C. 2023 and 2024 BANC Budget Updates.

- i. Consider and Possibly Approve Resolution 23-08-03 Approval of Revised 2023 Budget for BANC.

ACTION: M/S (Lau/Matchim) to **approve Resolution 23-08-03 Approval of Revised 2023 Budget for BANC.** Motion carried by a unanimous roll call vote (Absent: Commissioner Takehara).

- ii. Review of Draft 2024 BANC Budget.

Mr. Shetler provided an overview to the Commission and answered questions. The Commission will be asked to approve a 2024 budget at a future meeting. No formal action was taken.

D. Update on BANC Delegations, Process & Procedures Effort.

Mr. Shetler and Mr. Braun provided an overview. No formal action was taken.

E. Member updates.

Commissioner Zettel noted that Redding's next WECC audit would take place in September, with this being the first audit since registering as a TO/TOP. Commissioner Matchim noted challenges related to procurement of transformers, noted upcoming socialization of rate adjustments, and commented on the pending Bosch acquisition of TSI Semiconductors. Commissioner Lau stated that SMUD had been hosting public workshops on rates, noted a ribbon cutting for Station G, mentioned the approval of an EIR and authority to start purchasing land to build Country Acres, and discussed the implementation of eMobility hubs and continued neighborhood electrification.

The Commission adjourned at 3:50 p.m.

Minutes approved on September 27, 2023.

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 August 2023

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- Declared BA Energy Emergency Alert Level (EEA): EEA0
- RSG Activations
 - 0 Qualifying Events
 - 0 MW Qualifying Event request
 - 0 MW average generation lost
 - 0 MW maximum generation lost
 - Generating unit(s) and date(s) affected: N/A
 - All recoveries within 0 minute(s): N/A
- USF
 - 13 of 31 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: 3 Minutes
 - Number of BAAL exceedance >10 minutes: None
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2023 Frequency Response Obligation (FRO): -18.8 MW/0.1Hz
 - Q2 Frequency Response Measure (FRM): -60.7 MW/0.1Hz
 - Q2 Number of Under-Performed Events: 0 out of 7
 - Q1~Q2 Frequency Response Measure (FRM): -52.5 MW/0.1Hz
 - Q1~Q2 Number of Under-Performed Events: 0 out of 11

Monthly Notes:

- No additional notes or impacts

Compliance Officer Report

BANC Commission Meeting

September 2023

The following summarizes routine issues for the Commission's information and consideration. Any major issues or action items will be identified 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.
- WECC has provided a copy of BANC's Compliance Oversight Plan (COP). There are still some technical issues with its publication in Align, but the latest version received is expected to be the final.

BANC MCRC:

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

PC Committee Chair Report

BANC Commission Meeting

September 2023

The following summarizes Planning Coordinator-related activities and updates 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 and/or activities:

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

- TPL-001-5 - Transmission System Planning Performance – Staff completed the annual study, including steady state and transient stability. Mitigation plans are being developed as well as the draft report, which is due to be sent out for BANC PC participants to review on September 15th.
- FAC-014 SOLs – Staff completed the annual study and submitted draft 2023 BANC PC FAC-014 SOLs study report to BANC PC participants on August 25th for review and comment by September 8th.
- PRC-026-1 Results Notification – Staff notified BANC PC Participants of preliminary transient stability assessment results per application of PRC-026-1 R1 Criteria 4. The results will be added to the upcoming 2023 BANC PC PRC-026-1 draft report for review by September 29th.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-3 Interconnection Studies	100%	There are no BES interconnection projects for 2023-24 for BANC PC Participants.
2	FAC-010-3 SOL Methodology for Planning Horizon	100%	An updated version was sent to external stakeholders and BANC PC Participants on 12/31/2022.
3	FAC-014-2 Establish and Communicate SOLs	90%	Staff submitted draft 2023 BANC PC FAC-014 SOLs study report to BANC PC participants on 08/25/23 for review and comment by 09/08/23.
4	IRO-017-1 Outage Coordination	0%	Awaiting the completion of the 2023 annual assessment to send to the Reliability Coordinator.
5	MOD-031-2 Demand and Energy Data	100%	Staff is coordinating the 2023 data request cycle. The two sets of data have been uploaded to WECC. BANC also provided responses to L&R Narrative questions on 03/20/23.
6	MOD-032-1 Data for Power System Modeling & Analysis		Ongoing activity. Data request to fulfill 13-month cycle for compliance was sent on 02/03/2023.
7	MOD-033-1 System Model Validation	0%	Data requests and study will be performed later in the year.
8	PRC-006-5 Underfrequency Load Shedding	100%	The WECC Off Frequency System & Protection Restoration Committee (OFSPR) data collector sent out the new 2023 data request, and BANC PC Participants provided BANC PC and the OFSPR their responses for the Southern Island Load Tripping Plan (SILTP) report. The provided data will be aggregated into the coordinated load tripping plan and report for WECC by SMUD. The BANC PC portions of this data request were completed in June.
9	PRC-010-2 Undervoltage Load Shedding	0%	Another study is due by 12/30/2024.
10	PRC-012-2 Remedial Action Schemes	80%	New Standard effective on 01/01/2021. Study Plan finalized on 04/10/2020. Working on performing studies for each RAS scheme.
11	PRC-023-4 Transmission Relay Loadability	100%	Staff shared the finalized PRC-023-4 report with BANC PC Participants on 07/28/23.

	PC Standard	Estimated % Complete	Notes
12	PRC-026-1 Relay Performance During Stable Power Swings	75%	Staff notified BANC PC Participants of preliminary transient stability assessment results per application of PRC-026-1 R1 Criteria 4. The results will be added to the upcoming 2023 BANC PC PRC-026-1 draft report for review by 09/29/23.
13	TPL-001-5 Transmission System Planning Performance	80%	Mitigation plans are being developed and the report draft is being written.
14	TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events	100%	<p>Registered the SMUD/BANC PC GIC monitoring device at Carmichael with NERC – compliance requirement.</p> <p>Made request to the GIC manufacturer to increase sampling rate from the default once every hour to once every 10s or faster per NERC recommendation.</p> <p>SMUD sent the TPL-007-4 requirement R12 and R13 to the BANC PC members. The effective date for these requirements was 07/01/2021.</p> <p>Ongoing, NERC has declared a GMD event ($K_p > 7$) for reporting purpose. The GMD event duration was from 11/3 2021 3:00pm to 11/4/2021 11:59pm. Recording data for these two events was downloaded and saved for reporting prior to the annual due date (06/30/2022).</p> <p>SMUD uploaded all 3 GMD events that were requested by NERC (due 06/30/2022).</p> <p>Completed benchmarking and supplemental GMD Vulnerability Assessment of the Near-Term Transmission Planning Horizon (R4 and R8), provided GIC flow information to the BANC PC members (R5 and R9) – Due 01/01/2023.</p>

GM Report

BANC Commission Meeting

September 27, 2023

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. We continue to interact on an informal basis to make sure we are aligned on EIM issues from a POU perspective. We are routinely holding bi-weekly calls to provide updates and discuss issues. We have also used this forum to discuss POU positions regarding the EDAM development, other market design issues (e.g.- SPP Markets+), and to discuss potential summer heat wave impacts on EIM and EDAM design.

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 2023 report showing gross benefits of \$17.72 million for BANC, with a total of \$519.83 millions of gross benefits for BANC since joining in 2019.

With respect to BANC EIM Phase 2 effort, BANC has been passing both the EIM Capacity and Flex Ramp tests with a high success rate. Both the Technical Evaluation Subcommittee and the Settlements Subcommittee are meeting routinely and evaluating EIM operations, with reports out to the EIM Committee. We are also discussing with the EIM Committee how to move forward with accounting for non-participating demand response in EIM, at least for SMUD, as well as the request by CAISO for detailed behind the meter solar and storage data.

EDAM Participation

The CAISO filed the final proposed EDAM/DAME tariff with FERC on 8/22/23. BANC staff are working with the Legal Committee and other interested EDAM parties on a set of supportive comments to be filed at FERC by 9/21/23.

A group of Western state regulators (AZ, CA, NM, OR, and WA) have sent a letter to CREPC/WIRAB supporting the creation of an independent entity that would leverage the existing CAISO infrastructure for EIM and eventually EDAM to develop a cost-effective West-wide market. This would include a range of market services from EIM to EDAM to an RTO. It also deals with the CAISO governance issue by creating a separate independent entity. BANC views this as a positive development in ensuring a West-wide market that will include CA and supports the effort. BANC has joined other parties in supplying responses to a set of questions that the group has raised on how to proceed with this effort.

BANC presented its recommendation on EDAM participation to the Commission at its 8/23/23 Strategic Planning Session. The Commission unanimously supported the recommendation to move forward with EDAM participation, subject to approval by the individual EIM participants. BANC announced this decision at the CAISO EDAM Forum on 8/30/23 along with a press release, which also noted SMUD's decision to participate in EDAM.

Other Market Developments

In parallel with the re-initiation of the EDAM process, two other West-wide market developments are also in process:

1. SPP has announced its "Markets +" effort to support utilities in the West with a range of market options from EIM to full RTO services. SPP provided a final straw proposal in late 2022. SPP has received funding from twenty-two entities for the next phase of the market development. Staff views Markets+ as a fallback option for BANC and will continue to monitor this market option but does not plan on seeking funding for participation in this next phase of their efforts. SPP is currently forecasting a Markets+ tariff ready for filing at FERC by the end of 2023 to early 2024.
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. The cost benefit study and other WMEG efforts were completed in June 2023 and the project was declared finished as of June 30, 2023. The output of the WMEG cost benefit study is being used by some participants in their decision-making for day ahead market evaluation.

WAPA:

Market Engagement

WAPA-SNR continues to be an active participant in the EIM.

We have also held several discussions with WAPA-SNR on how staff could assist in their decision-making on EDAM participation. This has included more detailed discussions with the Brattle Group on the benefits study, joint discussions with the CAISO, and making the Utilicast consultant available for assistance. WAPA-SNR has

requested that the BANC contract with Utilicast be used as the mechanism for their EDAM “gap” analysis. Staff will be bringing this to the Commission for consideration at the 9/27/23 meeting.

WECC

WECC Board Meetings

The last set of Board and committee meetings were held on September 13-14, 2023, in Vancouver, BC, Canada, which was also the annual meeting. The next set of meetings will be December 5-6, 2023, in Salt Lake City, UT.

Western Power Pool (WPP)

Western Resource Adequacy Program (WRAP)

As agreed previously, BANC has informed WPP that it will not be participating in the Western Resource Adequacy Program (WRAP) due to our lack of ability to have firm, long-term transfer capability at Mid-C, which is the hub for the WRAP interchanges. BANC continues to monitor development of the WRAP and hold periodic discussions with WPP regarding our ability to participate in the future. The new WPP independent board held its first public meeting on May 31, 2023. WRAP continues to evaluate when it can move to a “binding” program with imposed penalties. The preference is to be at the “binding” stage by 2026, but it could be as late as 2028. The WRAP program has also been working with the CAISO to ensure that there is interoperability between the WRAP and the proposed EDAM.

RSG and FRSG Participation

BANC continues to participate in the Reserve Sharing Group and the Frequency Response Sharing Group through the WPP 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 and SMUD is initiating updated studies. The current schedule for the project is to initiate construction in 2033 with operations initiated in 2040’s.

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, facilitated by CMUA. The final, initial report was issued on 3/15/21. The CEC did reach out to the POU BAAs in early March 2021 seeking more engagement with the BAAs for the next round of analysis for the SB100 effort. Based upon recent discussions, the POU BAAs have hired a consultant via CMUA to assist in this effort. The Joint Agencies have also indicated that they will be initiating the next cycle of the SB100 effort to support issuing an update report by the required date of 1/1/25. The CEC held an initial public meeting on 8/22/23 to kickoff this effort. Jon Olson (SMUD) represented BANC at this meeting.

Western Electricity Industry Leaders (WEIL) Group

The WEIL CEOs last met on March 3, 2023, in San Diego, CA. The next meeting of the WEIL group is planned for September 29, 2023, in Portland, OR.

Strategic Initiatives

The 2022/2023 Strategic Initiatives updates are attached to this report.

