

Balancing Authority of Northern California

Regular Meeting of the Commissioners of BANC

2:00 P.M.

Wednesday, March 26, 2025

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 **March 26, 2025 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: 1-301-715-8592 or 1-305-224-1968 **Meeting ID:** 894 8665 0457 **Passcode:** 721841
Meeting Link: <https://us06web.zoom.us/j/89486650457?pwd=Gg0OaWAPwhBravc6OR15MFTXDHzHGt.1>

If a member of the public would like to make a comment during the public comment period, please use the 'Raise Hand' function and staff will note your desire to speak. For members of the public joining by telephone (audio only), please email your public comment to administrator@braunlegal.com. Public comment received by email will be read within the allotted public comment period.

Public Meeting Locations:

Any member of the public may observe the meeting and offer public comment at the following addresses where Commissioners may also join the meeting:

City of Shasta Lake
3570 Iron Court
Shasta Lake, CA 96019

Redding Electric Utility
3611 Avtech Parkway (Executive Conference Room)
Redding, CA 96002

AGENDA

- 1 Call to Order and Verification of Quorum.**
- 2 Matters subsequent to posting the Agenda.**
- 3 Public Comment** – any member of the public may address the Commissioners concerning any matter on the agenda.
- 4 Consent Agenda.**
 - A. Minutes of the Regular Commission Meeting held on January 29, 2025.
 - B. BANC Operator Reports (January and February).
 - C. Compliance Officer Reports (February and March).
 - D. PC Committee Chair Reports (February and March).
 - 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. Strategic Plan Updates.
 - B. Discussion on Possible Future Action on 2025 BANC Budget Amendment.
 - i. Member Percentages.
 - ii. EDAM Implementation.
 - C. Consider and Possibly Approve Resolution 25-03-01 *Acceptance of BANC 2024 Audited Financials*.
 - D. Discussion on Recent WECC Reliability Related Reports.
 - E. Member Updates.
- 6 Closed Session:** Conference with legal counsel in anticipation of litigation pursuant to Cal. Gov't Code § 54956.9; anticipated litigation, two (2) matters: 1) Federal Energy Regulatory Commission Docket No. ER25-951-000; 2) Federal Contracting Matters.
- 7 Adjournment.**

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

Balancing Authority of Northern California

Consent Agenda Items

- A. Minutes of the January 29, 2025 BANC Regular Meeting.**
- B. BANC Operator Reports (January and February).**
- C. Compliance Officer Reports (February and March).**
- D. PC Committee Chair Report (February and March).**
- E. General Manager's Report and Strategic Initiatives Update.**

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

January 29, 2025

On this date, a Regular Meeting 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, Acting Chair
City of Redding	Nick Zettel
City of Roseville	Shawn Matchim, Alternate
Sacramento Municipal Utility District (SMUD)	Steve Lins, Alternate
City of Shasta Lake	James Takehara, remote
Trinity Public Utilities District (TPUD)	Absent

Other Participants:

Jim Shetler	General Manager
Tony Braun	General Counsel
Jen-Ann Lee	General Counsel
Kris Kirkegaard	General Counsel Support
Jeanne Haas	Western Area Power Administration

1. Call to Order and Verification of Quorum: A quorum was confirmed; attendance is noted above. Alternate Chair Caballero called the meeting to order at 2:00 p.m.
2. Matters Subsequent to Posting the Agenda: None.
3. Public Comment (any matter on the agenda): None.
4. Consent Agenda: Alternate Chair Caballero invited comments from the Commission and a motion on the Consent Agenda; no comments.

ACTION: M/S (Zettel/Matchim) to **approve the Consent Agenda.** Motion carried by a unanimous vote. (Absent: Commissioner Hauser).

5. Regular Agenda Items.

A. General Manager Updates:

- i. Market Updates – EIM, EDAM, Markets+, WRAP.

Mr. Shetler overviewed activities of the Markets (EIM) Committee and EDAM Implementation, All amendments to the tariff for EDAM proposed by CAISO have been approved by FERC. BANC's Implementation Agreement received FERC

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

approval on January 27th. OATT and Business Practices discussions are underway.

Mr. Shetler also provided brief updates on the West-wide Governance Pathways Initiative, SPP Markets+, and WRAP/WPP and addressed Commission questions. No action was taken. No action requested or taken.

ii. Strategic Plan Updates.

Mr. Shetler provided updates on the IRP Summary Report, RA Policy Development, and Resource Procurement initiatives and answered questions from the Commission. The BANC RA program seminar is scheduled for January 30th at SMUD, and a draft RFP for consultant report has been developed. An RFP is also under development for resource procurement. No action requested or taken.

iii. 2025 WECC Audit Update.

Mr. Shetler introduced James Leigh-Kendall, BANC Compliance Officer, who provided an update on the 2025 BANC/SMUD Audit. Mr. Leigh-Kendall noted that BANC/SMUD is working with WECC on the pilot of a 'differentiated audit approach,' which is intended to be used with high-performing entities in order to reduce WECC staff workload with entities with proven and documented compliance programs. Work that has already been done is shared with WECC to determine whether differentiation can be used to adjust scope. Currently, BANC has two targeted areas of review, largely focused on requirements related to Planning Coordinator functions. There were no questions from the Commission, and no action was requested or taken.

B. 2025 BANC Budget Review.

i. Resource Committee support for RA Development – Base Budget Discussion.

Mr. Shetler informed the Commission of a potential shift in funds from base budget contingency to Resource Committee support as a result of an opportunity to participate in a study related to resource adequacy. He also answered questions from the Commission. No formal action was requested or taken.

ii. Consider and Possibly Approve Resolution 25-01-01 Approval of 2025 Annual Budget for BANC.

Mr. Shetler introduced this resolution, related to shifting funding of the Power Settlements contract from 2026 to 2025 (no scope change), and answered questions from the Commission. He also noted a potential change in member percentages, but any changes will be brought back to the Commission at a future meeting.

ACTION: M/S (Lins/Zettel) to approve Resolution 25-01-01 Approval of 2025 Annual Budget for BANC. Motion carried by a unanimous vote. (Absent: Commissioner Hauser).
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C. Member updates.

Alternate Commissioner Lins mentioned proposed rate case adjustments at SMUD. Alternate Commissioner Matchim discussed issues with a turbine and CT at Roseville Energy Park and efforts to determine root cause and get things back online, which is expected to happen in late April/early May. Commissioner Zettel noted that Redding's strategic plan has been presented to their Council and discussed efforts related to their wildfire program and resource planning. Commissioner Caballero shared that MID had a tentative agreement with PG&E on their interconnection agreement, and there may be a resolution regarding their Remedial Action Scheme. Mr. Shetler shared that he was

MINUTES OF THE REGULAR MEETING
OF THE COMMISSIONERS OF
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unsure of the need for a February Commission meeting at this point, but that would be determined in the coming weeks and appropriate notice sent once a determination was made.

The Commission moved to closed session at 2:56 p.m. and adjourned from closed session at 3:28 p.m. where no action was taken.

Minutes approved on March 26, 2025.

