

Balancing Authority of Northern California

Regular Meeting of the Commissioners of BANC

**2:00 P.M.
Wednesday, April 22, 2026
2600 Capitol Avenue
Suite 400
Sacramento, CA 95816**

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 **April 22, 2026 at 2:00 p.m. at 2600 Capitol Avenue, Suite 400, Sacramento, CA 95816.**

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: 898 7289 0512

Passcode: 733283

Meeting Link: <https://us06web.zoom.us/j/89872890512?pwd=5NIY1R9q4Ab9qSLG10VJ9ihmG7nUEf.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 Location(s):

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

Redding Electric Utility

Bally Conference Room
3611 Avtech Parkway
Redding, CA 96002

Modesto Irrigation District

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

AGENDA

- 1 Call to Order and Verification of Quorum.**
- 2 Matters subsequent to posting the Agenda.**
- 3 Public Comment** – any member of the public may address the Commissioners concerning any matter on the agenda.
- 4 Consent Agenda.**
 - A. Minutes of the Regular Commission Meeting held on February 18, 2026.
 - B. BANC Operator Report (February, March).
 - C. Compliance Officer Report (March, April).
 - D. PC Committee Chair Report (March, April).
 - E. General Manager's Report and Strategic Initiatives Update.
- 5 Regular Agenda Items – Discussion and Possible Action.**
 - A. Discussion on Capitol Region Skilled Trades Workforce Program.
 - B. General Manager Updates.
 - i. Market Updates – EIM, EDAM, Resource Adequacy, Pathways, Markets+, WPP.
 - ii. Operational Updates (Summer Assessment, Natural Gas Curtailment Procedure).
 - iii. Strategic Plan Updates.
 - C. Consider and Possibly Approve Resolution 26-04-01 *Acceptance of BANC 2025 Audited Financials*.
 - D. Member Updates.
- 6 Adjournment.**

Accessible Public Meetings - Upon request, BANC will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service at least 3 days before the meeting. Requests should be sent to: Kris Kirkegaard, 2600 Capitol Avenue, Suite 400, Sacramento, CA 95816 or to administrator@braunlegal.com.

Balancing Authority of Northern California

Consent Agenda Items

- A. Minutes of the February 18, 2026 BANC Regular Meeting.**
- B. BANC Operator Reports (February, March).**
- C. Compliance Officer Reports (March, April).**
- D. PC Committee Chair Reports (March, April).**
- 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)**

February 18, 2026

On this date, a Regular Meeting of the Commissioners of the Balancing Authority of Northern California was held at 2377 Gold Meadow Way, 1st Floor Conference Room, Gold River, CA 95670.

Representatives:

Member Agency	Commissioner
Modesto Irrigation District (MID)	Martin Caballero, Acting Chair
City of Redding	Joe Bowers, Alternate (remote)
City of Roseville	Bill Forsythe
Sacramento Municipal Utility District (SMUD)	Paul Lau (remote)
City of Shasta Lake	Absent
Trinity Public Utilities District (TPUD)	Absent

Other Participants:

Jim Shetler	General Manager
Tony Braun	BANC General Counsel
Kris Kirkegaard	BANC General Counsel Support
Chris Hofmann	BANC Operator
James Leigh-Kendall	BANC Compliance Officer
Sean Neal	Duncan Weinberg Genzer Pembroke (DWG&P)
Laura Lewis	SMUD Alternate Commissioner
John Tsoukalis	The Brattle Group
Evan Bennett	The Brattle Group
Cory Danson	Transmission Agency of Northern California (TANC) General Manager
Sandee Peebles	Western Area Power Administration

1. Call to Order and Verification of Quorum: Mr. Shetler confirmed the quorum; attendance is noted above. Alternate Chair Caballero called the meeting to order at 2:00 p.m.
2. Matters Subsequent to Posting the Agenda: Mr. Braun noted an update to the FERC docket number referenced on the Closed Session item on the posted agenda, which is ER23-2686, not ER26-2686. Mr. Shetler also noted that closed session would take place after the Consent Agenda.
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; there were no comments.

ACTION: M/S (Forsythe/Lau) to approve the Consent Agenda . Motion carried by a unanimous vote. (Absent: Commissioners Hauser and Takehara).

5. **Closed Session**: Conference with legal counsel in anticipation of litigation pursuant to Cal. Gov't Code § 54956.9; anticipated litigation, one (1) matter: FERC Docket No. ER23-2686.

The Commission adjourned to closed session at 2:03 p.m. and returned at 3:00 p.m.; no action was taken.

6. Regular Agenda Items.

- A. General Manager Updates:

- i. Market Updates – EIM, EDAM, Pathways, Markets+, WPP.

Mr. Shetler reviewed the 5-year historical TPUD Annual EIM Settlement with the group. BANC is actively engaged in developing business practices for EDAM and working with WAPA on their OATT. WAPA will follow up with respect to the anticipated timeline for the Federal Register process. BANC is working with TANC on the evaluation of COTP as it relates to EDAM.