BANC 2022/2023 Strategic Plan - Routine Initiatives - September 2023 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	On hold for 2023
3 Medium		Develop appropriate policies, procedures, & action tracking	Jim Shetler/BB&W	4th Qtr. 2023	Initiating staff discussions
4 Medium	OUTREACH	Engage in industry forums (WECC, RC West, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & NWPP Exec. Forum meetings
5 Medium		Coordinate with other POU BAs (Ca and regionally)	Jim Shetler	Ongoing	Coordinating with SCL/SRP/LA/TP/TID on EIM/EDAM & SB100
6 Medium		Outreach to regulatory and legislative bodies on key issues	Jim Shetler/BB&W/WEL	Ongoing as Necessary	FERC update discussion on EDAM 1/16
7 Medium		More formal engagement with TID on BA/EIM/EDAM issues	Jim Shetler/BB&W/WEL	Ongoing	Continue periodic discussions on areas of collaboration
8 Medium	ASSETS	Establish BANC criteria for RA	Jim S./Resource Com.	4th Qtr. 2022	Resource Committee and Commission approved in Feb.
9 Low	MEMBER SERVICES	Identify and outreach to potential new BANC members	Jim Shetler	Ongoing as Appropriate	

BANC 2022/2023 Strategic Plan - Focused Initiatives - September 2023 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
10 High	INDEPENDENCE	Manage EIM Phase 2 Going Forward	Jim Shetler/SMUD	Ongoing	Manage Phase 2 operations including EIM, Tech Anal. & Settlements committees
11 High		EDAM evaluation effort ~ CAISO Stakeholder Process	Jim Shetler/BB&W/WEL	Dec-22	EIM GB/BOG approved 2/1
		~ CAISO Tariff Development ~ BANC EDAM participation decision	Jim Shetler/BB&W/WEL Jim Shetler/BB&W/WEL/ Commission	Mid-2023 4th Qtr. 2023	Tariff filed at FERC 8/22/23 Commission approved EDAM recommendation on 8/23/23
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	Support letter for EDAM Coordinating on ACR188
14 High		Market Regionalization: ~ Monitor ongoing discussions at WEIL & other venues	Jim Shetler/BB&W/WEL	Ongoing	Participating at WEIL/WMEG
15 High		Coordinate with CA BAs on SB100 effort	Jim Shetler/BB&W	Ongoing	CEC held kickoff mtg. on 8/22
16 Medium	ASSETS	~ Evaluate state & federal funding for BANC projects ~ Evaluate future BANC projects	Jim S./BB&W/Res. Com. Jim S./BB&W/Res. Com.	2nd Qtr. 2023 12/1/23	Pursuing Sutter CS Project GSCE LOI approved 8/23
17 Medium	MEMBER SERVICES	Evaluate possible support to participants for EIM operations	Jim Shetler	Ongoing	

Balancing Authority of Northern California

Agenda Item 5A

- 1. Draft BANC 2023/2024 Strategic Initiatives.**

BANC 2023/2024 Strategic Plan - Routine Initiatives - September 2023 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	No update planned for 2024
3 Medium		Develop appropriate policies, procedures, & action tracking	Jim Shetler/BB&W	4th Qtr. 2024	Finalize policies & procedures
4 Medium	OUTREACH	Engage in industry forums (WECC, RC West, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & NWPP Exec. Forum meetings
5 Medium		Coordinate with other POU BAs (Ca and regionally)	Jim Shetler	Ongoing	Coordinating with SCL/SRP/LA/TP/TID on EIM/EDAM & SB100
6 Medium		Outreach to regulatory and legislative bodies on key issues	Jim Shetler/BB&W/WEL	Ongoing as Necessary	
7 Medium		More formal engagement with TID on BA/EIM/EDAM issues	Jim Shetler/BB&W/WEL	Ongoing	Continue periodic discussions on areas of collaboration
8 Medium	ASSETS	Monitor RA development in WI	Jim S./Res. Com.	4th Qtr. 2024	
9 Low	MEMBER SERVICES	Identify and outreach to potential new BANC members	Jim Shetler	Ongoing as Appropriate	

BANC 2023/2024 Strategic Plan - Focused Initiatives - September 2023 Draft

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
10 High	INDEPENDENCE	Manage EIM Phase 2 Going Forward	Jim Shetler/SMUD	Ongoing	Manage Phase 2 operations including EIM, Tech Anal. & Settlements committees
11 High		EDAM evaluation effort ~ Engage Stakeholder Processes ~ Participate in CAISO Tariff Process ~ Manage BANC EDAM implementation	Jim Shetler/BB&W/WEL Jim Shetler/BB&W/WEL Jim Shetler/BB&W/WEL Utilicast	Ongoing 1st Qtr. 2024 Apr-26	
12 Medium	OUTREACH	Evaluate opportunities to engage other entities in market development	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, TID, Tacoma, Idaho, PAC, & PGE
13 Medium		Regional Policy Issues: Monitor/ weigh-in where appropriate	Jim Shetler/Commission	Ongoing	
14 High		Market Regionalization: ~Monitor ongoing discussions at WEIL & other venues	Jim Shetler/BB&W/WEL	Ongoing	Participating at WEIL
15 High		Coordinate with CA BAs on SB100 effort	Jim Shetler/BB&W	Ongoing	
16 Medium	ASSETS	~ Develop agreements for Sutter CS Project	Jim S./BB&W/Res. Com.	6/30/24	
		~ Develop agreements for GSCE project participation	Jim S./BB&W/Res. Com.	6/30/24	
17 Medium	MEMBER SERVICES	Evaluate possible support to participants for EIM operations	Jim S.	Ongoing	

Balancing Authority of Northern California

Agenda Item 5B

1. **Resolution 23-09-01 Approval of Revised 2023 Annual Budget for BANC.**
2. **Attachment A to Resolution 23-09-01: BANC 2023 Budget – Amended 9/27/23.**
3. **Resolution 23-09-02 Accepting and Adopting the BANC Member Participation Percentages for 2024.**
4. **Attachment A to Resolution 23-09-02: 2024 Participation Percentages.**
5. **Resolution 23-09-03 Approval of 2024 Annual Budget for BANC.**
6. **Attachment A to Resolution 23-09-03: BANC 2024 Budget – September 2023 Draft.**

**Balancing Authority of Northern California
Resolution 23-09-01**

APPROVAL OF REVISED 2023 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 has developed a revised budget for PA-4: EDAM and Other Market Opportunities Evaluation and 2023 BANC Member Assessments; and

WHEREAS, the 2023 budget is being amended to update the participant funding allocation amounts in PA-4 and the 2023 BANC Member Assessments, specifically for PA-4, to decrease legal costs and add a new line item to the previously approved Utilicast contract for a WAPA-SNR EDAM gap analysis; and

WHEREAS, the General Manager has prepared a revised budget incorporating these revisions 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 Amended 2023 Annual Budget for BANC in the form attached hereto as Attachment A.
2. Direct the BANC Treasurer to assess each BANC Member in accordance with Resolution 12-02-03 and WAPA in accordance with the agreement (20-SNR-02422) between BANC and WAPA, and further direct the General Manager to work with WAPA to effectuate any amendments to the agreement.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of September, 2023, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	Martin Caballero				
City of Redding	Nick Zettel				
City of Roseville	Dan Beans				
City of Shasta Lake	James Takehara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Paul Hauser
Chair

Attest by: C. Anthony Braun
Secretary

BANC 2023 Budget Amended– 9/27/23

1. Base Budget

- a. General Manager Expenses = **\$378,000**
 - i. Scope: General Manager retainer (@\$30,000/mo.) and expenses (@\$1,500/mo.)
 - ii. Assumptions: Increase in retainer from 2020-2022 and increase travel expenses with expectation of more in-person regional meetings

- b. Legal Services = **\$575,000**
 - i. Assumptions: Increase in base legal services from 2022 of 8% for BB&W, keep WEL at \$16,000/month, with the notation that additional legal services may be required based on the level of activity in overall engagement. The proposed increase reflects several factors. Salary and other business cost pressures have increased substantially. Also, based on discussions with the General Manager, we anticipate tackling policy and delegation matters for the agency this year. Finally, given the pace of overall activity, such as ongoing state legislation, summer reliability initiatives, and similar matters, it seems reasonable to anticipate considerable non-project specific work. We believe additional travel is likely and, therefore, adding allowance for expenses (@\$1,500/mo.) split 2/3 BB&W; 1/3 WEL
 - ii. BB&W = \$365,000 (retainer) + \$12,000 (expenses) = \$377,000
 - iii. WEL = \$192,000 (retainer) + \$6,000 (expenses) = \$198,000

- c. WPP 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 = **\$150,000**
 - i. Scope: Potential consultant support for evaluating IRP recommendations and coordination with members, potential resource evaluation, and potential consultant support for SB100 report engagement at \$100,000. For 2022, BANC is currently engaged with the POU BAAs to support SB 100 activities, including legal and administrative support and a contract with The Brattle Group on grid modeling and reliability assessment. That budget is likely to be exhausted during calendar year 2022. We expect the SB 100 activities to ramp up in 2023, and that the POU BAAs to

ATTACHMENT A TO RESOLUTION 23-09-01

continue engagement through working groups with the joint energy agencies and the CAISO. While a rough estimate, historical expenditures would support a \$120,000 administrative and legal support budget, and the BANC NEL share of that is approximately \$50,000.

- e. Asset Valuation = **\$1,025,908**
 - 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:
 - 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 = **\$10,500**
 - i. Annual Audit Fees = \$8,500
 - ii. Bank Charges = \$2,000
- g. Sub-total = **\$2,244,408**
- h. Contingency: **\$100,000**

Total = **\$2,344,408**

ATTACHMENT A TO RESOLUTION 23-09-01

Member Breakdown Comparison of 2023 vs. 2022 Base Budgets (based upon 2021 Retail Sales):

MEMBER ALLOCATION	2023	2022
SMUD (69.2%)	\$ 1,605,030.34	\$ 1,518,461.14
MID (16.9%)	\$ 391,979.95	\$ 370,838.05
ROSEVILLE (7.7%)	\$ 178,594.42	\$ 168,961.72
REDDING (4.9%)	\$ 113,650.99	\$ 107,521.09
SHASTA LAKE (1.3%)	\$ 30,152.30	\$ 28,526.00
Subtotal	\$ 2,319,408.00	\$ 2,194,308.00
TPUD (fixed)	\$ 25,000.00	\$ 25,000.00
TOTAL	\$ 2,344,408.00	\$ 2,219,308.00

APPROVAL DRAFT

ATTACHMENT A TO RESOLUTION 23-09-01

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 = \$309,879
 - 1. Main PC evaluation labor = \$271,824
 - 2. \$38,055 for labor to perform an overview assessment of full BANC footprint
 - 3. Includes a 3.5% labor rate adjustment for 2023
- 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 ASSESMENT
SMUD (50%)	\$ 154,939.50
MID (30%)	\$ 92,963.70
REDDING (9.5%)	\$ 29,438.51
ROSEVILLE (10.5%)	\$ 32,537.30
TOTAL	\$ 309,879.00

ATTACHMENT A TO RESOLUTION 23-09-01

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. Assumed RC West 2023 charge-out rates = \$0.03/MWH
 - 5. 2021 NEL for remaining BANC footprint:
 - a. Roseville = 1,190,727 MWH

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

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

MEMBER	2021 NEL - MWH	2023 ASSESSMENT
ROSEVILLE	1,190,727	\$ 35,721.81
TOTAL	1,190,727	\$ 35,721.81

ATTACHMENT A TO RESOLUTION 23-09-01

5. Participation Agreement #4 (PA-4) – Extended Day-Ahead Market (EDAM) and Other Market Opportunities Evaluation – **REVISED-01**
- a. Assumptions
- i. BANC EIM Participants elect to move forward with participation in CAISO EDAM. It is expected that 2023 will be a transition year with the focus on finalizing market design, development of CAISO tariff, scoping out BANC/participant tariff and business practices impacts, and finalizing BANC/participant decision-making on joining EDAM. EDAM implementation will be transitioned to a separate PA in 2024. We believe that continued engagement is expected for SPP Markets+ and WPP WRAP. This likely will include FERC filings, at least with respect to EDAM, and also possible FERC meetings and technical conferences. Also, RTO discussions will likely ramp up as reflected in recent Studies performed by various advocacy groups. We assume in this budget estimate the current legal resource commitment rate through the end of 2023. Based upon staff recommendation, BANC will initiate efforts in August 2023 to support a potential EDAM implementation in Spring 2026. Total monthly legal services budget would be \$25,950, allocated \$9950/month BB&W, \$16,000/month WEL (NOTE: No WEL charges are expected for July, August, **September, and October 2023 and reduced charges in November and December 2023**). WAPA-SNR will perform a “gap” analysis using the BANC contract with Utilicast. Utilicast has estimated this work to cost \$40,800, and the budget has been adjusted to allow \$48,000 to cover potential contingencies.
- 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 2023 3-year rolling average NEL as follows:
1. SMUD – 64.4%
 2. MID – 15.3%
 3. WAPA-SNR – 7.8%
 4. Roseville – 6.8%
 5. Redding – 5.7%
- b. Estimated costs for monitoring day-ahead market development reflect that, while the character of the engagement will change, focus and extensive effort will continue through the year, including EDAM support. Actual Utilicast expenditures were less than budgeted and there is expected to be sufficient funds remaining to cover Advisory Support for the rest of 2023. It is assumed that EDAM benefit analysis will carry over into 2023; however, actual expenditures were \$~40,000 more than budgeted due to delays in both the EDAM benefit analysis effort and WMEG efforts. Allowance is also being made for SMUD project management support during the Advisory Support phase in the last five months of 2023 in the

ATTACHMENT A TO RESOLUTION 23-09-01

amount of \$40,000. The net impact is an \$~50,000 increase in the budget for PA-4.