C. Anthony Braun, Secretary



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

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

TO: BANC Commission

RE: BANC Operator Report for January 2025

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- Declared BA Energy Emergency Alert Level (EEA): N/A
- RSG Activations
 - 1 Qualifying Event(s)
 - 0 MW Qualifying Event request
 - 258 MW average generation lost
 - 258 MW maximum generation lost
 - Generating unit(s) and date(s) affected:
Sutter Energy Center, 1/21/2025
 - All recoveries within 4 minutes
- USF
 - 7 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:
 - 2025 Frequency Response Obligation (FRO): -18.7 MW/0.1 Hz

Monthly Notes:

- None

A JOINT POWERS AUTHORITY AMONG

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



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TO: BANC Commission

RE: BANC Operator Report for February 2025

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- Declared BA Energy Emergency Alert Level (EEA): N/A
- RSG Activations
 - 0 Qualifying Event(s)
 - 0 MW Qualifying Event request
 - 0 MW average generation lost
 - 0 MW maximum generation lost
 - Generating unit(s) and date(s) affected: None
 - All recoveries within 0 minutes
- USF
 - 10 of 29 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: 11 Minutes
 - *CAISO EIM solution failures*
 - Number of BAAL exceedance >10 minutes: 1
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2025 Frequency Response Obligation (FRO): -18.7 MW/0.1 Hz
 - 2024 Frequency Response Obligation (FRO): -15.8 MW/0.1Hz
 - Q4 Frequency Response Measure (FRM): -78.4 MW/0.1Hz
 - Q4 Number of Under-Performed Events: 0 out of 2
 - Q1~Q4 Frequency Response Measure (FRM): -67.1 MW/0.1Hz
 - Q1~Q4 Number of Under-Performed Events: 0 out of 8

Monthly Notes:

- None

A JOINT POWERS AUTHORITY AMONG

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

Compliance Officer Report

BANC Commission Meeting

February 2025

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

BA Compliance Issues:

- No significant operational Balancing Authority compliance events occurred.
- All required BA compliance reports and operating data were submitted to WECC.
- BANC's 2025 Entity Monitoring Schedule (WECC):
 - BANC and SMUD received the Audit Notice Package on January 10, 2025.
 - BANC and SMUD are in the process of submitting information to WECC for their review, and both entities are accepting early Requests for Information.
 - The WECC Compliance Audit is scheduled to take place May 12 - 23, 2025 (off-site and on-site weeks.)

BANC MCRC:

The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, March 17th via teleconference.

Compliance Officer Report

BANC Commission Meeting

March 2025

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

BA Compliance Issues:

- No significant operational Balancing Authority compliance events occurred.
- All required BA compliance reports and operating data were submitted to WECC.
- BANC's 2025 Entity Monitoring Schedule (WECC):
 - BANC and SMUD received the Audit Notice Package on January 10, 2025.
 - BANC and SMUD have completed the initial submittals of information to WECC for their review, and both entities are accepting early Requests for Information, and interviews are in the process of being scheduled. Additional information is being compiled to complete 'Level 2' submittals, which are due at the end of April.
 - The WECC Compliance Audit is scheduled to take place May 12 - 23, 2025 (off-site and on-site weeks.)

BANC MCRC:

The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, March 17th via teleconference.

PC Committee Chair Report

BANC Commission Meeting

February 2025

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 a future Commission agenda for action.

BANC PC Committee Updates and/or activities:

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

- FAC-002-4 – Facility Interconnection Studies – Staff has requested BANC PC Participants provide a list of qualified changes for their system for years 2025-26 and any generation resource projects 20 MVA or more that are connecting to 60 kV or above by February 28th. NERC will require Generator Owner and Operator Level 2 (GO2) registration and compliance. Thus, BANC PC Participants were solicited for this information should there be a need for models for reliability assessments and generation resource interconnections.
- FAC-014-3 - Establish and Communicate SOLs - Staff has completed RSAW updates to prepare for the 2025 WECC audit in May of 2025.
- MOD-031-3 Demand and Energy Data – The 2025 WECC Loads and Resources data and narrative response requests have been requested from BANC PC Participants and WASN for data entry and narrative response, and this information is due back to BANC PC by February 12th. A reminder email was sent on February 10th.
- MOD-033-2 Model Validation – MOD-033-2 will be started fall of 2025.
- PRC-012 Remedial Action Schemes Assessment – Staff will perform a comprehensive “once in every 60 calendar months” Remedial Action Scheme (RAS) assessment to demonstrate that the BANC PC portion of the Bulk Electric System (BES) meets all performance and other requirements specified in the NERC Reliability Standard PRC-012-2 Requirement 4. Staff is currently developing a study plan, and a final study report will be completed by December 31st. A survey of BANC members’ RAS schemes will be sent out by the end of February.
- PRC-023-6 and PRC-026-1 – The study plans are being drafted and will be shared for review and comment with BANC PC Participants in April.
- TPL-001-5.1 - Transmission System Planning Performance – A study plan is being drafted with a tentative date to tender to BANC PC Participants for review by

February 14th. RSAW updates were completed to prepare for the 2025 WECC audit in May.

- TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events - Staff completed a GMD study on January 15th to assess the GIC current impact on the bulk system voltages (230 kV) and reactive power consumptions which were not included in the WECC 2022 GMD study.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-4 Interconnection Studies	25%	Staff requested BANC PC Participants provide a list of qualified changes for their system for years 2025-26 and any generation resource projects 20 MVA or more that are connecting to 60 kV or above by 02/28/2025. NERC will require Generator Owner and Operator Level 2 (GO2) registration and compliance. Thus, BANC PC Participants were solicited for this information should there be a need for reliability assessments of the generation resource interconnections.
2	FAC-014-3 Establish and Communicate SOLs	25%	Staff has completed RSAWs required for the upcoming BANC PC audit in May 2025.
3	IRO-017-1 Outage Coordination	0%	Awaiting acceptance of the 2025 annual assessment to send to the Reliability Coordinator.
4	MOD-031-3 Demand and Energy Data	50%	The 2025 WECC Loads and Resources data and narrative response requests have been requested from BANC PC Participants and WASN for data entry and narrative response, and this information is due back to BANC PC by 02/12/2025. A reminder email was sent on 02/10/2025.
5	MOD-032-1 Data for Power System Modeling & Analysis	50%	Ongoing activity. Data requests to fulfill 13-month cycle for compliance.
6	MOD-033-2 System Model Validation	0%	MOD-033-2 will be started in Fall of 2025
7	PRC-006-5 Underfrequency Load Shedding	0%	Staff continues to participate in WECC Under-Frequency Load Shed Working Group representing BANC PC as necessary. A new data request is anticipated around May-June 2025.
8	PRC-010-2 Undervoltage Load Shedding	100%	Staff completed performing the UVLS assessment studies. A draft version of the report was sent to Roseville for review and comments on 9/19/2024 and the final Report was issued on 12/24/2024.