He provided updates on the EDAM timeline for BANC's Fall 2027 implementation. The current focus is on working with software vendors to ensure software delivery by year-end to facilitate testing, and transmission registration will also occur this year. In 2027, market simulation and parallel operations will occur in parallel with EDAM training. A total of four (4) entities (BANC, LADWP, TID, PNM) are expected to go live on October 1, 2027.

Regarding the West-wide Governance Pathways Initiative, Mr. Shetler stated that Lyceum Leadership Consulting has been hired to assist with defining criteria for board selection, which is anticipated to start by early April. Funding streams include participant donations, private firm grant applications, and work with CAISO on debt financing options. He also answered Commissioner questions related to Regional Organization (RO) tariff-based funding.

Regarding SPP Markets+, a Seams Symposium is being hosted in February. The EDAM Entities are developing principles around this issue, and Mr. Braun weighed in on considerations. Mr. Shetler then provided a brief update regarding the WRAP and the WestTEC effort to develop transmission plans.

A contract with Brattle Consulting Group has been executed to support Resource Adequacy program development and evaluating participant Planning Reserve Margins. A straw proposal for EDAM RA program development is expected in early April, and BANC anticipates aligning its RA program around that effort. There were no new updates related to resource procurement.

B. Consider and Possibly Approve Resolution 26-02-01 Approval of BANC Resource Sufficiency Evaluation Policy.

Mr. Shetler overviewed this request, noting that this policy was anticipated to be rolled into BANC Business Practices for EDAM. No questions from the Commission.

ACTION: M/S (Forsythe/Bowers) to **approve Resolution 26-02-01 Approval of BANC Resource Sufficiency Evaluation Policy.** Motion carried by a unanimous vote. (Absent: Commissioners Hauser and Takehara).

C. Consider and Possibly Approve Resolution 26-02-02 Authorization of Amended Legal Services Agreement with Braun Blaising & Wynne, P.C.

Mr. Shetler noted that the contract is aligned with the approved 2026 Budget. There were no questions from the Commission.

ACTION: M/S (Forsythe/Lau) to **approve Resolution 26-02-02 Authorization of Amended Legal Services Agreement with Braun Blaising & Wynne, P.C.** Motion carried by a unanimous vote. (Absent: Commissioners Hauser and Takehara).

D. Member updates.

Mr. Braun noted that Alice Reynolds was appointed to the CAISO Board of Governors. Mr. Shetler noted that he was not currently aware of any action items for a March Commission meeting, which also conflicts with a scheduled EDAM RA meeting, so it is currently likely the next meeting will be adjourned.

Commissioner Caballero shared that MID received approval to sign a PPA with NextEra Energy Resources, LLC for a portion of the Argenta Solar Energy project, a solar plus storage project, with delivery expected in 2030. Alternate Commissioner Bowers noted that REU approved walking away from the Big Horn project. A 4.5% four-year rate package was proposed and approved. Commissioner Lau noted that SMUD cancelled its involvement with the Coyote Creek project due to delays, among other reasons. He also noted that they have finished negotiations with the Organization of SMUD Employees (OSE) and that they reached a tentative agreement with IBEW.

The Commission adjourned at 3:34 p.m.

Minutes approved on April 22, 2026.

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 February 2026

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
 - 240 MW average generation lost
 - 240 MW maximum generation lost
 - Generating unit(s) and date(s) affected:
02/16/2026 – Sutter Energy Center (SEC) tripped offline, cause unknown.
 - All recoveries within 2 minutes
- USF
 - 0 of 28 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: 6 Minutes
 - Number of BAAL exceedance >10 minutes: None
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2026 Frequency Response Obligation (FRO): -19.1 MW/0.1Hz

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



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

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Operations:

- BA Operations: Normal
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- 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:
 - All recoveries within 0 minutes
- USF
 - 3 of 31 days with instances of USF mitigation procedure utilized
1 day on Path 66
 - No operational impact on BANC
- BAAL Operation:
 - Maximum duration of BAAL exceedance: 4 Minutes
 - Number of BAAL exceedance >10 minutes: None
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2026 Frequency Response Obligation (FRO): -19.1 MW/0.1Hz

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

March 2026

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 have been submitted to WECC. BANC submitted its Self-Certification responses on February 26th, prior to the March 2nd due date.

BANC MCRC:

The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, March 23rd via teleconference.

Compliance Officer Report

BANC Commission Meeting

April 2026

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

BA Compliance Issues:

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

BANC MCRC:

The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, April 27th via teleconference.

PC Committee Chair Report

BANC Commission Meeting

March 2026

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. Staff is also working on fulfilling RSAW Narratives for the annual BANC PC Self Certification.