IMPLEMENTATION CATEGORY	ORIGINAL COST ESTIMATE	REVISED COST ESTIMATE	SMUD	MID	WAPA-SNR	ROSEVILLE	REDDING
Legal Support							
~ BB&W Retainer	\$ 119,400.00	\$ 119,400.00					
~ WEL Retainer	\$ 192,000.00	\$ 112,000.00					
Legal Support Total	\$ 311,400.00	\$ 231,400.00	\$ 149,021.60	\$ 35,404.20	\$ 18,049.20	\$ 15,739.20	\$ 13,189.80
Consultant Support							
~ Utilicast Support	\$ 60,000.00	\$ 60,000.00	\$ 38,640.00	\$ 9,180.00	\$ 4,680.00	\$ 4,080.00	\$ 3,420.00
~ Utilicast WAPA Gap Analysis		\$ 48,000.00			\$ 48,000.00		
~ EDAM Benefits Anal.	\$ 60,000.00	\$ 100,000.00	\$ 64,400.00	\$ 15,300.00	\$ 7,800.00	\$ 6,800.00	\$ 5,700.00
~ SMUD PM SUPPORT	\$ -	\$ 40,000.00	\$ 25,760.00	\$ 6,120.00	\$ 3,120.00	\$ 2,720.00	\$ 2,280.00
~ Market Dev, Spt. (CES)	\$ 24,000.00	\$ 24,000.00	\$ 15,456.00	\$ 3,672.00	\$ 1,872.00	\$ 1,632.00	\$ 1,368.00
~ Consultant Support Total	\$ 144,000.00	\$ 272,000.00	\$ 144,256.00	\$ 34,272.00	\$ 65,472.00	\$ 15,232.00	\$ 12,768.00
Total Estimate	\$ 455,400.00	\$ 503,400.00	\$ 293,277.60	\$ 69,676.20	\$ 83,521.20	\$ 30,967.20	\$ 25,957.80
Contingency (~5%)	\$ 22,770.00	\$ 25,170.00	\$ 14,663.88	\$ 3,483.81	\$ 4,176.06	\$ 1,548.36	\$ 1,297.89
TOTAL for 2023	\$ 478,170.00	\$ 528,570.00	\$ 307,941.48	\$ 73,160.01	\$ 87,697.26	\$ 32,515.56	\$ 27,255.69

APPROVAL DRAFT

ATTACHMENT A TO RESOLUTION 23-09-01

6. Participation Agreement #5 (PA-5) – EIM Participation
- c. 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 2023 3-year rolling average NEL for all five participants as follows:
 - 1. SMUD – 64.4%
 - 2. MID – 15.3%
 - 3. WAPA-SNR – 7.8%
 - 4. Roseville – 6.8%
 - 5. Redding – 5.7%
 - d. Cost estimates based on EIM Services Agreement, and latest estimates, including software charges per contracts. Includes 5% adjustment for SMUD EIM Operator labor, 3.5% adjustment for other labor, and 3% adjustment for software contracts. SMUD labor for EIM Desk, SME/Oversight, and Settlements will be charged out based upon actual hours expended. Charges for all other SMUD labor will be allocated based upon the estimate provided.
 - e. Allocation of TPUD load settlement charges assigned to SMUD/MID/Redding/Roseville per original agreement. Load based settlement charges assumed at \$30,000 for EIM operation in 2023.

APPROVAL

ATTACHMENT A TO RESOLUTION 23-09-01

IMPLEMENTATION CATEGORY	ESTIMATE	Participant			Cost		Allocations		TOTAL
		SMUD	MID	WAPA-SNR	ROSEVILLE	REDDING			
Personnel - EIM Desk (5)	\$ 1,834,306.00								
Personnel - Settlements (1.5)	\$ 651,425.00								
Personnel - Outage Mgmt (0.4)	\$ 140,096.00								
Personnel - Netwk Model (1)	\$ 295,528.00								
Personnel - Meter Data Mgmt (0.5)	\$ 43,746.00								
Personnel - SME/Oversight (0.4)	\$ 188,873.00								
Personnel - IT Support (0.25)	\$ 61,626.00								
Personnel Total (9.05)	\$ 3,215,600.00								
EIM Software Support									
- OATI	\$ 95,480.00								
- Power Settlements	\$ 469,873.00		\$ 53,045.00			\$ 53,045.00		\$ 575,963.00	
- ITOA	\$ 20,600.00								
- Allowance for SW Upgrades	\$ 50,000.00								
- WebEIM	\$ 41,200.00								
EIM Software Support Total	\$ 677,153.00								
EMS EIM Module									
- Amortized Capital	\$ 52,978.00								
- O&M Support	\$ 10,000.00								
EMS EIM Module Total	\$ 62,978.00								
EIM OPERATOR TOTAL	\$ 3,955,731.00	\$ 2,547,490.76	\$658,271.84	\$308,547.02	\$ 268,989.71	\$ 278,521.67	\$ 4,061,821.00		
Miscellaneous Support									
- Legal Support	\$ 30,000.00								
- EIM Stakeholder Support (CES)	\$ 24,000.00								
- Utilicast Support	\$ -								
Miscellaneous Support Total	\$ 54,000.00								
CAISO Charges									
- Fees	\$ 250,000.00								
- Uplifts	\$ 500,000.00								
CAISO Charges Total	\$ 750,000.00								
TOTAL EIM Operations for 2023	\$ 4,759,731.00	\$ 3,065,266.76	\$781,283.84	\$371,259.02	\$ 323,661.71	\$ 324,349.67	\$ 4,865,821.00		
TPUD Load Charges	\$ 30,000.00	\$ 20,880.000	\$ 5,040.000	\$ -	\$ 2,220.000	\$ 1,860.000			
TOTAL EIM FOR 2023	\$ 4,789,731.00	\$ 3,086,146.76	\$786,323.84	\$371,259.02	\$ 325,881.71	\$ 326,209.67	\$ 4,895,821.00		

ATTACHMENT A TO RESOLUTION 23-09-01

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
9. Participation Agreement # 8 (PA-8) – EDAM Implementation – Hold for future implementation decision
10. 2023 BANC Member Assessments

MEMBER	BASE BUDGET	PA-1: PA/PC	PA-2: RC West	PA-4: EDAM	PA-5: EIM Part.	PA-8: EDAM Imp.	Amended 2023 TOTAL	Amended 2022 TOTAL
SMUD	\$ 1,605,030.34	\$ 154,939.50	\$ -	\$ 307,941.48	\$ 3,086,146.76	\$ -	\$ 5,154,058.08	\$ 5,125,533.20
MID	\$ 391,979.95	\$ 92,963.70	\$ -	\$ 73,160.01	\$ 786,323.84	\$ -	\$ 1,344,427.51	\$ 1,296,140.33
ROSEVILLE	\$ 178,594.42	\$ 32,537.30	\$ 35,721.81	\$ 32,515.56	\$ 325,881.71	\$ -	\$ 605,250.79	\$ 599,573.65
REDDING	\$ 113,650.99	\$ 29,438.51	\$ -	\$ 27,255.69	\$ 326,209.67	\$ -	\$ 496,554.85	\$ 490,504.83
SHASTA LAKE	\$ 30,152.30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,152.30	\$ 28,526.00
TPUD	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00
BANC TOTAL	\$ 2,344,408.00	\$ 309,879.00	\$ 35,721.81	\$ 440,872.74	\$ 4,524,561.98	\$ -	\$ 7,655,443.53	\$ 7,565,278.01
WASN	\$ -	\$ -	\$ -	\$ 87,697.26	\$ 371,259.02	\$ -	\$ 458,956.28	\$ 455,305.92
GRAND TOTAL	\$ 2,344,408.00	\$ 309,879.00	\$ 35,721.81	\$ 528,570.00	\$ 4,895,821.00	\$ -	\$ 8,114,399.81	\$ 8,020,583.93

APPROVED

**Balancing Authority of Northern California
Resolution 23-09-02**

**ACCEPTING AND ADOPTING THE BANC MEMBER
PARTICIPATION PERCENTAGES FOR 2024**

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

1. Accept the 2024 Participation Percentages, attached hereto as Exhibit A, to be effective as of January 1, 2024.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of September 2023, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	Martin Caballero				
City of Redding	Nick Zettel				
City of Roseville	Dan Beans				
City of Shasta Lake	James Takehara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Paul Hauser
Chair

Attest by: C. Anthony Braun
Secretary

Attachment A to Resolution 23-09-02

2024 (based on 2022 numbers)

<u>Member</u>	2022 Retail		Final for 2023	Diff	Final for 2024
	2022 Retail Sales	Sales % (Rounded)			
MID	2637	17.00%	17.20%	-0.20%	17.00%
Redding	747	4.80%	4.90%	-0.10%	4.80%
Roseville	1175	7.60%	7.50%	0.10%	7.60%
SMUD	10,622	68.40%	68.10%	0.30%	68.40%
Trinity PUD	127	0.80%	0.90%	-0.10%	0.80%
Shasta Lake	220	1.40%	1.40%	0.00%	1.40%
	<u>15,528</u>	<u>100.0%</u>	<u>100.00%</u>		<u>100.00%</u>

Conclusion for 2024: There was a change of more than 0.2% in any Member's share (MID and SMUD) from the 2023 participation percentages. As a result, the 2024 participation percentages will be updated to the new calculations.

**Balancing Authority of Northern California
Resolution 23-09-03**

APPROVAL OF 2024 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 vendors and counsel to develop a draft budget that has been presented to the Commission for information and 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 2024 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 September, 2023, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	Martin Caballero				
City of Redding	Nick Zettel				
City of Roseville	Dan Beans				
City of Shasta Lake	James Takehara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Paul Hauser
Chair

Attest by: C. Anthony Braun
Secretary

BANC 2024 Budget

September 2023 – Draft

1. Base Budget

a. General Manager Expenses = **\$388,800**

- i. Scope: General Manager retainer (@\$30,900/mo.) and expenses (@\$1,500/mo.)
- ii. Assumptions: Assumes 3% increase in retainer and no increase in expenses from 2023

b. Legal Services = **\$597,470**

- i. Assumptions: Increase in base legal services from 2023 of 3% for BB&W and 6% for WEL, with the notation that additional legal services may be required based on the level of activity in overall engagement. The proposed increase reflects several factors, including salary and other business cost pressures, expected policy and delegation matters for the agency, and increased activity in such areas as ongoing state legislation, summer reliability initiatives, and similar matters, it seems reasonable to anticipate considerable non-project specific work. Allowance for travel expenses @\$1,500/mo. split 2/3 BB&W; 1/3 WEL
- ii. BB&W = \$375,950 (retainer) + \$12,000 (expenses) = \$387,950
- iii. WEL = \$203,520 (retainer) + \$6,000 (expenses) = \$209,520

c. WPP 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 = **\$150,000**

- i. Scope: Potential consultant support for evaluating IRP recommendations and coordination with members, potential resource evaluation, and potential consultant support for SB100 report engagement at \$100,000. BANC is currently engaged with the POU BAAs to support SB 100 activities, including legal and administrative support and a contract with The Brattle Group on grid modeling and reliability assessment. We expect the SB 100 activities to ramp up in 2023 through 2024, and that the POU BAAs to continue engagement through working groups with the joint energy agencies and the CAISO. While a rough estimate, historical expenditures would support a \$120,000 administrative and legal support budget, and the BANC NEL share of that is approximately \$50,000.

ATTACHMENT A TO RESOLUTION 23-09-03

- e. Asset Valuation = **\$1,025,908**
 - 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:
 - 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 = **\$10,500**
 - i. Annual Audit Fees = \$8,500
 - ii. Bank Charges = \$2,000
- g. Sub-total = **\$2,277,678**
- h. Contingency: **\$100,000**

Total = **\$2,377,678**

Member Breakdown Comparison of 2023 vs. 2024 Base Budgets (based upon 2022 Retail Sales for 2024):

MEMBER ALLOCATION (2024 %s)	2023	2024
SMUD (68.95%)	\$ 1,605,030.34	\$ 1,622,171.48
MID (17.14%)	\$ 391,979.95	\$ 403,249.01
ROSEVILLE (7.66%)	\$ 178,594.42	\$ 180,215.13
REDDING (4.84%)	\$ 113,650.99	\$ 113,869.62
SHASTA LAKE (1.41%)	\$ 30,152.30	\$ 33,172.76
Subtotal	\$ 2,319,408.00	\$ 2,352,678.00
TPUD (fixed)	\$ 25,000.00	\$ 25,000.00
TOTAL	\$ 2,344,408.00	\$ 2,377,678.00

ATTACHMENT A TO RESOLUTION 23-09-03

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 = \$319,175
 - 1. Main PC evaluation labor = \$279,978
 - 2. \$39,197 for labor to perform an overview assessment of full BANC footprint
 - 3. Includes a 3.0% labor rate adjustment for 2024
- 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. Roseville = (10.5%)
 - 4. Redding = (9.5%)

b. Estimated costs by member:

MEMBER	PA-1 ASSESMENT
SMUD (50%)	\$ 159,587.50
MID (30%)	\$ 95,752.50
ROSEVILLE (10.5%)	\$ 33,513.38
REDDING (9.5%)	\$ 30,321.63
TOTAL	\$ 319,175.00

ATTACHMENT A TO RESOLUTION 23-09-03

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. Assumed RC West 2024 charge-out rates = \$0.03/MWH
 - 5. 2022 NEL for remaining BANC footprint:
 - a. Roseville = 1,207,800 MWH

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

MEMBER	2022 NEL - MWH	2024 ASSESSMENT
ROSEVILLE	1,207,800	\$ 36,234.00
TOTAL	1,207,800	\$ 36,234.00

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

APPROVED

ATTACHMENT A TO RESOLUTION 23-09-03

5. Participation Agreement #4 (PA-4) –Market Alternatives Evaluation

a. Assumptions

- i. BANC EIM Participants elect to move forward with participation in CAISO EDAM. EDAM implementation will be transitioned to a separate PA in 2024. We believe that continued monitoring of SPP Markets+ and WPP WRAP is warranted. This likely will include FERC filings and also possible FERC meetings and technical conferences. Also, RTO discussions will likely ramp up as reflected in recent Studies performed by various advocacy groups. We assume in this budget estimate the current legal resource commitment rate through the end of 2023. Total monthly legal services budget would be \$16,105, allocated \$7,625/month BB&W, \$8,480/month WEL.
- 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 2024 3-year rolling average NEL as follows:
 - 1. SMUD – 64.6%
 - 2. MID – 15.5%
 - 3. WAPA-SNR – 7.3%
 - 4. Roseville – 6.9%
 - 5. Redding – 5.7%

- b. Estimated costs for monitoring day-ahead market development reflect that, while the character of the engagement will change, focus and extensive effort will continue through the year. Consultant support will be limited to part of the contract support from CES.