	PC Standard	Estimated % Complete	Notes
9	PRC-012-2 Remedial Action Schemes	10%	Staff performed a comprehensive “once in every 60 calendar months” Remedial Action Scheme (RAS) assessment to demonstrate that the BANC PC portion of the Bulk Electric System (BES) meets all performance and other requirements specified in the NERC Reliability Standard PRC-012-2 Requirement 4. A final study report will be completed by 12/31/2025. A survey on the BANC’s member’s RAS schemes will be sent out by the end of February 2025.
10	PRC-023-6 Transmission Relay Loadability	10%	Staff will start a new assessment next month with a study plan. The study plan is currently being drafted and will be shared with BANC PC Participants for review and comment in April of 2025.
11	PRC-026-2 Relay Performance During Stable Power Swings	10%	Staff will start a new assessment next month with a study plan. The study plan is currently being drafted and will be shared with BANC PC Participants for review and comment in April 2025.
12	TPL-001-5 Transmission System Planning Performance	5%	Study plan is being drafted and RSAW updates were completed preparing for the 2025 WECC audit in May.
13	TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events	70%	Staff completed GMD study on 1/15/2025 to assess the GIC current impact on the bulk system voltages (230 kV) and reactive power consumptions.

PC Committee Chair Report

BANC Commission Meeting

March 2025

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 continues to work toward demonstrating compliance with PC-related NERC reliability standards.

- FAC-002-4 – Facility Interconnection Studies – Staff has received responses from BANC PC Participants for a list of qualified changes for their system for years 2025-26 and any generation resource projects 20 MVA or more that are connecting to 60 kV or above. There are no BES level projects requiring additional FAC-002 assessments. Staff is also reviewing and updating the BANC PC FAC-002-4 R6 Qualified Changes document based on NERC guideline for implementation. An updated document will be provided to BANC PC Participants for review and comment in April.
- FAC-014-3 - Establish and Communicate SOLs - Staff has completed the RSAW updates to prepare for the 2025 WECC audit in May of 2025. Staff is now preparing for the audit and interviews by participating in mock audit interviews and assessing performance. FAC-014-3 process is planned to be developed this year.
- MOD-031-3 Demand and Energy Data – The 2025 WECC Loads and Resources data and narrative response requests have been received from BANC PC Participants and WASN for data entry and narrative response, and this information was uploaded to WECC on February 14th.
- MOD-033-2 Model Validation – MOD-033-2 model validation study will be started fall of 2025 for both dynamic and steady state and completed by the end of this year.
- PRC-012 Remedial Action Schemes Assessment – Staff will perform a comprehensive “once in every 60 calendar months” Remedial Action Scheme (RAS) assessment to demonstrate that the BANC PC portion of the Bulk Electric System (BES) meets all performance and other requirements specified in the NERC Reliability Standard PRC-012-2 Requirement 4. Staff is currently developing a study plan, and a final study report will be completed by the end of the year. A survey on BANC members’ RAS schemes was sent out early March.
- PRC-023-6 and PRC-026-1 – The study plans are being drafted and will be shared for review and comment with BANC PC Participants in April of 2025.

- TPL-001-5.1 - Transmission System Planning Performance –The first data request has been responded to by BANC PC Participants, and changes are being implemented to the study plan and base cases which are planned to be sent out for review on March 14th.
- TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events - Staff completed the GMD voltage portion of the study to assess GMD event impacts on the bulk system voltages and reactive power consumptions within the BANC PC Participants’ areas. The voltage portion of the study was not included in the WECC 2022 GMD study which only included the GIC portion of the study. The 2024 mock auditor recommended performing the additional voltage study. The GMD voltage study report was sent out to BANC PC Participants for review on March 12th.
- 2025 Annual BANC PC Committee Meeting will be held on March 18th, 2025 from 9:30am to 11am at SMUD in person and virtually.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-4 Interconnection Studies	50%	Staff responses from BANC PC Participants for a list of qualified changes for their system for years 2025-26 and any generation resource projects 20 MVA or more that are connecting to 60 kV or above. There are no BES level projects requiring additional FAC-002 assessments. Staff is also reviewing and updating BANC PC FAC-002-4 R6 Qualified Changes document based on the NERC guideline for implementation. An updated document will be provided to BANC PC for review and comment in April.
2	FAC-014-3 Establish and Communicate SOLs	33%	Staff completed the RSAW required for the upcoming WECC audit in May 2025. Staff is now preparing for the audit and interview by participating in mock audit interviews and assessing performance. FAC-014-3 process is planned to be developed this year.
3	IRO-017-1 Outage Coordination	0%	Awaiting the acceptance of the 2025 annual assessment to send to the Reliability Coordinator.
4	MOD-031-3 Demand and Energy Data	100%	The 2025 WECC Loads and Resources data and narrative response requests have been provided by BANC PC Participants and WASN for data entry and narrative response, and this information was uploaded to WECC on 02/14/2025.
5	MOD-032-1 Data for Power System Modeling & Analysis	50%	Ongoing activity. Data requests to fulfill 13-month cycle for compliance.

	PC Standard	Estimated % Complete	Notes
6	MOD-033-2 System Model Validation	0%	MOD-033-2 study will be started in Fall of 2025 and the final report will be completed by the end of this year.
7	PRC-006-5 Underfrequency Load Shedding	5%	Staff continues to participate in WECC Under-Frequency Load Shed Working Group representing BANC PC as necessary. A new data request is anticipated around May-June 2025.
8	PRC-010-2 Undervoltage Load Shedding	100%	Staff had completed performing the UVLS assessment studies. A draft version of the report was sent to Roseville for review and comments on 09/19/2024 and the final Report was issued on 12/24/2024.
9	PRC-012-2 Remedial Action Schemes	10%	Staff is currently developing a study plan, and a final study report will be completed by 12/31/2025. A survey on the BANC members' RAS schemes was sent out early March.
10	PRC-023-6 Transmission Relay Loadability	15%	Staff will start a new assessment next month with a study plan. The study plan is currently being drafted and will be shared with BANC PC participants for review and comment in April of 2025.
11	PRC-026-2 Relay Performance During Stable Power Swings	15%	Staff will start a new assessment next month with a study plan. The study plan is currently being drafted and will be shared with BANC PC participants for review and comment in April of 2025.
12	TPL-001-5 Transmission System Planning Performance	10%	Study plan and base cases are being developed and updated. Will be sent out for BANC PC Participant review 03/14/2025.
13	TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events	90%	Staff completed GMD voltage portion of the study to assess the GMD event impact on the bulk system voltages and reactive power consumptions within the BANC PC Participants' areas. The GMD voltage portion of the study was not included in the WECC 2022 GMD study which only included GIC portion of the study. The GMD additional voltage study report was sent out to the BANC PC participants on 03/12/2025.

GM Report

BANC Commission Meeting

March 26, 2025

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 on an as needed basis regarding EIM participation and day-ahead market issues. We are holding periodic calls as appropriate to provide updates and discuss issues.

Market Initiatives

EIM Participation

Staff continues monitoring EIM participation. CAISO quarterly benefit reports show that BANC is seeing benefits from EIM participation, with the 4th Quarter 2024 report showing gross benefits of \$57.99 million for BANC, with a total of \$792.57 millions of gross benefits for BANC since joining in 2019.

With respect to BANC EIM Phase 2 effort, BANC has been passing the EIM Balancing, 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 Markets (EIM) Committee.

EDAM Participation

FERC approved the EDAM/DAME tariff on 12/21/23 with the exception of the Access Charge. In its order, FERC accepted the overwhelming majority of the proposed market rules and rejected without prejudice one element of the EDAM proposal related to transmission revenue recovery (TRR) for market participants. The CAISO filed a revised proposal on TRR with FERC on April 12, 2024, which was approved by FERC on June 12, 2024. In October, CAISO filed another tariff amendment that would allow the use of inter-SC trades by EIM and EDAM entities. FERC approved the amendment on December 23, 2024. The EDAM Tariff is considered final for use in the implementation efforts.