- FAC-002-4 – Facility Interconnection Studies – Staff is reviewing responses to the BANC PC Participants annual data request regarding any potential new interconnection projects or qualified changes for years 2026 through 2036 to determine whether any additional studies are required.
- FAC-014-3 - Establish and Communicate SOLs – Staff is initializing the new process for year 2026, which will begin in conjunction with the development of the TPL-001-5 study base cases and after CAISO communicates the latest set of SOLs to BANC PC and the initial TPL base cases are compiled.
- MOD-031-3 – Demand and Energy Data – Staff submitted the 2026 data request to WECC on February 13th, which also included an LTRA Narrative request response. Staff is working with WECC to answer any follow-up questions.
- MOD-033-2 – Model Validation – 2025 validation was completed in December. Next validation to be performed in Fall 2026.
- PRC-006-5 – Automatic Underfrequency Load Shedding – Staff is participating in ongoing WECC-level PRC-006-5 studies to determine the effectiveness of the existing UFLS for the Southern Island in the SILTP and Underfrequency Load Shedding Working Group (UFLSWG) meetings and completed the review amongst the UFLSWG. The report has been finalized and posted on WECC's website. There are no violations for the Southern Island that BANC PC is part of.
- PRC-012 – Remedial Action Schemes Assessment – Staff performed a comprehensive “once in every 60 calendar months” Remedial Action Scheme (RAS) assessment to demonstrate whether the BANC PC portion of the Bulk Electric System (BES) met all performance and other requirements specified in the NERC Reliability Standard PRC-012-2 R4. The final study report was completed and sent out prior to the end of 2025. This is next due in 2030.

- PRC-023-6 – Transmission Relay Loadability –Staff is now beginning the process for year 2026 by drafting the new study plan. The study plan will be sent out to BANC PC for review by April.
- PRC-026-2 – Relay Performance During Stable Power Swings –Staff is now beginning the process for year 2026 by drafting the new study plan. The study plan will be sent out to BANC PC for review by April.
- TPL-001-5.1 – Transmission System Planning Performance – Data request 2 was sent out and is currently being reviewed by the BANC PC Participants with a deadline of March 13.
- TPL-007-4 – Transmission System Planned Performance for Geomagnetic Disturbance Events – Staff completed the GMD voltage portion of the study to assess the impact of GMD events 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 for compliance. The GMD voltage study report was sent out to BANC PC Participants for review on March 12, 2025. The GMD Vulnerability Assessment Responsibilities for BANC PC Area report was updated on November 16, 2025. No new responsibilities were added for BANC PC Participants; the updates were strictly for improved readability and organization. We did, however, add more description to Section 3.5 - Requirement 5 to ensure the required GMD data is sent to the appropriate parties. The GMD Vulnerability Assessment Responsibilities for BANC PC Area report was updated on January 7, 2026 after noting that certain responsibilities shifted between revisions. The updated report has been sent to BANC PC Participants for comments.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-4 Interconnection Studies	15%	Staff is reviewing responses to the annual BANC PC Participants data request regarding any potential new interconnection projects or qualified changes for years 2026-36 to determine whether any additional studies are required.
2	FAC-014-3 Establish and Communicate SOLs	10%	Staff is initializing the new process for year 2026 will begin in conjunction with the development of the TPL-001-5 study base cases and after CAISO communicates the latest set of SOLs to BANC PC and the initial TPL base cases are compiled.
3	IRO-017-1 Outage Coordination	100%	Assessment report(s) were sent to the RC on 12/31/25.
4	MOD-031-3 Demand and Energy Data	95%	Staff submitted the 2026 data request to WECC on 2/13/26, which also included an LTRA Narrative request response. Staff is working with WECC to answer follow-up questions.
5	MOD-032-1 Data for Power System Modeling & Analysis	15%	Ongoing activity. Data request to fulfill 13-month cycle was sent and completed.
6	MOD-033-2 System Model Validation	0%	Will be started in the fall.
7	PRC-006-5 Underfrequency Load Shedding (UFLS)	35%	Staff continues to participate in WECC UFLS Working Group representing BANC PC as necessary. BANC PC Participants completed the 2025 UFLS data request for the annual Southern Island Load Tripping Plan (SILTP) coordinated by the Off-Nominal System Protection & Restoration (OFSPR). The OFSPR compiled the data and sent the SILTP as a coordinated annual plan to WECC for PRC-006-5 compliance in the annual report for 2025. Staff is participating in ongoing WECC level PRC-006-5 studies to determine the effectiveness of the existing UFLS for the Southern Island. Staff continues to participate in the SILTP and Underfrequency Load Shedding Working Group (UFLSWG) meetings to coordinate on studies and completed the review amongst the UFLSWG. The report has been finalized and posted on WECC's website. There are no violations for the Southern Island that BANC PC is part of.

	PC Standard	Estimated % Complete	Notes
8	PRC-010-2 Undervoltage Load Shedding	100%	Staff completed performing the UVLS assessment studies. The final Report was issued on 12/24/24.
9	PRC-012-2 Remedial Action Schemes	100%	The final study report was completed and sent out on 12/22/25. Next due in 2030.
10	PRC-023-6 Transmission Relay Loadability	15%	Staff is now beginning the process for year 2026 by drafting the new study plan. The study plan will be sent out to BANC PC for review by April.
11	PRC-026-2 Relay Performance During Stable Power Swings	15%	Staff is now beginning the process for year 2026 by drafting the new study plan. The study plan will be sent out to BANC PC for review by April.
12	TPL-001-5 Transmission System Planning Performance	15%	Data request 2 was sent out with a deadline of 3/13/26.
13	TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events	100%	<p>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 3/12/25. The GMD Vulnerability Assessment Responsibilities for BANC PC Area report was updated on 11/16/25. No new responsibilities were added for BANC PC Participants. The updates were strictly for improved readability and organization. We did, however, add more description to Section 3.5 - Requirement 5, to ensure the required GMD data is sent to the appropriate parties.</p> <p>The GMD Vulnerability Assessment Responsibilities for BANC PC Area report was updated on 1/7/26 after noting that certain responsibilities shifted between revisions. The updated report has been sent to BANC PC Participants for comments.</p>

PC Committee Chair Report

BANC Commission Meeting

April 2026

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. Staff is also working on fulfilling RSAW Narratives for the annual BANC PC Self Certification.