IMPLEMENTATION CATEGORY	COST ESTIMATE	SMUD	MID	WAPA-SNR	ROSEVILLE	REDDING
Legal Support						
~ BB&W Retainer	\$ 91,500.00					
~ WEL Retainer	\$ 101,760.00					
Legal Support Total	\$ 193,260.00	\$ 124,845.96	\$ 29,955.30	\$ 14,107.98	\$ 13,334.94	\$ 11,015.82
Consultant Support						
~ Market Dev, Spt. (CES)	\$ 24,000.00	\$ 15,504.00	\$ 3,720.00	\$ 1,752.00	\$ 1,656.00	\$ 1,368.00
~ Consultant Support Total	\$ 24,000.00	\$ 15,504.00	\$ 3,720.00	\$ 1,752.00	\$ 1,656.00	\$ 1,368.00
Total Estimate	\$ 217,260.00	\$ 140,349.96	\$ 33,675.30	\$ 15,859.98	\$ 14,990.94	\$ 12,383.82
Contingency (~5%)	\$ 10,863.00	\$ 7,017.50	\$ 1,683.77	\$ 793.00	\$ 749.55	\$ 619.19
TOTAL for 2024	\$ 228,123.00	\$ 147,367.46	\$ 35,359.07	\$ 16,652.98	\$ 15,740.49	\$ 13,003.01

ATTACHMENT A TO RESOLUTION 23-09-03

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 2024 3-year rolling average NEL for all five participants as follows:
 1. SMUD – 64.6%
 2. MID – 15.5%
 3. WAPA-SNR – 7.3%
 4. Roseville – 6.9%
 5. Redding – 5.7%

b. Cost estimates based on EIM Services Agreement, and latest estimates, including software charges per contracts. Includes 3% adjustment for SMUD labor and 3% adjustment for software contracts. SMUD labor for EIM Desk, SME/Oversight, and Settlements will be charged out based upon actual hours expended. Charges for all other SMUD labor will be allocated based upon the estimate provided.

c. Allocation of TPUD load settlement charges assigned to SMUD/MID/Redding/Roseville per original agreement. Load based settlement charges assumed at \$25,000 for EIM operation in 2024.

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ATTACHMENT A TO RESOLUTION 23-09-03

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

IMPLEMENTATION CATEGORY	ESTIMATE	Participant Cost			Allocations		TOTAL
		SMUD	MID	WAPA-SNR	ROSEVILLE	REDDING	
Personnel - EIM Desk (5)	\$ 1,889,335.00						
Personnel - Settlements (1.5)	\$ 670,968.00						
Personnel - Outage Mgmt (0.4)	\$ 144,299.00						
Personnel - Netwk Model (1)	\$ 304,394.00						
Personnel - Meter Data Mgmt (0.5)	\$ 45,058.00						
Personnel - SME/Oversight (0.4)	\$ 194,539.00						
Personnel - IT Support (0.25)	\$ 63,475.00						
Personnel Total (9.05)	\$ 3,312,068.00						
EIM Software Support							
- OATI	\$ 98,344.00						
- Power Settlements	\$ 483,969.00		\$ 54,636.00			\$ 54,636.00	\$ 593,241.00
- ITOA	\$ 21,218.00						
- Allowance for SW Upgrades	\$ 50,000.00						
- WebEIM	\$ 42,436.00						
EIM Software Support Total	\$ 695,967.00						
EMS EIM Module							
- Amortized Capital	\$ 52,978.00						
- O&M Support	\$ 10,000.00						
EMS EIM Module Total	\$ 62,978.00						
IMPLEMENTATION CATEGORY	ESTIMATE	SMUD	MID	WAPA-SNR	ROSEVILLE	REDDING	TOTAL
EIM OPERATOR TOTAL	\$ 4,071,013.00	\$ 2,629,874.40	\$ 685,643.02	\$ 297,183.95	\$ 280,899.90	\$ 286,683.74	\$ 4,180,285.00
Miscellaneous Support							
- Legal Support	\$ 30,000.00						
- EIM Stakeholder Support (CES)	\$ 24,000.00						
- Utilicast Support	\$ -						
Miscellaneous Support Total	\$ 54,000.00						
CAISO Charges							
- Fees	\$ 250,000.00						
- Uplifts	\$ 500,000.00						
CAISO Charges Total	\$ 750,000.00						
TOTAL EIM Operations for 2024	\$ 4,875,013.00	\$ 3,149,258.40	\$ 810,263.02	\$ 355,875.95	\$ 336,375.90	\$ 332,511.74	\$ 4,984,285.00
TPUD Load Charges	\$ 25,000.00	\$ 16,150.00	\$ 3,875.00	\$ 1,825.00	\$ 1,725.00	\$ 1,425.00	\$ 25,000.00
TOTAL EIM FOR 2024	\$ 4,900,013.00	\$ 3,165,408.40	\$ 814,138.02	\$ 357,700.95	\$ 338,100.90	\$ 333,936.74	\$ 5,009,285.00

ATTACHMENT A TO RESOLUTION 23-09-03

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

APPROVAL DRAFT

ATTACHMENT A TO RESOLUTION 23-09-03

9. Participation Agreement # 8 (PA-8) – EDAM Implementation

a. Assumptions

- i. BANC serves as EDAM Entity
- ii. SMUD/MID/Roseville/Redding/WAPA-SNR intend to participate in EDAM
- iii. Target is for go-live date for EDAM participation in 4/1/26
- iv. Costs allocated in accordance with 2024 3-year rolling average NEL for all five participants as follows:
 - 1. SMUD – 64.6%
 - 2. MID – 15.5%
 - 3. WAPA-SNR – 7.3%
 - 4. Roseville – 6.9%
 - 5. Redding – 5.7%

b. Cost estimates based upon Utilicast EDAM “Gap Analysis”; Utilicast EDAM Effort proposal; discussions with SMUD, BB&W, and WEL; and the EDAM implementation options developed by BANC staff. Based upon a Spring 2026 go-live, activity levels are as follows:

- i. Advisory support from 8/23 – 8/24
- ii. Pre-implementation support from 9/24 – 3/25
- iii. Implementation support from 4/25 – 3/26
- iv. Go-live – April 2026
- v. Post go-live support from 4/26 – 5/26

c. 8 months of Advisory support and 4 months of Pre-implementation support:

IMPLEMENTATION CATEGORY	Option 2 Spring 2026 Go-Live	SMUD 64.6%	MID 15.5%	WAPA-SNR 7.3%	ROSEVILLE 6.9%	REDDING 5.7%
Advisory Effort (8 months)	\$ 232,083.00	\$ 149,925.62	\$ 35,972.87	\$ 16,942.06	\$ 16,013.73	\$ 13,228.73
~Utilicast Support	\$ 89,250.00					
~Legal Support	\$ 84,500.00					
~BBW Retainer	\$ 32,500.00					
~WEL Retainer	\$ 52,000.00					
~SMUD Project Support	\$ 58,333.00					
~Operations	\$ 16,667.00					
~Market/Trading	\$ 41,666.00					
Pre-Implementation Effort (4 mo)	\$ 283,534.00	\$ 183,162.96	\$ 43,947.77	\$ 20,697.98	\$ 19,563.85	\$ 16,161.44
~Utilicast Support	\$ 163,200.00					
~Legal Support	\$ 62,000.00					
~BBW Retainer	\$ 30,000.00					
~WEL Retainer	\$ 32,000.00					
~SMUD Project Support	\$ 58,334.00					
~Operations	\$ 16,667.00					
~Market/Trading	\$ 41,667.00					
Total Estimate	\$ 515,617.00	\$ 333,088.58	\$ 79,920.64	\$ 37,640.04	\$ 35,577.57	\$ 29,390.17
Contingency @~10%	\$ 51,561.70	\$ 33,308.86	\$ 7,992.06	\$ 3,764.00	\$ 3,557.76	\$ 2,939.02
TOTAL	\$ 567,178.70	\$ 366,397.44	\$ 87,912.70	\$ 41,404.05	\$ 39,135.33	\$ 32,329.19

ATTACHMENT A TO RESOLUTION 23-09-03

10. Participation Agreement # 9 (PA-9): Resource Projects Development

- a. BANC will develop appropriate project agreements for the following projects in 2024:
 - i. Indicative Template PPA and Template BANC Participation Agreement with GSCE for a solar/battery storage project to be located in the Westland’s area. Forecast agreements prepared by mid-2024. This will include review of existing similar arrangements, drafting, coordination with member and member counsel, and negotiations with GSCE.
 - ii. PPA and Participation Agreement with Calpine for taking energy and capacity from the Sutter Power Plant under its Carbon Sequestration Project, with exact form to be determined. This includes transfer or assignment of the current SMUD/Calpine MOA to BANC. Forecast agreements to be prepared by mid-2024.
- b. Support is currently envisioned to be required from BB&W and WEL for legal support in negotiating agreements. There is also a placeholder for additional consultant support as the project negotiations develop.
- c. Assume participation from MID, Redding, Roseville, and SMUD for these projects in the following percentages:
 - i. SMUD – 77.8%
 - ii. MID – 11.0%
 - iii. Redding – 5.6%
 - iv. Roseville – 5.6%

IMPLEMENTATION CATEGORY	COST ESTIMATE	SMUD	MID	ROSEVILLE	REDDING
Legal Support					
~ BB&W Retainer	\$ 100,000.00				
~ WEL Retainer	\$ 50,000.00				
Legal Support Total	\$ 150,000.00	\$ 116,700.00	\$ 16,500.00	\$ 8,400.00	\$ 8,400.00
Consultant Support					
~ Agreement Dev. Support	\$ 50,000.00	\$ 38,900.00	\$ 5,500.00	\$ 2,800.00	\$ 2,800.00
~ Consultant Support Total	\$ 50,000.00	\$ 38,900.00	\$ 5,500.00	\$ 2,800.00	\$ 2,800.00
Total Estimate	\$ 200,000.00	\$ 155,600.00	\$ 22,000.00	\$ 11,200.00	\$ 11,200.00
Contingency (~5%)	\$ 10,000.00	\$ 7,780.00	\$ 1,100.00	\$ 560.00	\$ 560.00
TOTAL for 2024	\$ 210,000.00	\$ 163,380.00	\$ 23,100.00	\$ 11,760.00	\$ 11,760.00

ATTACHMENT A TO RESOLUTION 23-09-03

11. 2024 BANC Member Assessments

MEMBER	BASE BUDGET	PA-1: PA/PC	PA-2: RC West	PA-4: MKT MONITORING	PA-5: EIM Part.	PA-8: EDAM Imp.	PA-9: Resource Projects Dvlpmt	Proposed 2024 TOTAL	Amended 2023 TOTAL (includes 9/27/23 update)
SMUD	\$ 1,622,171.48	\$ 159,587.50	\$ -	\$ 147,367.46	\$ 3,165,408.40	\$ 366,397.44	\$ 163,380.00	\$ 5,624,312.28	\$ 5,154,058.08
MID	\$ 403,249.01	\$ 95,752.50	\$ -	\$ 35,359.07	\$ 814,138.02	\$ 87,912.70	\$ 23,100.00	\$ 1,459,511.29	\$ 1,344,427.51
ROSEVILLE	\$ 180,215.13	\$ 33,513.38	\$ 36,234.00	\$ 15,740.49	\$ 338,100.90	\$ 39,135.33	\$ 11,760.00	\$ 654,699.22	\$ 605,250.79
REDDING	\$ 113,869.62	\$ 30,321.63	\$ -	\$ 13,003.01	\$ 333,936.74	\$ 32,329.19	\$ 11,760.00	\$ 535,220.18	\$ 496,554.85
SHASTA LAKE	\$ 33,172.76	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,172.76	\$ 30,152.30
TPUD	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00
BANC TOTAL	\$ 2,377,678.00	\$ 319,175.00	\$ 36,234.00	\$ 211,470.02	\$ 4,651,584.05	\$ 525,774.65	\$ 210,000.00	\$ 8,331,915.73	\$ 7,655,443.53
WAPA-SNR	\$ -	\$ -	\$ -	\$ 16,652.98	\$ 357,700.95	\$ 41,404.05	\$ -	\$ 415,757.97	\$ 458,956.28
GRAND TOTAL	\$ 2,377,678.00	\$ 319,175.00	\$ 36,234.00	\$ 228,123.00	\$ 5,009,285.00	\$ 567,178.70	\$ 210,000.00	\$ 8,747,673.70	\$ 8,114,399.81

APPROVAL

Balancing Authority of Northern California

Agenda Item 5C

1. **Resolution 23-09-04 Approval of *BANC Internal Compliance Program Charter*.**
2. **Attachment A to Resolution 23-09-04: BANC Internal Compliance Program Charter, Version 8.0.**
3. **BANC Member Compliance Review Committee Charter, Version 8.0.**

Braun Blaising & Wynne, P.C.

Attorneys at Law

9/20/23

To: BANC Commission
From: BANC Counsel
RE: Approval of BANC Internal Compliance Program Charter

The Compliance Officer is seeking Commission approval of the revisions made to the Balancing Authority of Northern California (“BANC”) Internal Compliance Program (“ICP”) Charter (“ICPC”). The prior review and revision, Version 7, occurred in March of 2022. ICPC Version 8 is being provided to the Commission for review and approval.