A group of Western state regulators (AZ, CA, NM, OR, and WA) sent a letter to CREPC/WIRAB in July 2023 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 voluntary market services from EIM to EDAM to an RTO. BANC has been an active participant in the Western Markets Governance Pathways Initiative Launch Committee. The Launch Committee issued a draft proposal on April 10, 2024, outlining a stepwise approach to independent oversight over CAISO markets. The Launch Committee approved the Step 1 proposal which recommended WEM Governing Body primary authority over market rules on 5/31/24. The CAISO Board of Governors and the WEM Governing Body approved the Step 1 proposal on 8/13/24. On 11/8/24 the combined boards approved the necessary documentation to allow the Step 1 primary authority model to move forward once the level of EDAM Implementation Agreement signatories reaches the designated threshold value and FERC approvals are received. The CAISO filed the tariff changes with FERC for the Step 1 proposal. The Launch Committee approved a final draft of the Pathways Step 2 proposal on November 22, which would move oversight of market design to the sole authority of a new independent Regional Organization board. The BANC General Manager has been asked to participate in the Formation Committee which will work with the CAISO to move forward with creation of the proposed Regional Organization for Step 2. The Formation Committee initiated its discussions in January 2025 and is currently finalizing its scope, schedule, and budget for this effort. Legislation (SB540) that would allow the Step 2 proposal to be implemented has been filed at the California Legislature. An initial informational hearing was held on 3/12/25. There was both support and opposition to the bill.

The BANC EDAM Implementation project is moving forward. The EDAM Implementation Agreement has been executed with the CAISO and was approved by FERC in January. Staff provided an updated implementation schedule to the EDAM participants during the Markets Committee meeting in January 2025. We are currently working with the BANC participants to ramp up the EDAM implementation effort to meet the Spring 2027 go live date.

Other Market Developments

In parallel with the EDAM process, SPP is moving forward with its “Markets+” effort to support interested utilities in the West with a range of market options from EIM to full RTO services. SPP filed the Markets+ tariff at FERC on March 29, 2024. FERC approved the SPP Markets+ tariff at its meeting on January 16, 2025. It is our understanding that entities in the West that are supportive of Markets+ (e.g. – APS, SRP, and BPA) are in the process of seeking approvals to fund the next phase of the development. BPA has issued its draft decision letter supporting Markets+ participation. SPP has indicated that “go-live” for Markets+ will be delayed until 2027.

WAPA

Market Engagement

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

As noted previously, the WAPA administrator issued her decision in late October to allow SNR to move forward with finalizing negotiations to participate in EDAM. WAPA-SNR has subsequently approved the funding agreement with BANC for their participation in the 2025 efforts. BANC is working with WAPA-SNR to facilitate their implementation efforts.

WECC

WECC Board Meetings

The last set of Board and committee meetings were held on March 11-12, 2025, in Salt Lake City, UT. The next set of meetings will be June 10-11, 2025, 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 their development efforts. The WRAP participants recently formally voted to extend the binding date to 2027. Based upon this request, WPP filed an amended WRAP tariff at FERC in December 2024 which was approved by FERC in January 2025.

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.

WestTEC

WPP has initiated a new process called the Western Transmission Expansion Coalition (WestTEC) which is intended to provide coordination among the current regional transmission planning entities in the West (CAISO, Northern Tier, and WestConnect) to determine if there are some broader regional transmission projects that should be considered. WPP has obtained DOE funding for this effort and implementation is moving forward. They are currently envisioning a 2.5-year process with an initial 10-year plan to be issued in 2025 and a 20-year plan in 2026.

CDWR Delta Pumping Load

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 are working to finalize the SB100 effort to support issuing an update report in 2025, but it will be delayed to later in the year. BANC is working with IID, LADWP, and TID to coordinate our engagement in this effort. The CEC has reached out to the POU BAAs to discuss the status of their modeling efforts with meetings planned for late March.

Western Electricity Industry Leaders (WEIL) Group

The WEIL CEOs last met on February 21, 2024, in San Diego, CA. The next meeting of the WEIL group is planned for June 13, 2025, in Salt Lake City, UT.

Strategic Initiatives

The 2024/2025 Strategic Initiatives are attached to this report.

BANC 2024/2025 Strategic Plan - Routine Initiatives - March 2025 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	No update planned for 2025
3 Medium		Develop appropriate policies, procedures, & action tracking	Jim Shetler/BB&W	4th Qtr. 2025	
4 Medium	OUTREACH	Engage in industry forums (WECC, RC West, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & WPP mtgs.
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	Ongoing as Necessary	CEC Pathways Workshop: 1/24
7 Medium		More formal engagement with TID on BA/EIM/EDAM issues	Jim Shetler/BB&W	Ongoing	Continue periodic discussions on areas of collaboration
8 Medium	ASSETS	Monitor RA development in WI	Jim S./BB&W/Res. Com.	4th Qtr. 2025	WRAP tariff amendments approved by FERC in Jan.
9 Medium		Develop BANC-wide IRP Report	Jim S./Res. Comm	3rd Qtr. 2025	SMUD provided estimate to develop IRP report
10 High		Upgrade BANC RA Program	Jim S./Res. Comm.	4th Qtr. 2025	RFP for BANC RA Program issued 2/21; Responses: 3/28
11 Low	MEMBER SERVICES	Identify and outreach to potential new BANC members	Jim Shetler	Ongoing as Appropriate	

BANC 2024/2025 Strategic Plan - Focused Initiatives - March 2025 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
12 High	INDEPENDENCE	Manage EIM Phase 2 Going Forward	Jim Shetler/SMUD	Ongoing	Manage Phase 2 operations including EIM, Tech Anal. & Settlements committees
13 High		EDAM implementation effort ~ Manage BANC EDAM implementation	Jim Shetler/BB&W/ Utilicast	Apr-27	EDAM IA approved by FERC
14 Medium	OUTREACH	Evaluate opportunities to engage other entities in market development	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, TID, Tacoma, Idaho, PAC, & PGE
15 Medium		Regional Policy Issues: Monitor/ weigh-in where appropriate	Jim Shetler/Commission	Ongoing	
16 High		Market Regionalization: ~Monitor ongoing discussions at WEIL, WWGPI, & etc.	Jim Shetler/BB&W	Ongoing	Formation Committee efforts ongoing
17 High		Coordinate with CA BAs on SB100 effort	Jim Shetler/BB&W	Ongoing	
18 High	ASSETS	~ Develop agreements for Sutter CS Project	Jim S./BB&W/Res. Com.	4th Qtr. 2025	Initiating agreement development
19 High		~ Develop/issue BANC resource solicitation	Jim S./BB&W/Res. Com.	2nd Qtr. 2025	Draft RFP under legal review
20 Medium	MEMBER SERVICES	Evaluate possible support to participants for EIM operations	Jim S.	Ongoing	

Balancing Authority of Northern California

Agenda Item 5B

1. **Resolution 25-03-01 Acceptance of BANC 2024 Audited Financials.**
2. **BANC Audited Financials.**
 - a. **Reporting and Insights from the 2024 Audit: Balancing Authority of Northern California.**
 - b. **Financial Statements and Independent Auditors' Report: December 31, 2024 and 2023.**

**Balancing Authority of Northern California
Resolution 25-03-01**

Acceptance of BANC 2024 Audited Financials

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

WHEREAS, JPA Section 19 provides that the Controller of BANC shall cause to be performed an annual audit of the accounts and records of BANC; and

WHEREAS, the minimum requirements of that audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards; and

WHEREAS, the JPA specifies that a report of that audit shall be filed with each Member and also with the County Auditor of the County of Sacramento within twelve (12) months of the end of the fiscal year under examination; and

WHEREAS, BANC has contracted with Baker Tilly US, LLP to provide these audit services; and

WHEREAS, Baker Tilly US, LLP has provided its audit report, which is included in the Commission packet as BANC 2024 Audited Financials.