- FAC-002-4 – Facility Interconnection Studies – Staff reviewed responses to the annual data request to BANC PC Participants requesting information regarding any potential new interconnection projects or qualified changes for years 2026 through 2036, and relevant qualified changes will be studied as part of the TPL-001-5.1 assessment process.
- FAC-014-3 - Establish and Communicate SOLs – Staff is initializing the new process for year 2026, which will begin in conjunction with the development of the TPL-001-5 study base cases and after CAISO communicates the latest set of SOLs to BANC PC and the initial TPL base cases are compiled. CAISO has communicated the latest SOLs, so the BANC PC will compile study base cases once they are available from CAISO.
- MOD-031-3 – Demand and Energy Data – Staff submitted the 2026 data request to WECC on February 13th, which also included a LTRA Narrative request response. Staff worked with WECC to answer follow-up questions. If there is a summer or fall narrative request, then staff will coordinate a response for BANC PC.
- MOD-032-1 - Data for Power System Modeling and Analysis – Staff updated the BANC PC R1 Data Reporting and required documents ahead of the compliance deadline. This was done to ensure recently classified Category 2 IBRs, who will be required to comply in May, have the most up to date requirements under which to submit their model data. The request to these new and existing GOs is being drafted.
- MOD-033-2 – Model Validation – 2025 validation was completed in December. Next validation to be performed in Fall 2026.
- PRC-006-5 – Automatic Underfrequency Load Shedding – Staff is participating in ongoing WECC-level PRC-006-5 studies to determine the effectiveness of the existing UFLS for the Southern Island in the SILTP and Underfrequency Load Shedding Working Group (UFLSWG) meetings and completed the review amongst the UFLSWG.

The report has been finalized and posted on WECC's website. There are no violations for the Southern Island that BANC PC is part of. The annual 2026 UFLS data request is expected by May.

- PRC-012 – Remedial Action Schemes Assessment – Staff performed a comprehensive “once in every 60 calendar months” Remedial Action Scheme (RAS) assessment to demonstrate whether the BANC PC portion of the Bulk Electric System (BES) met all performance and other requirements specified in the NERC Reliability Standard PRC-012-2 R4. The final study report was completed and sent out prior to the end of 2025. This is next due in 2030.
- PRC-023-6 – Transmission Relay Loadability –Staff is awaiting base cases from CAISO to finish the draft study plan. The study plan will be sent out to BANC PC for review in May.
- PRC-026-2 – Relay Performance During Stable Power Swings –Staff is awaiting base cases from CAISO to finish the draft study plan. The study plan will be sent out to BANC PC for review in May.
- TPL-001-5.1 – Transmission System Planning Performance – With the base WECC cases found to have unacceptable external entity modeling in the local area, BANC PC is acquiring authorization to download and use past CAISO assessment cases which are expected to have better local area modeling. Currently, the assessment is on hold until the cases can be acquired. A data request to update these cases will be sent to PC Participants upon confirmation that the cases are acceptable. The data request will only need change files and not the full suite of TPL document and contingency review.
- TPL-007-4 – Transmission System Planned Performance for Geomagnetic Disturbance Events – Staff completed the GMD voltage portion of the study to assess the impact of GMD events 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 for compliance. The GMD voltage study report was sent out to BANC PC Participants for review on March 12, 2025. The GMD Vulnerability Assessment Responsibilities for BANC PC Area report was updated on November 16, 2025. No new responsibilities were added for BANC PC members; the updates were strictly for improved readability and organization. We did, however, add more description to Section 3.5 - Requirement 5 to ensure the required GMD data is sent to the appropriate parties. The GMD Vulnerability Assessment Responsibilities for BANC PC Area report was updated on January 7, 2026 after noting that certain responsibilities shifted between revisions. The updated report has been sent to BANC PC Participants for comments.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-4 Interconnection Studies	20%	Staff is reviewing responses to the annual data request to BANC PC Participants requesting information regarding any potential new interconnection projects or qualified changes for years 2026-36. Relevant qualified changes will be studied as part of the TPL-001-5.1 assessment process.
2	FAC-014-3 Establish and Communicate SOLs	20%	Staff is initializing the new process for year 2026, which will begin in conjunction with the development of the TPL-001-5 study base cases and after CAISO communicates the latest set of SOLs to BANC PC and the initial TPL base cases are compiled. The CAISO has communicated the latest SOLs, so BANC PC will compile study base cases once they're available from the CAISO.
3	IRO-017-1 Outage Coordination	100%	Assessment report(s) were sent to the RC on 12/31/25.
4	MOD-031-3 Demand and Energy Data	95%	Staff submitted the 2026 data request to WECC on 2/13/26, which also included an LTRA Narrative request response. Staff is working with WECC to answer follow-up questions.
5	MOD-032-1 Data for Power System Modeling & Analysis	50%	R1 document updated; request for Cat 2 IBRs being drafted and sent
6	MOD-033-2 System Model Validation	0%	Will be started in the fall.
7	PRC-006-5 Underfrequency Load Shedding	40%	Staff is participating in ongoing WECC level PRC-006-5 studies to determine the effectiveness of the existing UFLS for the Southern Island. Staff continues to participate in the SILTP and Underfrequency Load Shedding Working Group (UFLSWG) meetings to coordinate on studies and completed the review amongst the UFLSWG. The report has been finalized and posted on WECC's website. There are no violations for the Southern Island that BANC PC is part of. The annual 2026 UFLS data request is expected by May.
8	PRC-010-2 Undervoltage Load Shedding	100%	Staff completed performing the UVLS assessment studies. The final Report was issued on 12/24/24.
9	PRC-012-2 Remedial Action Schemes	100%	The final study report was completed and sent out on 12/22/25. Next due in 2030.