Background

The BANC ICP is comprised of both policy-level and program-level components. The document before the Commission is the ICPC, which outlines the policy-level component of the ICP. The ICPC provides the overall policy framework for the ICP. Commission consideration and approval of the ICPC helps demonstrate an active oversight of the ICP.

The ICP implementation details are outlined in separate program-level documents, including the Member Compliance Review Committee (“MCRC”) Charter, found in Appendix A of the ICPC, the North American Electric Reliability Corporation (“NERC”) Compliance Monitoring and Enforcement Program Implementation Plan (“CMEP-IP”), and a detailed compliance program components document, which serves as the manual for the ongoing day-to-day processes and procedures related to implementing and managing the ICP. These program-level working documents, while entirely consistent with ICPC policies, are not separately approved by the Commission.

Summary of ICPC Changes

The ICPC changes were undertaken as part of an annual documents review recommended by Sacramento Municipal Utility District’s (“SMUD”) Internal Audit Services (“IAS”) team. Regular audits of the compliance program are conducted by IAS, and WECC conducts triennial audits as a part of its CMEP activities. Regular updates of compliance documents are an important part of the preparation for these activities.

In this review cycle, minor ICPC updates and clean up changes were made, including:

- Updates to conform with changes made to WECC's CMEP-IP and/or other Compliance Enforcement Authority guidance, including updates to footnotes and hyperlinks
- Removal of the NERC CMEP-IP as Appendix 2, now referenced within the document as a footnote/hyperlink
- Minor formatting updates

Conforming changes were also made to the MCRC Charter, and a copy is being provided for your information.

Conclusion

The ICPC has been reviewed and accepted by the MCRC, which includes representatives from each of the BANC member organizations and the Western Area Power Administration – Sierra Nevada Region. We are seeking Commission approval of these changes. A clean approval draft of Version 8 of the ICPC has been included as Attachment A to Resolution 23-09-04 *Approval of BANC Internal Compliance Program Charter*.

**Balancing Authority of Northern California
Resolution 23-09-04**

Approval of BANC Internal Compliance Program Charter

WHEREAS, the Balancing Authority of Northern California (“BANC”) maintains an Internal Compliance Program (“ICP”) to ensure compliance with North American Electric Reliability Corporation (“NERC”) Reliability Standards (“Standards”); and

WHEREAS, the Commission has adopted the BANC ICP Charter (“ICPC”) to establish its policies relating to the ICP; and

WHEREAS, the Compliance Officer, in consultation with the Member Compliance Review Committee (“MCRC”), periodically reviews and proposes revisions to the ICPC to ensure the ICP is aligned with changes and/or revisions to Standards and/or changes in BANC’s obligations thereto; and

WHEREAS, the Compliance Officer has proposed revisions to the ICPC, referred to as ICPC Version 8, primarily to address administrative updates and ensure alignment with other WECC documentation; and

WHEREAS, the MCRC has reviewed and has concurred with the proposed ICPC revisions.

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby acknowledge and approve the ICPC, attached hereto as Attachment A.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of September 2023, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	Martin Caballero				
City of Redding	Nick Zettel				
City of Roseville	Dan Beans				
City of Shasta Lake	James Takehara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Paul Hauser
Chair

Attest by: C. Anthony Braun
Secretary

**BALANCING AUTHORITY OF
NORTHERN CALIFORNIA**

Internal Compliance Program Charter

Version 8.0

BANC Members:

Modesto Irrigation District (MID)
City of Redding (REU)
City of Roseville
City of Shasta Lake
Sacramento Municipal Utility District (SMUD)
Trinity Public Utilities District (TPUD)

Internal Compliance Program Charter

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Section 1. Overview

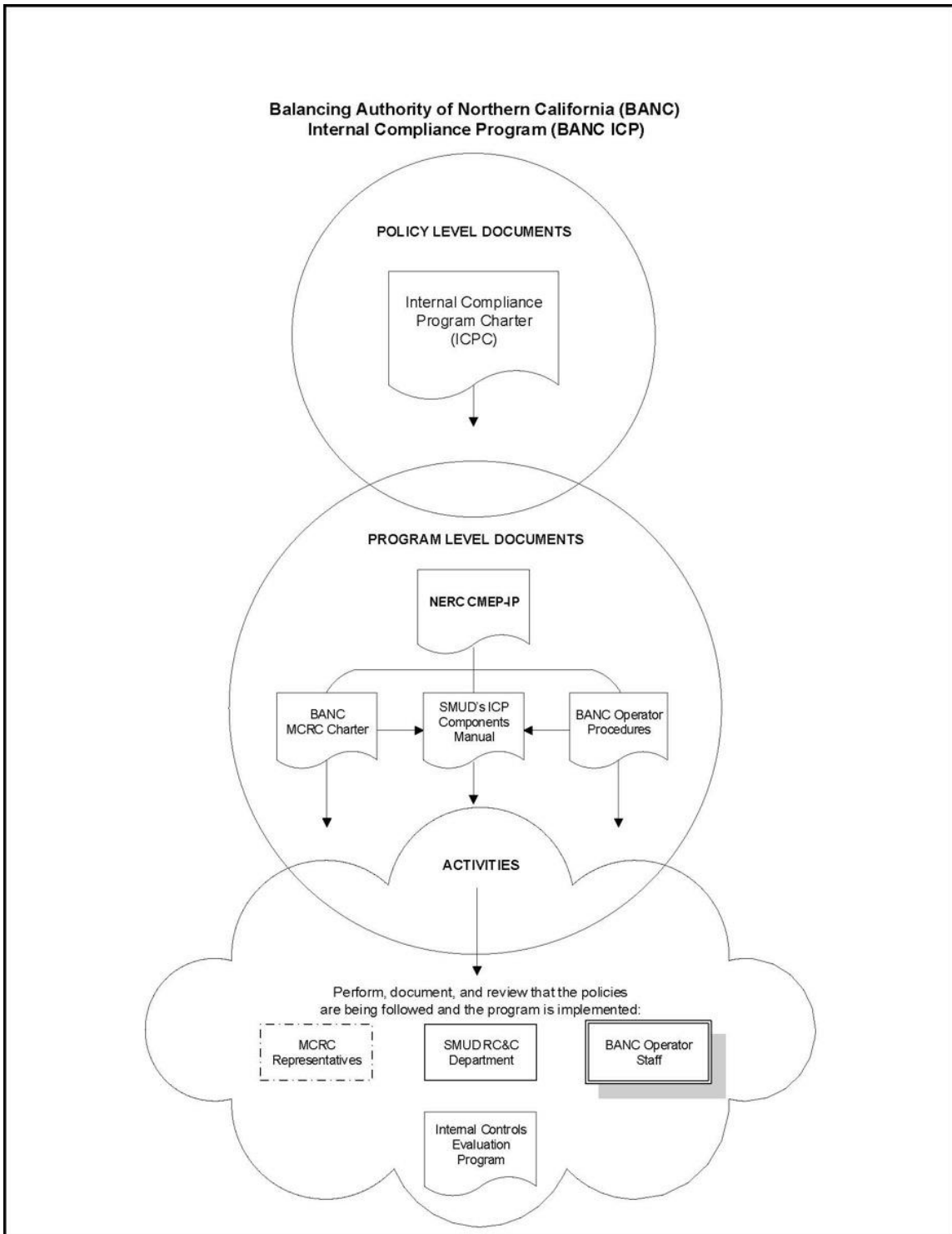
The Balancing Authority of Northern California (BANC) Internal Compliance Program (ICP) is comprised of two types of component documents: (1) policy-level; and (2) program-level. This document outlines the first, policy-level component of the ICP, referred to as the “Internal Compliance Program Charter” (ICPC). Developed by the Compliance Officer and approved by the BANC Commission, the ICPC provides the overall policy framework for the ICP. The ICP implementation details are outlined in separate program-level documents, including: the BANC Member Compliance Review Committee (MCRC) Charter, found in Appendix A; the North American Electric Reliability Corporation (NERC) Compliance Monitoring and Enforcement Program Implementation Plan (CMEP-IP); the SMUD Internal Controls Evaluation Program (ICE Program); and the SMUD Reliability Internal Compliance Program Components Manual.

The ICPC has been reviewed by the MCRC and provided to Compliance Staff and Subject Matter Experts (SMEs) responsible for maintaining compliance with the NERC Reliability Standards requirements and the mandatory Western Electricity Coordinating Council (WECC) Regional Reliability Standards (NERC/WECC collectively, “Reliability Standards”) requirements applicable to the functions for which BANC is registered. Diagram 1, below, shows the general framework of the ICP.

The goal of the ICP is to actively support a culture that continuously promotes and fosters a reliable and efficient Bulk Electric System (BES) by striving for operational excellence, including the incorporation of best-practices, principles, and processes that support Reliability Standards compliance. This ICPC establishes the framework for the plans, policies, procedures, systems, roles and responsibilities to monitor, assess, and ensure compliance with all applicable Reliability Standards and associated rules, orders, and regulations.

Compliance is accomplished through committed leadership, clear communication channels, training, individual performance and accountability, and a commitment to continuous improvement through monitoring activities, measuring, reporting, reviewing root causes, prevention, risk assessments, and responding to compliance and reliability issues.

Diagram 1: BANC ICP Framework



The ICP comprises six elements:

1. A Commission, comprised of an executive from each BANC Member (Member) agency, which is responsible for directing the program to meet the Reliability Standards applicable to BANC in its capacity as a NERC-registered Balancing Authority (BA) and Planning Coordinator (PC).
2. An independent Compliance Officer (CO), appointed by the Commission and responsible for reviewing compliance processes and plans, investigating potential violations of applicable Reliability Standards, self-reporting determined violations of those standards, directing the overall program goals, and providing periodic briefings and updates to the Commission, MCRC and BANC management.
3. A Member Compliance Review Committee (MCRC), comprised of representatives from each Member and a participant from the Western Area Power Administration -- Sierra Nevada Region (WASN), that is responsible for consulting with the CO with respect to compliance with applicable Reliability Standards.
4. The BANC Operator, who employs the SMEs responsible for meeting, maintaining, and providing the relevant documentation and technical expertise required to demonstrate compliance with all applicable Reliability Standards and who supports the compliance efforts of the CO and the MCRC.
5. BANC Counsel that provides legal support to the ICP.
6. A General Manager who implements the directives of the Commission and supports the ICP.

Section 2. Definitions and Terms

Unless otherwise defined herein, capitalized terms when used with initial capitalization, whether singular or plural, shall have the meaning set forth in the FERC-approved Glossary of Terms used in NERC Reliability Standards, the NERC Functional Model, or the WECC/NERC Delegation Agreement, including the WECC Compliance Monitoring and Enforcement Program (CMEP).

2.1 “BA/PC Compliance List” shall mean the informational list of Reliability Standards applicable to BANC in its capacity as a NERC-registered Balancing Authority and Planning Coordinator maintained by Compliance Staff and made available to Members from time to time.

2.2 “Balancing Authority” or “BA” shall be defined by the prevailing FERC-approved definition of the term as published in the NERC Glossary of Terms.

2.3 “Balancing Authority Area” or “BAA” shall mean the collection of generation, transmission, and loads within the metered electrical boundaries of the Balancing Authority.

- 2.4 “Balancing Authority Operation Services Agreement” shall mean the Agreement between BANC and SMUD as the BANC Operator whereby SMUD shall perform specified services for BANC in accordance with the terms of that Agreement.
- 2.5 “BANC Operator” is the role that shall be filled by the entity contracted as operator of the BANC BAA.
- 2.6 “Bulk Electric System” shall be defined by the prevailing FERC-approved definition of the term as published in the NERC Glossary of Terms.
- 2.7 “Commission” shall mean the BANC Commission as established in the JPA, as that agreement may be amended from time to time.
- 2.8 “Compliance” shall mean the full performance of the duties and obligations necessary to comply with applicable Reliability Standards.
- 2.9 “Compliance Enforcement Authority” shall mean FERC, NERC, WECC, and any other agency, court, organization, or other entity or person duly authorized pursuant to law or regulation to: (a) audit or determine compliance with applicable Reliability Standards; or (b) impose, enforce, excuse, or rescind Penalties or otherwise take action binding on one or more Parties with respect to a finding of failure to comply with a Reliability Standard.
- 2.10 “Compliance Investigation Report” shall mean a report resulting from an Internal Compliance Investigation or other documentation as approved by the Compliance Officer for the purposes of documenting such an investigation, pursuant to Section 5.3 of this Charter.
- 2.11 “Compliance Monitoring and Enforcement Program Implementation Plan” or “CMEP-IP” shall mean the program used by WECC to monitor, assess, and enforce compliance with Reliability Standards for entities within its footprint.
- 2.12 “Compliance Officer” or “CO” shall mean the individual appointed by the Commission to establish and direct the implementation of the BANC Internal Compliance Program approved by the Commission.
- 2.13 “Compliance Staff” shall mean a compliance team, consisting of one or more members, led by the CO.
- 2.14 “FERC” shall mean the Federal Energy Regulatory Commission.
- 2.15 “General Manager” shall have the meaning described in Section 3.8 of this Charter.
- 2.16 “Internal Compliance Investigation” shall have the meaning described in Section 5.3 of this Charter.