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby acknowledge and accept the BANC 2024 Audited Financials.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 26th day of March 2025, 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

Reporting and insights from the 2024 audit:

Balancing Authority of North California

December 31, 2024

Executive summary

March 7, 2025

The Commissioners
Balancing Agency of Northern California
6201 S Street
Sacramento, CA 95817

We have completed our audit of the financial statements of the Balancing Authority of Northern California (the Agency) for the year ended December 31, 2024, and have issued our report thereon dated March 7, 2025. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of the Agency's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.


Additionally, we have included information on key risk areas the Agency should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

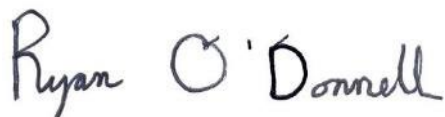
- Aaron Worthman, Principal: Aaron.Worthman@bakertilly.com or +1 (512) 975 7281
- Ryan O'Donnell, Director: Ryan.Odonnell@bakertilly.com or +1 (608) 240 2606

Sincerely,

Baker Tilly US, LLP



Aaron Worthman, CPA



Ryan O'Donnell, CPA

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY ADVISORY GROUP, LP AND BAKER TILLY US, LLP, TRADING AS BAKER TILLY, ARE MEMBERS OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES. BAKER TILLY US, LLP IS A LICENSED CPA FIRM THAT PROVIDES ASSURANCE SERVICES TO ITS CLIENTS. BAKER TILLY ADVISORY GROUP, LP AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND CONSULTING SERVICES TO THEIR CLIENTS AND ARE NOT LICENSED CPA FIRMS.

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Agency's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Commissioners:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Commissioners of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Commissioners, including:

- Internal control matters
- Qualitative aspects of the Agency's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Agency and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Agency's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and Cash Equivalents	Revenues and receivables	Collateral Deposits
General Disbursements	Financial Reporting and Required Disclosures	Information Technology
Accounts Payable	Due to/from Members	

Internal control matters

We considered the Agency's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Agency are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2024. We noted no transactions entered into by the Agency during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates identified.
- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Agency or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Agency's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Agency that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Agency's related parties.

Other matter

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Audit committee resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at <https://www.bakertilly.com/page/audit-committee-resource-center>.

Management representation letter



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

RELIABILITY • COLLABORATION • SUSTAINABILITY

March 7, 2025

Baker Tilly US, LLP
4807 Innovate Ln
P.O. Box 7398
Madison, WI 53707-7398

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audits of the financial statements of the Balancing Authority of Northern California (the Agency) as of December 31, 2024 and 2023 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Agency and the respective changes in financial position and cash flows of the Agency in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 3, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all financial information required by accounting principles generally accepted in the United States of America.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with U.S. GAAP.

A JOINT POWERS AUTHORITY BETWEEN

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

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

6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We are not aware of any known actual, possible, pending, or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with accounting principles generally accepted in the United States of America, and we have not consulted a lawyer concerning litigation, claims, or assessments.

Information Provided

9. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
10. We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
11. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
12. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
13. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
14. We have disclosed to you the names of our related parties and all the related party relationships and transactions, including any side agreements, of which we are aware.

Other

15. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
16. We have a process to track the status of audit findings and recommendations.
17. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
18. There are no:
 - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
19. The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
20. The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
21. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
22. The Agency has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
23. Deposits are properly classified, valued and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
24. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
25. The auditing standards define an annual report as "a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditor's report thereon. We do not prepare an annual report.

26. We have implemented GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, GASB Statement No. 101, *Compensated Absences*, and the remaining portion of GASB Statement No. 99, *Omnibus 2022* that is effective for calendar year 2024, and have determined there is no impact to the Agency.
27. There have been no changes to our assessment or applicability with regard to all previously effective GASB Statements that were deemed immaterial or did not impact the Agency at the time the statements went into effect.

Sincerely,

Balancing Authority of Northern California

Signed: 
Jim Shetler, General Manager

Signed: Jonathan Anderson
Digitally signed by Jonathan Anderson
Date: 2025.03.07 11:30:28 -08'00'
Jon Anderson, Treasurer

Signed: Lisa Limcaco
Digitally signed by Lisa Limcaco
Date: 2025.03.07 10:29:06 -08'00'
Lisa Limcaco, Controller

Accounting changes relevant to the Agency

Future accounting standards update

GASB Statement Number	Description	Potentially impacts you	Effective date
102	Certain Risk Disclosures	✓	12/31/25
103	Financial Reporting Model Improvements	✓	12/31/26
104	Disclosure of Certain Capital Assets		12/31/26

Further information on upcoming [GASB pronouncements](#).

New guidance on disclosure of certain risks

The requirements in GASB Statement No. 102, *Certain Risk Disclosures* is meant to provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. It requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.

- (a) The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources—for example, a small number of companies that represent a majority of employment in a government's jurisdiction, or a government that relies on one revenue source for most of its revenue.
- (b) The Statement defines a constraint as a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority—such as a voter-approved property tax cap or a state-imposed debt limit.

Concentrations and constraints may limit a government's ability to acquire resources or control spending.

The Statement generally requires a government to disclose information about a concentration or constraint if all of the following criteria are met:

- (a) The concentration or constraint is *known* to the government prior to issuing the financial statements.
- (b) The concentration or constraint makes the government vulnerable to the risk of a substantial impact.
- (c) An event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The disclosures should include a description of the following:

- The concentration or constraint,
- Each event associated with the concentration or constraint that could cause a substantial impact if the event has occurred or has begun to occur prior to the issuance of the financial statements, and
- Actions taken by the government to mitigate the risk prior to the issuance of the financial statements.

Changes to the financial reporting model

GASB Statement 103, *Financial Reporting Model Improvements*, builds on Statement 34 by providing key targeted improvements to the financial reporting model. Its requirements are designed to:

- Enhance the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability, and
- Address certain application issues.