	PC Standard	Estimated % Complete	Notes
10	PRC-023-6 Transmission Relay Loadability	20%	Staff is awaiting base cases from CAISO to finish the draft study plan. The study plan will be sent out to BANC PC for review in May.
11	PRC-026-2 Relay Performance During Stable Power Swings	20%	Staff is awaiting base cases from CAISO to finish the draft study plan. The study plan will be sent out to BANC PC for review in May.
12	TPL-001-5 Transmission System Planning Performance	15%	On hold until updated CAISO cases can be acquired and validated. New data request will be sent following acquisition and verification.
13	TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events	100%	<p>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 3/12/25. The GMD Vulnerability Assessment Responsibilities for BANC PC Area report was updated on 11/16/25. No new responsibilities were added for BANC PC Participants. The updates were strictly for improved readability and organization. We did, however, add more description to Section 3.5 - Requirement 5, to ensure the required GMD data is sent to the appropriate parties.</p> <p>The GMD Vulnerability Assessment Responsibilities for BANC PC Area report was updated on 1/7/26 after noting that certain responsibilities shifted between revisions. The updated report has been sent to BANC PC Participants for comments.</p>

GM Report

BANC Commission Meeting

April 22, 2026

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.

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 2025 report showing gross benefits of \$37.15 million for BANC, with a total of \$931.54 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 Committee.

EDAM Participation

FERC issued the order approving the CAISO tariff amendment for congestion revenue allocation in EDAM on August 29, 2025. At the same time, FERC issued the orders approving the Pacificorp and PGE OATT amendments for EDAM participation. FERC upheld the OATT requirements and rejected the arguments offered by Powerex and SPP. A request for rehearing was filed at FERC, which FERC denied.

BANC is an active participant in the West-wide Governance Pathways Initiative (WWGPI), which includes participation on the Formation Committee for the new organization. With the enactment of the California legislation in October 2025 that

would allow the Step 2 proposal to be implemented, the WWGPI group is moving forward with implementation of the independent oversight structure. The Launch Committee approved on December 12, 2025, the filing of the incorporation documents in the state of Delaware for the new organization which were filed in late January 2026. The IRS filing for 501(c)(3) status has also been filed. Pathways also selected a Formation Board (FB) for the new Regional Organization for Western Energy (ROWE), and the BANC General Manager has agreed to serve as one of these board members. The FB has limited authority focused on creation of the new organization and selecting the initial independent board. Selection of a placement firm to assist in the selection of the independent board was finalized in January. The Board nominating process has been initiated. The goal is to have the new board seated by 3rd Quarter 2026, key staff selected in late-2026, negotiate the necessary tariff amendments and service agreement with the CAISO for filing in mid-late 2027, with the new organization operable by early 2028.

The BANC EDAM Implementation project is moving forward. The EDAM Implementation Agreement has been executed with the CAISO and was approved by FERC. Based upon the CAISO decision to move EDAM go-live for the 2027 entities to the fall, BANC revised the schedule and budget for the project and obtained Commission concurrence at its July 2025 meeting. Staff is now moving forward with ramping up the project efforts, which includes monitoring the implementation efforts of Pacificorp and PGE for their 2026 go-lives. Pacificorp is scheduled to go-live on May 1, 2026, and all indications are that they are ready to do so.

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. BPA has issued its draft decision letter supporting Markets+ participation. SPP has indicated that “go-live” for Markets+ is currently forecasted for 2027. SPP announced that it has secured sufficient funding commitments to move forward with the next phase of Markets+ development. SPP is also moving forward with expansion of their RTO into the eastern part of the Western Interconnection with a successful go-live on April 1, 2026. SPP hosted a “seams seminar” on February 26. Most of the EDAM Entities (including BANC) attended the session. Seams between the two markets has become a major topic over the last several weeks. As a result, a group of the EDAM BAA’s and Markets+ BAA’s have initiated discussions about having joint BAA meetings on seams and other market transition issues.

WAPA:

Market Engagement

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

BANC is working with WAPA-SNR to facilitate their EDAM implementation efforts including assisting with OATT development in parallel with BANC development of the EDAM business practices.