- 2.17 “Internal Compliance Program” or “ICP” shall mean both the policy-level and program-level component documents and all implementing actions that are done in support of Compliance.
- 2.18 “Internal Compliance Program Charter” or “ICPC” shall mean the policy-level component document of the BANC Internal Compliance Program, approved by the Commission and implemented by the Compliance Officer to ensure Compliance. The BANC ICPC is the governing document for the BANC ICP, and the MCRC is a functional component of that program. MCRC roles and responsibilities are defined in the MCRC Charter.
- 2.19 “Internal Controls” shall have the same meaning as used in SMUD’s Internal Controls Evaluation Program, as this definition may be amended from time to time.
- 2.20 “Joint Powers Agreement” or “JPA” shall mean the Second Amended Joint Exercise of Powers Agreement, effective July 1, 2013, as such agreement may be amended from time to time under its provisions.
- 2.21 “Member” shall mean a party to the JPA, as that agreement may be amended from time to time.
- 2.22 “NERC” shall mean the North American Electric Reliability Corporation.
- 2.23 “PC Participant” shall mean a Member signatory to the PC Participation Agreement.
- 2.24 “PC Participation Agreement” shall mean the agreement between BANC and certain Members who desire to have BANC serve as their PC.
- 2.25 “PC Services Agreement” shall mean the agreement between BANC and SMUD whereby SMUD has agreed to perform specified PC services for BANC in accordance with the terms of that agreement.
- 2.26 “PC Services Provider” shall mean the entity providing PC Services to BANC. SMUD is the contracted PC Services Provider pursuant to the terms set forth in the PC Services Agreement.
- 2.27 “Planning Coordinator” or “PC” shall have the same meaning as used in the NERC Glossary of Terms, as this definition may be amended from time to time.
- 2.28 “Reliability Standards” shall mean those NERC Reliability Standards and WECC Regional Reliability Standards that have been approved by FERC under Section 215 of the Federal Power Act and WECC applicable Regional Criterion referenced in FERC-approved Reliability Standards.
- 2.29 “Representative” shall mean a member of MCRC.
- 2.30 “Subject Matter Expert” or “SME” shall mean those responsible for maintaining compliance with applicable Reliability Standards.

2.31 “WECC” shall mean the Western Electricity Coordinating Council or its successor.

Section 3. BANC Internal Compliance Program Structure

3.1 BANC

BANC is registered for the following NERC Functions:

- BA (Balancing Authority)
- PC (Planning Coordinator)

BANC Members and other relevant NERC functional registrations within the BANC BAA footprint are provided in Appendix B.

3.2 Commission

The Commission collaborates with and directs the CO as issues regarding BANC’s system reliability policies, strategies, and priorities are identified and addressed. The Commission shall ensure that necessary resources are provided to the BANC Operator to support compliance activities and the ICP. The Commission shall facilitate communication, the exchange of information, and coordination among Members on issues that impact electric reliability. It shall meet on compliance matters, as required by events and conditions. These meetings may be held in conjunction with regular meetings of the Commission.

3.3 Compliance Officer

The Compliance Officer reports directly to the Commission. The CO shall have authorized executive responsibility for the approval of all compliance certifications and submittals that are required of BANC. The CO shall ensure that BANC’s policies, decisions, and documentation regarding Reliability Standards are appropriate and effective. The CO, in coordination with Compliance Staff and the MCRC, interacts with the SMEs to ensure that the elements of the ICP are being met. The CO shall conduct independent reviews of processes and documentation prepared to demonstrate compliance. Specifically, the CO shall:

- 3.3.1 Assess the BANC Operator’s performance with respect to its adherence to applicable Reliability Standards.
- 3.3.2 Lead Internal Compliance Investigations and determine compliance with applicable Reliability Standards.
- 3.3.3 Ensure that the ICP is in place and effective in meeting BANC’s reliability obligations.
- 3.3.4 Approve all official compliance documents and certifications on behalf of BANC.
- 3.3.5 Periodically update the Commission on BANC’s compliance efforts.

3.3.6. Ensure the General Manager and BANC Counsel are updated on an “as-needed” basis regarding compliance events or other matters impacting ICP objectives.

3.3.7 Request additional resources from the Commission, when necessary, to meet compliance obligations.

3.3.8 Monitor compliance performance data from the BANC Operator and recommend appropriate actions or mitigation procedures.

3.3.9 Ensure effective processes are in place to develop accurate and timely responses for compliance-related requests from a Compliance Enforcement Authority.

3.3.10 Act as an independent point of contact for the BANC Operator or Members to report potential violations of applicable Reliability Standards.

3.3.11 Develop and maintain ICP documents that outline more detailed internal reliability compliance processes.

3.3.12 Serve as Chair of the MCRC.

3.4 Member Compliance Review Committee

Under the direction of the CO, the Member Compliance Review Committee (MCRC) provides input with respect to the following: (1) the development of, and ongoing improvements to, the ICP; (2) ongoing updates to the BA/PC Compliance List; (3) ongoing compliance matters regarding BANC in its capacity as a BA and a PC; and (4) the review of notices or actions directed to BANC from a Compliance Enforcement Authority. A more detailed description of the roles and responsibilities of the MCRC is set forth in the “Member Compliance Review Committee Charter,” which is provided as Appendix A to this ICPC.

3.5 BANC Operator

The BANC Operator is responsible for managing and generating the critical information to meet compliance requirements and respond to other regulatory obligations at the direction of the CO or the MCRC. The BANC Operator shall employ SMEs with the expertise to meet or exceed that which is necessary to ensure Compliance. BANC Operator SMEs shall provide documentation that demonstrates compliance with applicable Reliability Standards in accordance with specified timelines. In particular, the BANC Operator shall:

3.5.1 Promote the exchange of information through development of good practices and effective work processes that assist in achieving safe, reliable, and efficient operation.

3.5.2 Recognize the importance of improving or revising existing practices when necessary.

3.5.3 Report any potential violations to the CO for further investigation and cooperate with the CO during any such investigation.

3.5.4 Identify any resource issues associated with compliance with applicable Reliability Standards and work with the CO and MCRC to promptly address those concerns to ensure Compliance.

3.5.5 Upon request, provide a position, and, if further requested, propose language to the MCRC with respect to applicable Reliability Standards under development.

3.6 BANC Planning Coordinator

BANC is the registered PC for its Members who have executed the PC Participation Agreement. As the registered PC for PC Participants, BANC is responsible for managing and generating the critical information to meet compliance requirements and respond to other regulatory obligations at the direction of the CO or the MCRC. To support this obligation, BANC has contracted with a PC Services Provider. The PC Services Provider is required to employ SMEs with the expertise to meet or exceed that which is necessary to ensure Compliance with all applicable Reliability Standards. Specifically, the PC Services Provider shall:

3.6.1 Promote the exchange of information through development of good practices and effective work processes that assist in achieving safe, reliable, and efficient operation.

3.6.2 Recognize the importance of improving or revising existing practices when necessary.

3.6.3 Report any potential violations to the CO for further investigation and cooperate with the CO during any such investigation.

3.6.4 Identify any resource issues associated with compliance with applicable Reliability Standards and work with the CO and MCRC to promptly address those concerns to ensure Compliance.

3.6.5 Upon request, provide a position, and, if further requested, propose language to the MCRC with respect to applicable Reliability Standards under development.

3.7 BANC Counsel

BANC Counsel shall advise the Commission, Compliance Officer, and MCRC on NERC reliability compliance and enforcement matters, regulatory proceedings before FERC involving the development of NERC standards, and all other issues involving NERC Reliability Standards and compliance as they relate to BANC. BANC Counsel shall assist with Internal Compliance Investigations and determinations. BANC Counsel shall coordinate with the Commission, MCRC, BANC Operator, BANC Planning Coordinator, and General Manager to develop BANC comments on Reliability Standards before FERC, if so requested.

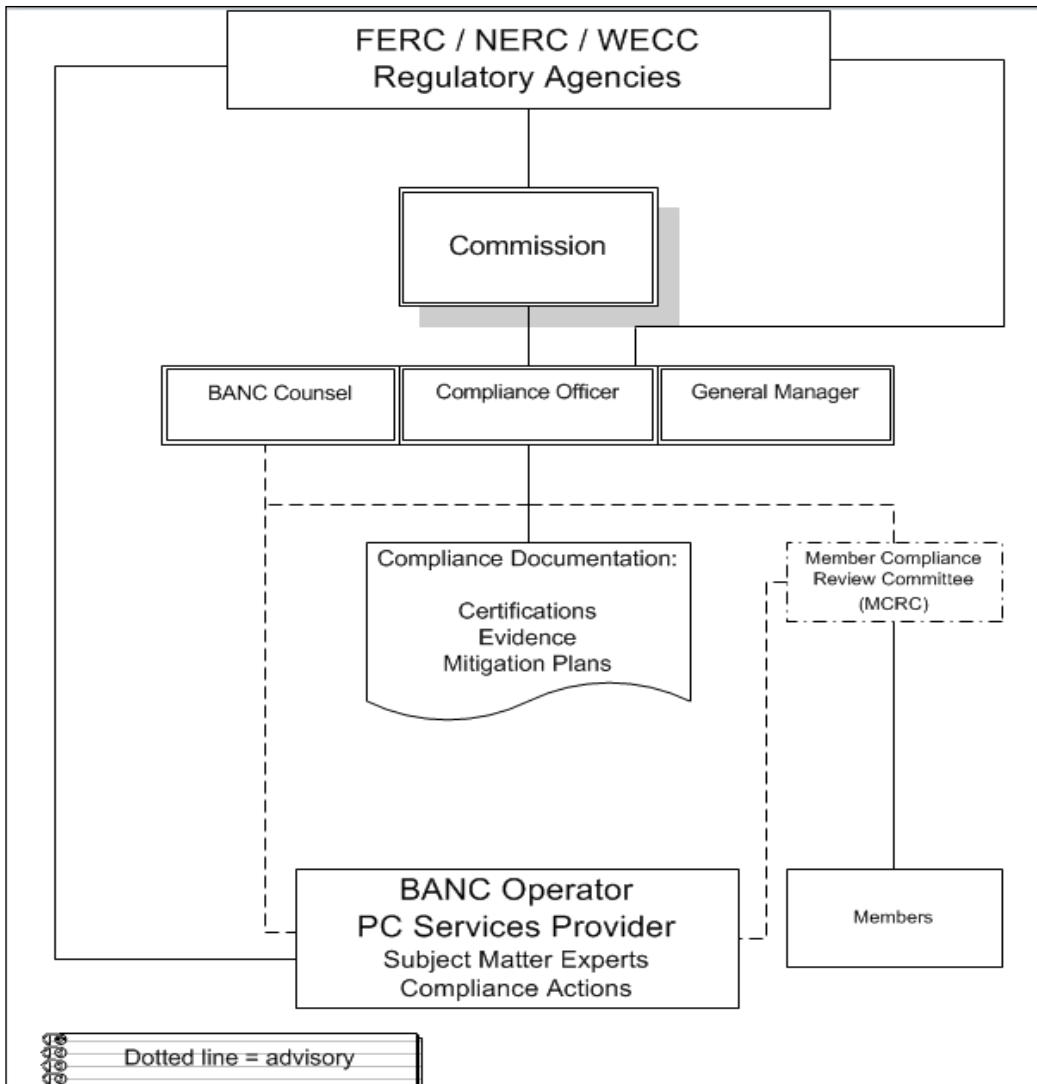
3.8 General Manager

The General Manager is the chief executive officer of BANC. The General Manager is responsible for implementing the directives of the Commission, providing executive support for the ICP and supporting a culture of compliance within the organization.

Section 4. Compliance Reporting Structure

The ICP is organized to ensure that appropriate and effective processes, policies, and practices related to Balancing Authority and Planning Coordinator reliability are established and executed. It is structured to keep the execution of work as close to the primary implementers and experts as possible. The relationship of these components is illustrated in Diagram 2.

Diagram 2: Illustration of BANC Internal Compliance Program Relationships



Section 5. Elements of BANC Internal Compliance Program

The ICP promotes coordination, communication, efficiency, and effectiveness to ensure Compliance.

5.1 Operational Independence

The CO, in coordination with the MCRC and Compliance Staff, implements the ICP. The CO, Compliance Staff, and the MCRC do not manage or perform line functions or make operational decisions. The BANC Operator and PC Services Provider perform line functions and operational actions in accordance with the Balancing Authority Operation Services Agreement. The PC Services Provider performs PC functions in accordance with the PC Services Agreement. The MCRC reports directly to the CO, who in turn reports directly to the Commission.

5.2 Compliance Monitoring and Training

The CO, in coordination with the MCRC and Compliance Staff, shall proactively monitor compliance.

5.2.1 Continuous Self-Assessment and Correction

The CO, in coordination with the MCRC and Compliance Staff, may direct periodic assessments of BANC compliance efforts, generally with an emphasis on those Reliability Standards that pose the greatest risk to the reliability of the BES and BANC BAA. These assessment(s) aim to identify and address reliability risks that may lead to potential violation(s). The CO may share the results of these assessments with the General Manager and with the Commission in closed session, as directed by BANC Counsel. An example of continuous review may include ensuring that the BANC Operator and/or PC Services Provider completes and documents a rigorous analysis of potentially compliance-related events. The need for such assessment shall be determined by the CO; however, such assessment(s) may be also requested by the Commission.

5.2.2 Compliance Communication and Training

The CO, in coordination with the MCRC, shall disseminate to the BANC Operator and PC Services Provider “lessons learned,” compliance application notices, compliance application reports, and other issuances related to BANC’s compliance obligations. The BANC Operator and Planning Coordinator SMEs and staff shall receive annual compliance training, which shall include the process for self-reporting potential violations. The BANC Operator and Planning Coordinator SMEs shall have access to an internal compliance website with a link available to any SME or staff member to report any potential violation of a Reliability Standard.