The targeted improvements contained in Statement 103 establish or modify existing accounting and financial reporting requirements related to:

- Management's discussion and analysis - While the overall requirements do not substantially change management's discussion and analysis, the modifications are meant to improve the analysis included in this section and provide details about the items that should be discussed as currently known facts, decisions, or conditions expected to have a significant financial effect in the subsequent period.
- Unusual or infrequent items (previously known as extraordinary and special items) - The new Statement simplifies GASB literature by eliminating the separate presentation of extraordinary and special items. Under the requirement of Statement 103, applicable items will either be identified as unusual or infrequent, or both.
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position - The changes are designed to improve consistency around the classification of items in these statements by better defining what should be included in operating revenues and expenses and nonoperating revenues and expenses including, for example, the addition of subsidies received or provided as a new category of nonoperating revenues and expenses.
- Major component unit information, and Budgetary comparison information - Statement 103 is designed to improve the consistency of the reporting of major component unit information and budgetary comparison information by specifying required placement of that information.

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the Agency will receive an unmodified opinion on its financial statements
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early in January. Our final financial fieldwork is scheduled during January and/or February to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 4-6 weeks after final fieldwork but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means or wish to provide other feedback. We welcome the opportunity to hear from you.

Balancing Authority of Northern California Sacramento, CA

Financial Statements

and Independent Auditors' Report

December 31, 2024 and 2023

BALANCING AUTHORITY OF NORTHERN CALIFORNIA
TABLE OF CONTENTS
As of and for the Years Ended December 31, 2024 and 2023

Independent Auditors' Report	1
Required Supplementary Information - Unaudited	
Management's Discussion and Analysis	3
Basic Financial Statements	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	
Note 1. Organization and Operations	11
Note 2. Summary of Significant Accounting Policies	11
Note 3. Contingencies	13

Independent Auditors' Report

To the Commissioners of
Balancing Authority of Northern California

Opinion

We have audited the accompanying financial statements of the Balancing Authority of Northern California (Agency), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly US, LLP

Madison, Wisconsin
March 7, 2025

**BALANCING AUTHORITY OF NORTHERN CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the Years Ended December 31, 2024 and 2023**

Using this Financial Report

This annual financial report for Balancing Authority of Northern California (Agency) consists of management's discussion and analysis and the financial statements, including notes to the financial statements. The basic Financial Statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows.

The Agency's accounting records are maintained in accordance with Generally Accepted Accounting Principles for proprietary funds as prescribed by the Governmental Accounting Standards Board. The Agency's accounting records generally follow the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC).

Overview of the Financial Statements

The following discussion and analysis of the financial performance of the Agency provides an overview of the financial activities for the years ended December 31, 2024 and 2023. This discussion and analysis should be read in conjunction with the Agency's financial statements and accompanying notes, which follow this section.

The Statements of Net Position provide information about the nature and amount of resources and obligations at a specific point in time.

The Statements of Revenues, Expenses and Changes in Net Position report all of the Agency's revenues and expenses during the periods indicated.

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and debt financing, and other cash uses such as payments for debt service and capital additions.

The Notes to Financial Statements provide additional detailed information to support the financial statements.

Nature of Operations

The Agency is a joint powers authority consisting of the following California publicly owned utilities: the Sacramento Municipal Utility District (SMUD), the Modesto Irrigation District, the City of Redding, the City of Roseville, the Trinity Public Utilities District, and the City of Shasta Lake (collectively, Members). The Agency performs FERC approved Balancing Authority Area (BAA) and Planning Coordinator (PC) reliability functions that are overseen by North American Electric Reliability Corporation, nationally, and by Western Electricity Coordinating Council (WECC) in the West. The Agency also has the ability to acquire, construct, maintain, operate and finance projects for the Agency and for the benefit of any one or more of the Members. The Agency has no employees. The Agency has a contract with an industry professional to serve as the general manager. The Agency also has a contract with a legal firm to provide legal services for the Agency. An Agency Member, SMUD, serves as the Treasurer and Controller, Compliance Officer, BAA Operator, Energy Imbalance Market (EIM) and PC services provider.

Operational Highlights

The Agency continues to support the Members' desire to have the BAA provide a strong base for maintaining their independence and ability for self-determination. In 2024, the Agency's Commission continued to reinforce its strategic direction for this goal with a focus on initiatives in the areas of:

- *Independence*
- *Assets*
- *Outreach*
- *Customer Services*

In the area of Independence, the Agency has been proactive at ensuring BAA operations are maintained in full compliance with industry standards. This has been accomplished through the proactive use of the Agency's Operations Committee, Member Compliance Review Committee, Resource Committee, and Markets EIM Committee. The Agency, through its compliance group, has been proactive in taking a risk-based approach to evaluating operational incidents, including near miss lessons-learned. This proactive approach has proven to be beneficial as it resulted in the Agency receiving no non-compliance issues in its 2022 WECC triennial audit and no reportable issues in 2023. This has also resulted in WECC proposing a reduced scope for the upcoming triennial audit scheduled for 2025.

The Agency has been actively engaged in evaluating market alternatives for its Members, as well as the Western Area Power Administration – Sierra Nevada Region (WAPA-SNR), which is a contract participant in the Agency. This evaluation resulted in a decision for the Agency to become an EIM Entity as part of the California Independent System Operator (CAISO) Western Energy Imbalance Market (WEIM) and allow phased-in participation by Members and WAPA-SNR. SMUD was the first Agency's Member to become an EIM Participating Resource and the Agency was the first public power entity to participate in the EIM, with go-live in April 2019, referred to as BANC EIM Phase 1. In addition, three other Members (Modesto Irrigation District, City of Redding, and City of Roseville) and WAPA-SNR decided to participate in EIM and went live in late March 2021, which was referred to as BANC EIM Phase 2.

The Agency was also an active participant with other EIM Entities and stakeholders in evaluating the Extended Day Ahead Market (EDAM) with the CAISO. As proposed, EDAM allows an expansion of CAISO participation for EIM entities into the Day Ahead Market. Like EIM, EDAM participation is proposed to be voluntary, maintain the independence of the EDAM participant's BAA, and will not require participants to turn over operational control of their transmission or generation facilities to the CAISO. In December 2022, the CAISO completed its stakeholder process and produced a final EDAM market design document. The CAISO received approval of the market design from its board in early 2023.

The Agency was an active participant in this effort, starting as a member of the small subgroup that was organized in the summer of 2021, through the stakeholder process yielding the final design proposal. With completion of the EDAM design, the CAISO pivoted to detailed tariff development. The final EDAM tariff was submitted to FERC in August 2023 and the CAISO received approval of most of the tariff in December 2023. Additional tariff amendments regarding transmission access charges and inter-scheduling coordinator trading were submitted to, and approved by, the FERC in 2024.

The Agency actively evaluated participation in EDAM, including an assessment of the final tariff design and its implications for the Agency and its Members, costs, benefits, and systems gap analysis. The result was a recommendation to the Agency's Commission in August 2023 to participate in EDAM. The Agency's Commission

approved this recommendation and the budget necessary for the Agency to engage in EDAM implementation starting in 2024 with a goal of EDAM go-live in spring 2026. Due to the need for WAPA-SNR to conduct its stakeholder review process, the final decision to implement EDAM was delayed until fall of 2024. The EDAM Implementation effort will be reinitiated in 2025 with a plan to go-live in spring 2027. The Agency continues to monitor other potential West-wide efforts, including the Southwest Power Pool Markets+ initiative and the Western Power Pool Western Resource Adequacy Program.