WECC:

WECC Board Meetings

The last set of Board and committee meetings were held on March 10-11, 2026, in Salt Lake City, UT. The next set of meetings will be June 10-11, 2026, in Salt Lake City, UT. WECC CEO Melanie Frye retired in March 2026, and Jeffrey Droubay (WECC Vice-president, General Counsel, and Corporate Secretary) has been appointed as the new CEO. The BANC General Manager reached out to Mr. Droubay to extend our congratulations and to discuss issues facing WECC. We agreed to continue the dialogue.

Western Power Pool (WPP):

Western Resource Adequacy Program (WRAP)

BANC continues to monitor development of the WRAP and hold periodic discussions with WPP regarding their development efforts. NVE has filed an IRP update with the Nevada Commission stating that they will not be moving forward with binding participation in WRAP. In addition, PacifiCorp, PGE, and PNM have also stated that they will not be going binding in the WRAP. Idaho Power and Seattle City Light have agreed to go binding in WRAP. At this stage, WPP has stated that they will be moving forward with the initial WRAP binding period for winter 2027 with sixteen entities participating.

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 envisioning a 2.5-year process with an initial 10-year plan to be issued in 2025 and a 20-year plan in 2026. The draft 10-year plan is final and was published on February 4, 2026. The 10-year plan has identified \$~56 billions of transmission enhancements adding or upgrading 12,200 miles of facilities. It is expected that the 20-year plan will be issued in late 2026 to early 2027.

CDWR Delta Pumping Load:

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 discussions, the POU BAAs hired a consultant via CMUA to assist in this effort. 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 the current report. The POU BAs met with the CEC on January 26, 2026, to discuss the status of the SB101 report. The CEC hosted a workshop on the 2025 SB100 Joint Agency Report on February 19, 2026. Jon Olson from SMUD represented POU entities on one of the panels.

Western Electricity Industry Leaders (WEIL) Group:

The WEIL CEOs last met on February 6, 2026, in San Diego, CA. The next meeting of the WEIL group is planned for May 29, 2026, in Salt Lake City. As part of the transition at WEIL, BANC has agreed to provide facilitation assistance to the group via BBW.

Strategic Initiatives:

The 2025/2026 Strategic Initiatives are attached to this report.

BANC 2025/2026 Strategic Plan - Routine Initiatives - April 2026 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 2026
3 Medium		Develop appropriate policies, procedures, & action tracking	Jim Shetler/BB&W	4th Qtr. 2026	
4 Medium	OUTREACH	Engage in industry forums (WECC, RC West, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & WPP mtgs. Attended CMUA Annual Mtg.
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	
7 Medium		Engage TID on BA/EIM/EDAM	Jim Shetler/BB&W	Ongoing	
8 High		Develop prioritized risk matrix on key regulatory issues	BB&W/Jim Shetler	Mid-2026	
9 Medium	ASSETS	Monitor RA development in WI including EDAM RA program	Jim S./BB&W/Res. Com.	4th Qtr. 2026	EDAM RA program discussion initiated - Draft Q1/Q2 2026
10 Medium		Finalize BANC-wide IRP Report	Jim S./Res. Comm	3rd Qtr. 2026	
11 High		Upgrade BANC RA Program	Jim S./Res. Comm.	3rd Qtr. 2026	Brattle Contract executed. Launch effort April 2026
12 Low	MEMBER SERVICES	Coordinate with BANC Operator to identify education areas for grid operations and outreach to members	Jim Shetler/D. Wilke	4th Qtr. 2026	
13 Low		Develop general education on BANC functions & support	Jim Shetler/BB&W	4t Qtr. 2026	

BANC 2025/2026 Strategic Plan - Focused Initiatives - April 2026 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
14 High	INDEPENDENCE	Manage EIM Phase 2 Going Forward	Jim Shetler/SMUD	Ongoing	Manage Phase 2 operations including Markets, Tech. & Settlements committees
15 High		EDAM implementation effort ~ Manage BANC EDAM Imp. ~ Coordinate seams discussion	Jim Shetler/BB&W/ Utilicast	Oct-27	Ramping up project Initiating BAA discussions
16 Medium	OUTREACH	Evaluate opportunities to engage other entities in market development	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, TID, Tacoma, Idaho, PAC, & PGE
17 Medium		Regional Policy Issues: Monitor/weigh-in where appropriate	Jim Shetler/Commission	Ongoing	
18 High		Market Regionalization: ~Monitor ongoing discussions at WEIL, Pathways, & etc.	Jim Shetler/BB&W	Ongoing	ROWE formation initiated BANC GM on Formation Board
19 High		Coordinate with CA BAs on SB100 effort	Jim Shetler/BB&W	Ongoing	CEC Workshop on 2/19/26
20 High	ASSETS	~ Develop agreements for Sutter CS Project	Jim S./BB&W/Res. Com.	3rd Qtr. 2026	Initiating detailed discussions Mid 2026
21 High		~ Develop/issue BANC resource solicitation/Educate developers	Jim S./BB&W/Res. Com.	Mid-2026	Initiating discussions on Millville PV/BESS project
22 Medium	MEMBER SERVICES	Evaluate possible support to participants for EIM/EDAM operations	Jim S.	Ongoing	

Balancing Authority of Northern California

Agenda Item 5C

1. **Resolution 26-04-01 Acceptance of BANC 2025 Audited Financials.**
2. **BANC Audited Financials.**
 - a. **Reporting and Insights from the 2025 Audit: Balancing Authority of Northern California.**
 - b. **Financial Statements and Independent Auditors' Report: December 31, 2025 and 2024.**

**Balancing Authority of Northern California
Resolution 26-04-01**

Acceptance of BANC 2025 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 the audit 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 2025 Audited Financials.