The CO, in coordination with the MCRC, shall review the need for a meeting no less frequently than once per quarter. Meetings may be held either in person or via

teleconference. During any such meeting, the MCRC shall receive an update on BANC compliance activities. The CO shall keep the MCRC apprised of the status of any potential violations.

The CO shall regularly update the Commission on BANC compliance activities. Such updates shall be held in closed session to the extent that the discussion requires disclosure of critical infrastructure information, personnel matters or information regarding pending or threatened litigation. The determination as to whether all or a portion of the update on other compliance activities should be held in closed session shall be determined by BANC Counsel.

5.3 Internal Compliance Investigations

Upon learning of any circumstance of potential non-compliance, the CO shall first confirm with the BANC Operator and/or PC Services Provider that any ongoing possible reliability risks have been removed and will then commence an investigation to determine whether a potential violation of one or more applicable Reliability Standards occurred. The CO may consult with BANC Counsel and notify the General Manager and the MCRC regarding items reviewed at any point during the investigation. Further, the CO may seek review and recommendations from the MCRC on any matter undergoing an Internal Compliance Investigation. The role of the MCRC regarding an Internal Compliance Investigation is set forth in more detail in Section 6 of the MCRC Charter.

Upon conclusion of the investigation, if the CO believes that a potential violation of an applicable Reliability Standard occurred, the CO shall file either a Self-Report or a Self-Log¹ with a Compliance Enforcement Authority. If the CO concludes that no potential violation occurred, the CO shall close the matter and maintain relevant documentation, including a Compliance Investigation Report, in BANC's compliance files. Further, the CO may recommend that the BANC Operator or PC Services Provider conduct a review and/or revision of related processes and procedures to ensure that full compliance is reinforced.

5.4 Process for Handling Potential Non-Compliance

The CO may be notified of a potential violation by any compliance monitoring method utilized by a Compliance Enforcement Authority including: (1) Audit; (2) Self-Certification; (3) Spot Checks; (4) Periodic Data Submittals; (5) Exception Reporting; (6) Compliance Violation Investigations; (7) Self-Report/Self-Log; and (8) Complaint.

¹ Following the 2016 NERC Compliance Audit, BANC was awarded self-logging privileges for minor issues that pose minimal risk to the reliability of the BES. See §3.5A of the NERC CMEP, Appendix 4C to the Rules of Procedure.

Upon receipt of a notice of potential violation and/or Compliance Exception² issued by a Compliance Enforcement Authority, the CO shall notify BANC Counsel and the General Manager. The CO shall ensure that such notice is also provided to the BANC Operator and/or PC Services Provider and the MCRC. The CO shall coordinate with BANC Counsel, the General Manager, the MCRC and the Commission in responding to any notices of potential violation.

The CO shall follow and adhere to all of the processes described in the CMEP-IP regarding the processing of violations.³

5.5 Internal Controls Evaluations Program

The CO shall oversee the implementation of an Internal Controls Evaluation (ICE) Program that describes how BANC identifies, documents, and evaluates internal controls. The ICE Program incorporates internal controls guidance provided by NERC and WECC and is consistent with established industry best practices. ICE Program activities support BANC's participation in the ICE process that WECC conducts as a part of its CMEP activities.

The ICE Program integrates with other Internal Compliance Program elements related to BANC's reliability, security, and compliance objectives. The identification and documentation of internal controls primarily focus on areas that are determined to have higher levels of inherent risk. The ICE Program includes a transparent and repeatable process to evaluate the effectiveness of internal controls, resulting in reports that convey control effectiveness, residual risk, areas of strength, and recommendations for consideration. These reports are utilized as a part of the overall ICP to facilitate a better understanding of residual risk associated with applicable Reliability Standards. Updates regarding ICE Program activities are communicated in accordance with Section 5.2.2 of this charter.

5.6 Review of BANC Internal Compliance Program and Internal Compliance Program Charter

The CO shall conduct an annual audit of the ICP. The CO may request that such an audit be performed by a third-party. A copy of the final annual ICP audit report shall be provided to the Commission. The MCRC shall have an opportunity to review the ICP audit report prior to the report going to the Commission.

Additionally, at any time, the CO, the Commission, any MCRC Representative or BANC Counsel may propose any appropriate or necessary changes to ensure the

² The Compliance Exception process is set forth in §3A.1 of the NERC CMEP, Appendix 4C to the Rules of Procedure.

³ <https://www.nerc.com/pa/comp/Pages/Reliability-Assurance-Initiative.aspx>
<https://www.wecc.org/Pages/Compliance-UnitedStates.aspx>

effectiveness of the ICP or the accuracy of this ICPC. Such changes may include incorporating elements proposed by FERC in its policy statements, rules, or orders, or any other guidance proposed by a Compliance Enforcement Authority. The CO shall document the date of any review, as well as any changes made to the ICP or this ICPC. Changes to the ICPC are reflected through a change to its version number.

Section 6. Review and Approval

BANC Internal Compliance Program Charter	
<i>Prepared by:</i>	
_____	Date _____
James Leigh-Kendall BANC Compliance Officer	
<i>Legal Concurrence:</i>	
_____	Date _____
C. Anthony Braun BANC General Counsel	
<i>General Manager Concurrence:</i>	
_____	Date _____
James R. Shetler BANC General Manager	
<i>Commission Approval:</i>	
_____	Date _____
BANC Chairperson BANC Commission	

Section 7. Revision History

BANC Internal Compliance Program Charter			
Version	Issue Date	Approved	Remarks
1.0	March 18, 2011	March 4, 2011	Approved by Commission as to Substance
2.0	May 16, 2012	May 23, 2012	Approved by Commission as to Substance
3.0	May 23, 2014	May 28, 2014	Approved by Commission as to Substance
4.0	April 29, 2016	June 22, 2016	Approved by Commission as to Substance
5.0	July 31, 2017	August 23, 2017	Approved by Commission as to Substance
6.0	March 21, 2019	March 27, 2019	Approved by Commission as to Substance
7.0	March 17, 2022	March 23, 2022	Approved by Commission as to Substance
8.0	August 18, 2023	September 27, 2023	TBD

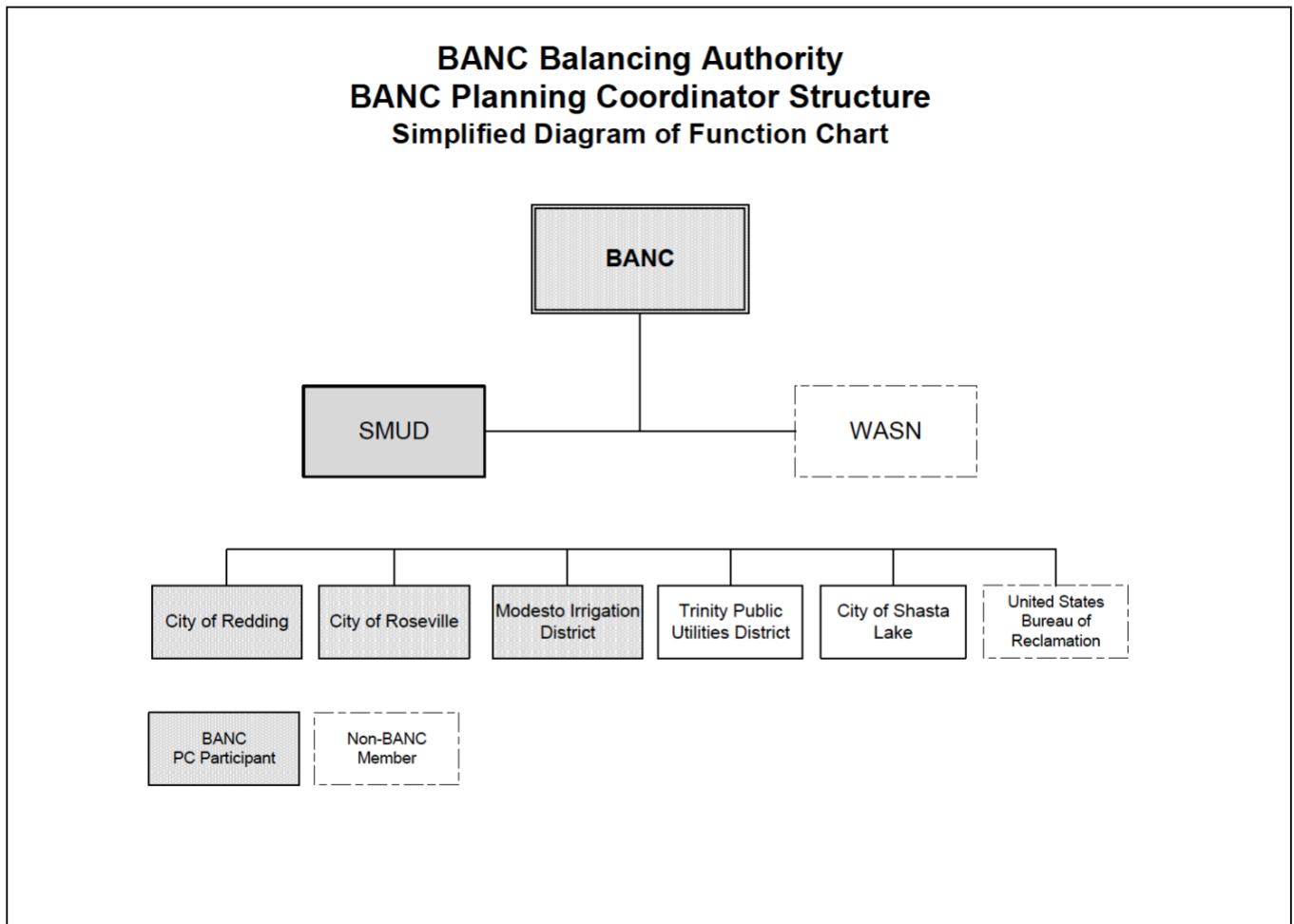
Appendix A

Member Compliance Review Committee Charter

Appendix B

General Structure and Relevant NERC Functional Registrations within the BANC Balancing Authority Area Footprint

Figure 1: General BANC BA/PC Structure



**Figure 2: Relevant NERC Functional Registrations
within the BANC BA Area Footprint**

	BANC	City of Roseville	City of Shasta Lake	MID	REU	SMUD	TPUD	WASN	US BoR
BANC Member	X	X	X	X	X	X	X		
BANC PC Participant	X	X		X	X	X			
Western SBA Member		X	X	X	X		X		X
<i>Functional Registration</i>									
BA	X								
DP		X		X	X	X			
GO				X	X	X			X
GOP				X	X	X			X
PA/PC	X							X	
RP		X		X	X	X		X	
TO				X	X	X		X	X
TOP				X	X	X		X	
TP				X	X	X		X	
TSP						X		X	

(**Note:** Western Area Power Administration -- Sierra Nevada Region (WASN) operates under the BANC BA as a sub-Balancing Authority (SBA), and many utilities operate under the WASN SBA. However, not all utilities are members of BANC. The table above shows the utilities, their operational relationship(s), BANC membership and functional registration(s).

Balancing Authority of Northern California

Appendix A to the BANC Internal Compliance Program Charter

Member Compliance Review Committee Charter

Version 8.0

Member Compliance Review Committee Charter

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Introduction

Pursuant to Section 6.2 of the Balancing Authority Operation Services Agreement (BOSA) between the Balancing Authority of Northern California (BANC) and the Sacramento Municipal Utility District (SMUD), the BANC Commission authorized the Compliance Officer (CO) to form the Member Compliance Review Committee (MCRC), which serves in an advisory role to the CO. This BANC MCRC Charter (Charter) sets forth the general roles and responsibilities of the MCRC, consistent with this authorization.

General Statement of Purpose of MCRC

The MCRC will consult with the BANC CO with respect to: (1) the development and ongoing improvements to the BANC Internal Compliance Program (ICP); (2) ongoing updates to the list of Reliability Standards applicable to the BANC in its capacity as a NERC-registered Balancing Authority (BA) and Planning Coordinator (PC) (BA/PC Compliance List); (3) ongoing compliance matters regarding the BANC BA and PC functions; and (4) the review of notices or actions directed to the BANC from the Compliance Enforcement Authority.

Section 1. Definitions and Terms

Unless otherwise defined herein, capitalized terms when used with initial capitalization, whether singular or plural, shall have the meaning set forth in the FERC-approved Glossary of Terms Used in NERC Reliability Standards, the NERC Functional Model, the WECC/NERC Delegation Agreement, including the WECC Compliance Monitoring and Enforcement Program (CMEP), or the BANC ICPC.

1.1 “BANC Member Agreement” or “Member Agreement” shall mean the Agreement between BANC and its participating members that sets forth the roles, obligations, and responsibilities of the Parties to one another with regard to the operation of the Balancing Authority.

1.2 "Confidential Information" shall mean: (a) all written materials marked "Confidential," "Proprietary," or with words of similar import provided to the Representative by another Representative, the CO, the BANC Operator, the PC Services Provider, or a Member; and (b) all observations of equipment (including computer screens) and oral disclosures related to a Representative's, the BANC Operator's, the PC Services Provider's, or Member's systems, operations, or activities that are indicated as such at the time of observation or disclosure (or identified as "confidential" or "proprietary" in a letter sent to the Representative, the MCRC or the CO no later than five (5) calendar days after the disclosure), respectively. Confidential Information includes portions of documents, records, and other material forms or representations that the Representative(s), the CO, the BANC Operator, the PC Services Provider, or Member(s) may create, including but not limited to, handwritten notes or summaries that contain or are derived from such Confidential Information.