Regarding Assets, the Agency has an arrangement with its BAA Operator, which is also a registered transmission operator, to determine relative responsibilities for funding facility assets. The Agency funds its fair share of these assets. The Agency also worked with the BAA Operator and WECC to finalize compliance responsibilities for any joint violations that might be imposed on the Agency and the BAA Operator. The Agency worked with its Members to understand how the implementation of Senate Bill (SB)100 requirements for “zero” carbon emissions from electric generation will impact future BA operations. This includes active collaboration with the oversight agencies (California Public Utilities Commission, California Energy Commission, and California Air Resources Board) and other California BAAs to support the development of the first assessment report on implementation of SB100 and ongoing discussions on implementation of SB100 goals. The Agency is actively engaged with the other California BAAs and the state agencies as the next version of the SB100 report is developed, with an expected emphasis on reliability metrics for decarbonization portfolios. As a result of the resource adequacy concerns raised in the summers of 2020 and 2021, the Agency’s Members directed the Agency to issue a request for proposals for new, renewable resources that could be interconnected to the Agency’s grid. The evaluation of proposals in early 2022 resulted in a decision to not pursue any new resources at that time. The Agency continues to consider additional resources and another request for proposals will be issued in 2025 for consideration. The Agency’s Members also directed the Agency to develop more formalized resource adequacy guidelines which were approved in 2023. With the decision to join EDAM, the Agency is also in the process of developing a more formal set of resource adequacy requirements in 2025.

In the area of Outreach, the Agency has been reaching out to the appropriate state and federal agencies regarding its BAA role. The Agency has been proactive in its engagement with WECC and the reliability coordinator (formerly Peak Reliability [Peak], now RC West). The Agency has also been proactive in reaching out to other Publicly Owned Utility BAAs in the West, engaging in the EIM Regional Issues Forum, and in CAISO regionalization discussions. The Agency’s General Counsel served as a member of the Governance Review Committee that finalized recommendations for EDAM governance in 2023. The Agency’s General Counsel also serves as one of two public power liaisons on the Body of State Regulators, which is the advisory committee of state representatives to the EIM Governing Body. The Agency is also an active participant in the Western Electricity Industry Leaders group. The Agency is also actively participating on the West-wide Governance Pathways Initiative Launch Committee which developed a set of stepwise proposed governance changes to the CAISO that create a more independent oversight of the WEIM and EDAM markets. It is anticipated that moving to independent governance oversight could incentivize broader participation in CAISO markets by entities in the Western Interconnection. Implementation of these proposals will be initiated in 2025.

Regarding Customer Services, the Agency has worked with its Members to take on the role of PC for a part of the Agency's footprint. The Agency has contracted with SMUD to provide the PC services for participating Members. The initial study work was completed in 2017 and the Agency was fully compliant as a PC by January 1, 2018, for those Members that have elected to take PC service. In addition, the agency has assisted Members with software needs for implementation of EIM Phase 2 in 2021. Also, as noted above, the Agency assisted the Members with evaluating market options and resource adequacy requirements for the Agency.

FINANCIAL POSITION

The following table summarizes the financial position as of December 31 (in thousands).

	2024	2023	2022
Assets			
Current assets	\$ 7,206	\$ 7,573	\$ 14,520
Noncurrent assets	547	520	508
Total Assets	<u>\$ 7,753</u>	<u>\$ 8,093</u>	<u>\$ 15,028</u>
Liabilities			
Current liabilities	\$ 7,206	\$ 7,573	\$ 14,520
Noncurrent liabilities	547	520	508
Total Liabilities	<u>7,753</u>	<u>8,093</u>	<u>15,028</u>
Net position			
Unrestricted	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total net position	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and net position	<u>\$ 7,753</u>	<u>\$ 8,093</u>	<u>\$ 15,028</u>

TOTAL ASSETS

Total assets in 2024 decreased \$0.3 million or 4.2% over 2023, primarily due to decrease of \$0.4 million in current assets due to lower receivables from Members for WEIM related activities.

Total assets in 2023 decreased \$6.9 million or 46.2% over 2022, primarily due to decrease of \$6.9 million in current assets due to lower unrestricted cash, offset by higher receivables from Members for WEIM related activities.

TOTAL LIABILITIES

Total liabilities in 2024 decreased \$0.3 million or 4.2% over 2023, primarily due to decrease of \$0.4 million in current liabilities due to lower Due to Members for WEIM related activities, offset by higher Advances from Members due to higher billings to Members.

Total liabilities in 2023 decreased \$6.9 million or 46.2% over 2022, primarily due to decrease of \$6.9 million in current liabilities due to lower Due to Members, offset by higher accruals for WEIM related activities.

RESULTS OF OPERATIONS

The following table summarizes the operating results for the years ended December 31 (in thousands).

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 7,285	\$ 6,677	\$ 6,170
Operating expenses	(7,285)	(6,677)	(6,170)
Operating income	-0-	-0-	-0-
Change in net position	-0-	-0-	-0-
Net position - beginning of year	-0-	-0-	-0-
Net position - end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

OPERATING REVENUES

Operating Revenues were \$7.3 million for 2024, an increase of \$0.6 million or 9.1% increase over 2023 primarily due to higher billings to Members.

Operating Revenues were \$6.7 million for 2023, an increase of \$0.5 million or 8.2% increase over 2022 primarily due to higher billings to Members.

OPERATING EXPENSES

Operating Expenses were \$7.3 million for 2024, an increase of \$0.6 million or 9.1% increase over 2023 primarily due to higher payments for WEIM expenses.

Operating Expenses were \$6.7 million for 2023, an increase of \$0.5 million or 8.2% increase over 2022 primarily due to higher payments for WEIM expenses.

Requests for Information

For more information about the Balancing Authority of Northern California, visit our website at www.thebanc.org or contact us at JimShetler@thebanc.org.

**BALANCING AUTHORITY OF NORTHERN CALIFORNIA
STATEMENTS OF NET POSITION**

	December 31,	
	2024	2023
ASSETS		
CURRENT ASSETS		
Unrestricted cash	\$ 5,003,550	\$ 4,900,985
Receivable from Members	2,202,270	2,671,700
Total current assets	7,205,820	7,572,685
NONCURRENT ASSETS		
Credit support collateral deposits	547,115	519,916
Total noncurrent assets	547,115	519,916
TOTAL ASSETS	\$ 7,752,935	\$ 8,092,601
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 1,636,550	\$ 1,678,062
Advances from Members	3,012,586	2,636,261
Due to Members	2,552,079	3,257,469
Other	4,605	893
Total current liabilities	7,205,820	7,572,685
NONCURRENT LIABILITIES		
Due to Members	547,115	519,916
Total noncurrent liabilities	547,115	519,916
TOTAL LIABILITIES	7,752,935	8,092,601
NET POSITION		
Unrestricted	-0-	-0-
TOTAL NET POSITION	-0-	-0-
TOTAL LIABILITIES AND NET POSITION	\$ 7,752,935	\$ 8,092,601

The accompanying notes are an integral part of these financial statements.