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby acknowledge and accept the BANC 2025 Audited Financials.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 22nd day of April 2026, by the following vote:

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

Shawn Matchim
Chair

Attest by: C. Anthony Braun
Secretary

Reporting and insights from the 2025 audit:

Balancing Authority of Northern California

December 31, 2025

Executive summary

March 6, 2026

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 Agency of Northern California (the Agency) for the year ended December 31, 2025, and have issued our report thereon dated March 6, 2026. 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:

- Bethany Ryers, Principal: Bethany.Ryers@bakertilly.com or +1 (608) 240 2382
- Ryan O'Donnell, Director: Ryan.Odonnell@bakertilly.com or +1 (608) 240 2606

Sincerely,

Baker Tilly US, LLP



Bethany Ryers, 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. NON-ATTEST SERVICES ARE PROVIDED BY BAKER TILLY ADVISORY GROUP, LP.

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
- Implementation of new accounting standards

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 2025. 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 matters

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

Our business is to know every aspect of yours and to maintain a constant lookout for what's next. We invite you to learn about some of the trending challenges and opportunities for public sector organizations like yours and how Baker Tilly can help.

To explore more trending topics and regulatory updates, visit our resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.



Funding evaluation and pursuit

Public sector organizations may be eligible for grants, tax credits and other financial incentives through funding opportunities such as the Inflation Reduction Act, the Clean Communities Investment Accelerator, and the Infrastructure Investment and Jobs Act.

Baker Tilly can help you navigate, understand and pursue various federal and state funding sources through grant research and tracking, advising and writing, and management and compliance services.



Digital transformation

Digitizing public services can be a game changer for governments. Streamlining inefficient processes, providing digital access and delivery of services to meet public expectations, implementing technology to protect constituent data, leveraging information to make data-driven decisions and migrating outdated on-premises systems to the cloud are crucial to an entity's success.

Through these types of digital services, Baker Tilly can help you scale with future demand and be better positioned to rapidly respond to changing demands.



Cybersecurity

Public sector organizations face significant challenges from cyber threats and IT regulations. It can feel like you are on the defense keeping up with the latest risks, regulations and emerging trends. To mitigate risk, you must understand your organization's unique vulnerabilities, cybersecurity processes and controls.

Baker Tilly can help enhance your cybersecurity posture and ensure compliance with solutions in IT compliance and security and cybersecurity and data protection to safeguard your data and navigate complex risk environments.

Management representation letter



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

RELIABILITY • COLLABORATION • SUSTAINABILITY

March 6, 2026

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, 2025 and 2024 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 in conformity with accounting principles generally accepted in the United States of America (GAAP). 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.

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.THEBALANCINGAUTHORITY.ORG

- 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.
- 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 financial statement 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 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 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 auditors' report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.
- 26) We have evaluated our ongoing operations and determined there are no concentrations or constraints meeting the requirements for disclosure under GASB Statement No. 102, *Certain Risk Disclosures*.


- 27) There have been no changes to our assessment or applicability in regards to all previously effective GASB Statements that were deemed immaterial or did not impact the Agency at the time the statements were effective.

Sincerely,

Balancing Authority of Northern California

Signed: 
Jim Shetler, General Manager

Signed: **Jennifer Restivo**  Digitally signed by Jennifer Restivo
Date: 2026.03.06 08:57:27 -08'00'
Jennifer Restivo, Treasurer

Signed: **George Vaughn**  Digitally signed by George Vaughn
Date: 2026.03.06 09:42:53 -08'00'
George Vaughn, Controller

Accounting changes relevant to the Agency

Future accounting standards update

GASB statement number	Description	Potentially impacts you	Effective date
103	Financial reporting model improvements	✓	12/31/26
104	Disclosure of certain capital assets		12/31/26
105	Subsequent Events		12/31/27

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

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.

Revisions to disclosures for certain capital assets

Governments are required to provide information on capital assets in the footnotes to the financial statements as outlined in GASB Statement No. 34. Recent standards have impacted the accounting and reporting for capital assets and as a result GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* to provide enhanced disclosures for certain capital assets, including

- (a) Lease assets reported under Statement No. 87, intangible right-to-use assets reported under Statement No. 94 and subscription assets reported under Statement No. 96 should all be disclosed separately, and by major class of underlying asset. In addition, if there are any other intangible assets reported they should also be disclosed separately.
- (b) Capital assets that are held for sale should have the ending balance with separate disclosure for historical cost and related accumulated depreciation as well as any outstanding debt for which the asset is pledged as collateral disclosed by major class of asset. Assets held for sale are defined as those for which the government has decided to pursue the sale, and it is probable that the sale will be finalized within one year of the financial statement date.