1.3 “Identified Member” shall mean any entity that is a member of the MCRC (inclusive of the Western Area Power Administration - Sierra Nevada Region or “WASN”) and identified in an incident subject to an Internal Compliance Investigation.

1.4 “Segment” shall have the meaning and include the qualifications set forth in Appendix 3D [Registered Ballot Body Criteria — Development of the Registered Ballot Body]¹ of the NERC Rules of Procedure, as that procedure may be periodically updated by NERC and approved by FERC.

Section 2. Functions

2.1 General Forum. The MCRC provides a general forum for members to discuss and address issues relating to applicable Reliability Standards compliance matters. The MCRC assists the CO in the implementation of the ICP, the development of BANC’s positions on proposed Reliability Standards, and all compliance regulation matters affecting BANC as directed by the CO.

2.2 Consultation. The MCRC consults with the CO with respect to:

2.2.1 Development and Ongoing Improvements to the ICP. Upon request by the CO, the MCRC will review specific elements of the ICP and provide its recommendations to the CO.

2.2.2 Development and Ongoing Improvements to the ICPC. Upon request by the CO, the MCRC will conduct periodic reviews of the ICPC and provide its recommendations to the CO. The MCRC will have the opportunity to review and make recommendations on all proposed changes to the ICPC.

2.2.3 Ongoing Updates to the BA/PC Compliance List. At the direction of the CO, an updated list of current and near-term future enforceable applicable Reliability Standards shall be provided to MCRC members for their review, use, and reference.

2.2.4 Ongoing BANC Compliance Matters. The CO will apprise the MCRC regarding any compliance matters directed towards the BA and/or PC, and the MCRC will provide the CO with its input on such matters in accordance with Section 6 of this Charter.

2.2.5 Review of Notices or Actions Directed to BANC. At the direction of the CO, the MCRC will review any notices or actions directed to BANC from a Compliance Enforcement Authority, including actions resulting from the CMEP-IP.

¹<https://www.nerc.com/AboutNERC/RulesOfProcedure/ROP%20App%203D%20eff%2020220825%20clean.pdf>

Section 3. Membership

3.1 Selection. Each Member shall have one Representative serve on the MCRC. Each Member may select one or more alternate Representatives meeting the requirements of Section 3.2 to serve in the primary Representative's absence.

3.1.1 WASN may have a non-voting Representative and alternate(s).

3.2 Qualifications. The MCRC is a technical committee and requires competency to review materials prepared by SMEs regarding electric utility BA operations, PC activities, and/or Reliability Standards compliance matters. The CO may interview or seek additional information regarding the Representatives put forward by the Members. In the event that the CO believes that a particular Representative advanced by a Member is unqualified and the Member has a more qualified candidate to be the Member Representative, the CO shall raise (either verbally or in writing) his or her concerns directly with the appropriate member of the Commission.

3.3 Expectations of Representatives. Each Representative is expected to:

3.3.1 Be or become competent to review materials prepared by SMEs for the MCRC's use in preparing or reviewing compliance-related responses.

3.3.2 Attend and/or participate regularly in MCRC meetings and/or teleconferences.

3.3.3 Provide input that looks beyond the individual Member's interests and attempts to advocate and advise in the best interest of BANC.

3.3.4 Complete any assignment or review requested by the CO in a timely and professional manner.

3.3.5 Remain apprised of developments regarding applicable Reliability Standards as those developments are brought to the attention of the MCRC.

3.4 Expectations of the Compliance Officer. The CO shall also serve as the official contact to and from MCRC Representatives for the purpose of gathering and disseminating BANC compliance-related information. With respect to the MCRC, the CO is expected to:

3.4.1 Attend and/or participate in MCRC meetings and/or teleconferences.

3.4.2 Consult with MCRC Representatives on all required compliance-related matters as described in Section 6.2 of the BOSA.

3.4.3 Make recommendations that are in the best interest of BANC. In making these recommendations, the CO shall consider individual Members' concerns and interests after consulting with the MCRC.

3.4.4 Investigate and report to WECC and to the MCRC any potential violation of a Reliability Standard as required in Section 7.3 of the Member Agreement.

3.4.5 Convene a meeting of the MCRC upon receipt of a written notice of an alleged violation as required in Section 7.4 of the Member Agreement.

3.4.6 Notify the MCRC of any scheduled compliance audit as required in Section 7.5 of the Member Agreement.

3.4.7 Develop and maintain a BA/PC Compliance List in consultation with the MCRC as required in Section 6.3 of the BOSA.²

3.5 Term. Each Representative serves at the will of the appointing Member, or, in the case of WASN, at the discretion of its internal selection process.

Section 4. Meetings

4.1 Formal Actions. The MCRC serves in a consultative role to the CO. From time to time, the MCRC may desire, or be asked by the CO, to adopt a formal position or decision while serving in this capacity. Any formal action taken by the MCRC shall require the affirmative vote of a majority of the Member Representatives (thus, the determination of a majority does not include the CO, the BANC Operator representative(s), or the PC Services Provider representative(s)). Positions and/or decisions from the MCRC adopted pursuant to this Section 4.1 are not binding upon the CO; however, should the CO take action contrary to an adopted position and/or decision of the MCRC, the CO will follow the process described in Section 6.3.

4.2 Voting. Each Member Representative shall have one vote.

4.3 WASN. WASN may serve as a non-voting Representative at all MCRC meetings. Should WASN become a voting member on the Commission, its Representative will become eligible to vote on MCRC matters.

4.4 BANC Counsel will provide legal support to the CO and the MCRC.

4.5 The BANC Operator and/or the PC Services Provider shall attend meetings and provide updates as to relevant performance when requested by the CO.

4.6 The General Manager will provide executive support to the CO and the MCRC.

² Section 6.3 of the BOSA specifically references the “BA Compliance List” and not the “BA/PC Compliance List.” This has been changed to address the expanded role of BANC as a registered Planning Coordinator. The authority of the CO to make such a change resides in this same section, which provides that : “[t]he Compliance Officer, in consultation with the MCRC, shall update the BA Compliance List from time to time to reflect changes in Reliability Standards applicable to a BA, *or for any other reason deemed appropriate by the Compliance Officer*” (emphasis added).

4.7 Teleconferencing may be used for all purposes in connection with any meeting. Voting Representatives attending a meeting by teleconference shall be included in the calculation of a quorum. All votes taken during a teleconferenced meeting shall be by roll call.

Section 5. Officers

5.1 Chairperson. The CO shall be the Chairperson of MCRC meetings.

5.2 Vice Chair. The Representatives may select from among themselves a Vice Chair who shall work to direct any work product or other tasks assigned to Representatives. The Vice Chair shall also be responsible for communicating to the CO the MCRC's adopted formal position on a newly proposed Reliability Standard and/or modifications to an existing Reliability Standard, as set forth in Section 6.4 below.

5.3 Secretary. The Representatives may select a Secretary to record minutes of MCRC meetings, provide meeting notices, and address other administrative matters as directed by the Chairperson. In the absence of the specific selection of a Secretary, the Chairperson will ensure that meeting minutes, notices and other administrative matters required to support the MCRC are provided.

5.4 Term. Except for the Chairperson, Officers shall serve at the pleasure of the MCRC.

Section 6. Reports, Recommendations and Segment Voting

6.1 Reports. At the direction of the CO, the MCRC will develop reports from time to time regarding specific compliance matters. Except for any reports provided directly to the Commission pursuant to Section 8, all reports are directed to the CO and are to be treated as Confidential Information in accordance with Section 10. The BANC Operator and/or PC Services Provider shall provide assistance to the MCRC in the development of any reports as requested by the CO.

6.2 Recommendations of MCRC to the Compliance Officer.

6.2.1 General Recommendations of MCRC. The CO will submit a self-log or file a self-report with WECC for any violation of a NERC Reliability Standard. During the investigation of events or other reviews, except as provided in Section 6.2.1.1, the CO may seek a recommendation from the MCRC regarding a specific compliance matter, including, but not limited to, whether to submit a self-log or self-report to a Compliance Enforcement Authority the potential violation of an applicable Reliability Standard. Such matters may include MCRC review of draft Compliance Investigation Reports, subject to the process further described in Section 6.2.1.1, resulting from an Internal Compliance Investigation by the CO. Recommendations may require voting in accordance with Section 4 of this Charter, and such recommendations may be given verbally or, if requested by the

CO, in writing. Recommendations are not binding on the CO; however, they should be afforded proper deference.

6.2.1.1 Identified Member(s) Initial Review of Draft Compliance Investigation Report. An Identified Member or Identified Members shall be afforded an opportunity to review and comment on the draft Compliance Investigation Report prior to its distribution to the full MCRC in accordance with the following:

6.2.1.1 Identified Member(s) shall be afforded an opportunity to review the *initial* draft Compliance Investigation Report prior to its distribution to the full MCRC.

6.2.1.2 A reasonable time for review shall be provided to the Identified Member(s) to review the *initial* draft Compliance Investigation Report.

6.2.1.3 The CO shall address the Identified Member's (or Members') comments and create a *revised* draft for review by the entire MCRC.

6.2.1.4 The CO shall distribute the *revised* draft Compliance Investigation Report and Identified Member comments to the entire MCRC.

6.2.1.5 A final decision as to the content of the Report, although subject to Identified Member's (or Members') review, resides with the CO.

6.2.2 All exchanges of Compliance Investigation Reports under this Section 6.2 shall be through BANC Counsel.

6.3 CO Actions Contrary to the Position or Decision of the MCRC. If the CO takes any action contrary to a position and/or decision of the MCRC adopted pursuant to Section 4.1, the CO shall provide a report to the Commission providing the details of the discussions with the MCRC on the subject, the details of the CO's action, and rationale for such action. A copy of such report shall be provided to the MCRC Representatives.

6.4 MCRC Segment Voting in NERC Reliability Standard Development Process. BANC will join the appropriate NERC Registered Ballot Body and self-select the segment(s) for which BANC qualifies. At the direction of the CO, the MCRC may be required to determine its position specific to a newly proposed Reliability Standard and/or modifications to an existing Reliability Standard. The MCRC's formal position shall be adopted by consensus, or, if requested by a Representative, a vote of the Representatives pursuant to Section 4.1. It shall be the responsibility of the CO to ensure BANC's position, as communicated to the CO by the MCRC, is properly registered with NERC.

Section 7. Interaction with BANC Operator and PC Services Provider

7.1 **Advisory Role.** The BANC Operator and PC Services Provider serve in an advisory role to review or make recommendations on materials prepared by the MCRC for proposed compliance actions. The BANC Operator's and PC Services Provider's SMEs are reasonably expected to develop and expand the knowledge base of the MCRC by maintaining and providing the base documentation and technical expertise required to demonstrate compliance and respond to other regulatory obligations at the direction of the CO. This may further include offering recommendations upon request regarding various matters, including, but not limited to, the MCRC's responses to the CMEP-IP, the adoption of a position as to a revision to an existing Reliability Standard, the adoption of a new Reliability Standard, or modifications to the BANC ICP.

7.2 **MCRC Contact with BANC Operator and PC Services Provider.** It is expected that the primary interaction between Representatives and the BANC Operator and PC Services Provider will occur at MCRC meetings.³ Questions or concerns from Representatives outside of an approved process or inquiry shall be directed to the CO. In the case of inquiries providing evidence or in reviewing or developing reports agreed upon by the CO and the MCRC, the BANC Operator and/or PC Services Provider shall use reasonable efforts to respond to the CO in a timely manner.

Section 8. Interaction with Commission

Unless specifically requested by the CO or the Commission, the MCRC shall not provide direct reports to the Commission. If so requested, the Vice Chair or his or her designee shall make such a report. However, an individual Representative may consult with his or her internal legal counsel or Commission member.

Section 9. External Communications

Representatives shall abide and are bound by all of the Confidentiality provisions of this Charter and shall not provide or disseminate any Confidential Information obtained through participation on the MCRC. Further, Representatives shall not initiate or respond to requests for information from third parties, including but not limited to a Compliance Enforcement Authority or media outlets unless otherwise directed by the Commission or the CO.

Section 10. Confidentiality

10.1 **Confidentiality.** Representatives recognize that for the purposes of performing their role on the MCRC, which may include advising the CO as to how BANC should respond to any report or notice of potential violation of a Reliability Standard, Representatives may receive information from Members, the BANC Operator, the PC Services Provider, and/or the CO that has been marked as Confidential Information.

³ The PC Services Provider also interacts with participating BANC PC member representatives through a separate working committee to address their respective functional obligations.

Representatives agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, unless directed, in writing, by the CO or the Commission. Any requests for the disclosure of Confidential Information made to the MCRC or an individual Representative shall be directed to the CO. Any questions relating to Confidentiality as applied to the MCRC shall be directed to BANC Counsel. Consultation with the Representative's internal counsel or Commission member is not a violation of Confidentiality.

10.2 Survival of Obligation. Obligations regarding Confidentiality shall continue after a Representative ends his or her role on the MCRC.

Section 11. Revision History

BANC MCRC Charter	
Version	Issue Date
1.0	February 21, 2011
2.0	October 27, 2011
3.0	April 25, 2012
4.0	May 23, 2014
5.0	July 31, 2017
6.0	March 7, 2019
7.0	March 17, 2022
8.0	September 27, 2023