BALANCING AUTHORITY OF NORTHERN CALIFORNIA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended December 31,	
	2024	2023
OPERATING REVENUES		
Member revenues	\$ 6,907,146	\$ 6,345,659
Other	378,054	331,156
Total operating revenues	7,285,200	6,676,815
OPERATING EXPENSES		
Operations	5,411,963	4,790,827
Administrative and general	1,873,237	1,885,988
Total operating expenses	7,285,200	6,676,815
OPERATING INCOME	-0-	-0-
CHANGE IN NET POSITION	-0-	-0-
NET POSITION - BEGINNING OF YEAR	-0-	-0-
NET POSITION - END OF YEAR	\$ -0-	\$ -0-

The accompanying notes are an integral part of these financial statements.

**BALANCING AUTHORITY OF NORTHERN CALIFORNIA
STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Members for operating activities	\$ 8,130,955	\$ 5,416,595
Payments to Members for WEIM activities	(678,191)	(7,534,231)
Payments to credit support collateral deposit	(27,199)	(11,487)
Payments to vendors	(7,323,000)	(6,320,066)
Net cash provided by (used in) operating activities	102,565	(8,449,189)
Net increase (decrease) in cash	102,565	(8,449,189)
Cash - beginning of the year	4,900,985	13,350,174
Cash - end of the year	\$ 5,003,550	\$ 4,900,985
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ -0-	\$ -0-
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Receivable from Members	469,430	(1,502,339)
Credit support collateral deposit	(27,199)	(11,487)
Accounts payable	(41,512)	356,383
Other payable	3,712	366
Advances from Members	376,325	242,119
Due to Members	(678,191)	(7,534,231)
Net cash provided by (used in) operating activities	\$ 102,565	\$ (8,449,189)

The accompanying notes are an integral part of these financial statements.

BALANCING AUTHORITY OF NORTHERN CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2024 and 2023

NOTE 1. ORGANIZATION AND OPERATIONS

The Balancing Authority of Northern California (Agency) is a joint powers authority (JPA) consisting of the following California publicly owned utilities: the Sacramento Municipal Utility District (SMUD), the Modesto Irrigation District, the City of Redding, the City of Roseville, the Trinity Public Utilities District, and the City of Shasta Lake (collectively, Members). The Agency performs Federal Energy Regulatory Commission approved Balancing Authority Area (BAA) and Planning Coordinator (PC) reliability functions that are overseen by the North American Electric Reliability Corporation, nationally, and by the Western Electricity Coordinating Council in the West. The Agency also has the ability to acquire, construct, maintain, operate and finance projects for the Agency and for the benefit of any one or more of the Members.

The Agency has no employees. The Agency has a contract with an industry professional to serve as the general manager. An Agency Member, SMUD, serves as the Treasurer and Controller, Compliance Officer, BAA Operator and PC service provider.

The Agency's Commission is comprised of one commissioner from each Member. The Members pay its participation percentage share of the costs associated with the operation of the Agency, with a minimum cost share of \$25.0 thousand per calendar year. The participation percentage of each Member is based on their proportional share of the annual retail load from the previous calendar year.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting. The accounting records of the Agency are maintained in accordance with Generally Accepted Accounting Principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The Agency's accounting records generally follow the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents. Cash and cash equivalents include all debt instruments purchased with an original maturity of 90 days or less.

Custodial Credit Risk. This is the risk that in the event of the failure of a depository financial institution or counterparty to a transaction, the Agency's deposits may not be returned or the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of another party. The Agency does not have a deposit policy for custodial credit risk. At December 31, 2024 and 2023, \$4.8 million and \$4.7 million of the Agency's bank balance were uninsured, respectively.

Credit Support Collateral Deposits. The Agency entered into a Western Energy Imbalance Market (WEIM) participation agreement with the California Independent System Operator (CAISO), which allows participants to buy and sell power close to the time electricity is consumed. In 2024 and 2023, the Agency contributed \$0.5 million for the collateral deposit to cover the WEIM settlement activity credit requirements. These deposits are recorded as noncurrent assets.

Receivable from Members. The Agency records as a Receivable from Members the costs incurred related to the WEIM activities.

Advances from Members. Members provide cash to the Agency in advance for operations costs. These advances are recognized as operating revenue as expenses are incurred.

Due From (To) Members. The Due from Members represents proceeds from CAISO for Members WEIM power trading activities. The Due to Members represents amounts posted by Members for the Credit Support Collateral Deposits to CAISO, cash reserves posted by Members to cover market uncertainties, and amounts owed to CAISO for Members WEIM power trading activities.

Net Position. The Agency classifies its net position as unrestricted.

Operating Revenues. The Agency invoices its Members for their respective participation percentage in accordance with the JPA agreement.

Operating Expenses. Operating expenses include the operations and administrative expenses of the Agency.

Subsequent Events. Subsequent events for the Agency have been evaluated through March 7, 2025, which is the date that the financial statements were available to be issued.

Recent Accounting Pronouncements, adopted. In April 2022, GASB issued SGAS No. 99, “*Omnibus 2022*” (GASB No. 99). This statement addresses a variety of topics and is effective for the Agency in 2022, 2023, or 2024 depending on the requirement. The two remaining topics in this statement are related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53. These topics are effective for the Agency in 2024 but had no impact on the Agency.

In June 2022, GASB issued SGAS No. 100, “*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*” (GASB No. 100), to enhance accounting and financial reporting requirements for accounting changes and error corrections. The statement defines accounting changes and sets forth requirements for reporting changes and error corrections in the financial statements. In addition, the statement contains requirements for disclosure in notes to financial statements of information about accounting changes and error corrections. Furthermore, for periods that are earlier than those included in the financial statements, information presented in required supplementary information and supplementary information should be restated for error corrections, but not for changes in accounting principles. This statement is effective for the Agency in 2024 but had no impact on the Agency.

In June 2022, GASB issued SGAS No. 101, “*Compensated Absences*” (GASB No. 101), to better meet the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences. This will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. This statement is effective for the Agency in 2024. The Agency currently does not employ staff, and it had no impact on the Agency.

Recent Accounting Pronouncements, not yet adopted. In December 2023, GASB issued SGAS No. 102, “*Certain Risk Disclosures*” (GASB No. 102), to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. A *concentration* is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. This Statement requires a government to assess whether a concentration or constraint could cause a substantial impact if the event occurred or has begun to occur prior to the issuance of financial statements. If a government determines that the criteria for disclosure have been met, it should disclose information in notes to financial statements in sufficient detail to enable financial statements users to understand the nature of the circumstances and the government’s vulnerability to the risk of a substantial impact. This Statement is effective for the Agency in 2025. The Agency is currently assessing the disclosure impact of adopting this Statement.

In April 2024, GASB issued SGAS No. 103, “*Financial Reporting Model Improvements*” (GASB No. 103), to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government’s accountability and (b) address certain application issues. This Statement is effective for the Agency in 2026. The Agency is currently assessing the impact of adopting this Statement.

In September 2024, GASB issued SGAS No. 104, “*Disclosure of Certain Capital Assets*” (GASB No. 104), to require certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets and intangible right-to-use assets should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets should also be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class and requires additional disclosures for capital assets held for sale. This Statement is effective for the Agency in 2026. The Agency does not have any capital assets and expects it will have no impact on the Agency.

NOTE 3. CONTINGENCIES

General Contingencies. In the normal course of operations, the Agency may be party to various claims, disputes and litigation. There are no such matters pending. Thus, there are no such actions that could have a material adverse impact on the Agency's financial position or results of operations.