While these changes are focused on footnote disclosures it is important to plan ahead to ensure the required information is available for implementation.

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, 2025 and 2024

BALANCING AUTHORITY OF NORTHERN CALIFORNIA
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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, 2025 and 2024, 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, 2025 and 2024, 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 6, 2026

**BALANCING AUTHORITY OF NORTHERN CALIFORNIA
MANAGEMENT’S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the Years Ended December 31, 2025 and 2024**

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, 2025 and 2024. 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 2025, 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 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 BANC receiving only one audit finding in its 2025 WECC triennial audit, for which WECC granted a compliance exception.

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 BANC. 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 BANC Member to become an EIM Participating Resource and BANC 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. The CAISO received approval of the market design from its board in early 2023 and a series of FERC approvals of the market tariff changes in December 2023, June 2024, December 2024, and August 2025.

BANC actively evaluated participation in EDAM, including an assessment of the final tariff design and its implications for BANC and its Members, costs, benefits, and systems gap analysis. The result was a recommendation to the BANC Commission in August 2023 to participate in EDAM. The BANC Commission approved this recommendation and the budget necessary for BANC 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 was reinitiated in 2025 with a planned go-live in fall 2027. BANC continues to monitor other potential West-wide efforts, including the Southwest Power Pool (SPP) Markets+ initiative and the Western Power Pool (WPP) Western Resource Adequacy Program (WRAP).

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 the operating cost 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. BANC 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 BANC Members directed the Agency to issue a request for proposals for new, renewable resources that could be interconnected to the BANC grid. The evaluation of proposals in early 2022 resulted in a decision to not pursue any new resources at that time. BANC continues to consider additional resources and another request for proposals is under consideration. The BANC members also directed the Agency to develop more formalized resource adequacy guidelines which were approved in 2023. With the decision to join EDAM, BANC has also contracted with a consultant to assist in developing a Resource Adequacy program in 2026.

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. BANC General Counsel 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 (WEIL) group. BANC is also actively participating on the West-wide Governance Pathways Initiative (WWGPI) 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. With recent enactment of California legislation, the WWGPI is moving forward with implementing an independent board structure for the markets with a goal of a new organization in place by early 2028.

Regarding Customer Services, the Agency has worked with its Members to take on the role of Planning Coordinator (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 BANC.

FINANCIAL POSITION

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

	2025	2024	2023
Assets			
Current assets	\$ 6,839	\$ 7,206	\$ 7,573
Noncurrent assets	570	547	520
Total Assets	<u>\$ 7,409</u>	<u>\$ 7,753</u>	<u>\$ 8,093</u>
Liabilities			
Current liabilities	\$ 6,839	\$ 7,206	\$ 7,573
Noncurrent liabilities	570	547	520
Total Liabilities	<u>7,409</u>	<u>7,753</u>	<u>8,093</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>\$ 7,409</u>	<u>\$ 7,753</u>	<u>\$ 8,093</u>

TOTAL ASSETS

Total assets in 2025 decreased \$0.3 million or 4.4% over 2024, primarily due to a decrease of \$0.4 million in current assets due to lower Unrestricted cash, offset by higher receivables from Members for EIM and EDAM related cash calls.

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

TOTAL LIABILITIES

Total liabilities in 2025 decreased \$0.3 million or 4.4% over 2024, primarily due to a decrease of \$0.4 million in current liabilities due to lower vendor payables offset by higher accrued expenses and higher Advances from Members due to higher billings to Members.

Total liabilities in 2024 decreased \$0.3 million or 4.2% over 2023, primarily due to a 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.

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

	2025	2024	2023
Operating revenues	\$ 7,767	\$ 7,285	\$ 6,677
Operating expenses	(7,767)	(7,285)	(6,677)
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	\$ -0-	\$ -0-	\$ -0-

OPERATING REVENUES

Operating Revenues were \$7.8 million for 2025, an increase of \$0.5 million or 6.8% increase over 2024 primarily due to higher operating expenses resulting in higher billings to Members.

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 EXPENSES

Operating Expenses were \$7.8 million for 2025, an increase of \$0.5 million or 6.8% increase over 2024 primarily due to higher payments for legal 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.

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,	
	2025	2024
ASSETS		
CURRENT ASSETS		
Unrestricted cash	\$ 3,446,663	\$ 5,003,550
Receivable from Members	3,392,298	2,202,270
Total current assets	6,838,961	7,205,820
NONCURRENT ASSETS		
Credit support collateral deposits	570,416	547,115
Total noncurrent assets	570,416	547,115
TOTAL ASSETS	\$ 7,409,377	\$ 7,752,935
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 1,039,428	\$ 1,636,550
Advances from Members	3,228,212	3,012,586
Due to Members	2,566,162	2,552,079
Other	5,159	4,605
Total current liabilities	6,838,961	7,205,820
NONCURRENT LIABILITIES		
Due to Members	570,416	547,115
Total noncurrent liabilities	570,416	547,115
TOTAL LIABILITIES	7,409,377	7,752,935
NET POSITION		
Unrestricted	-0-	-0-
TOTAL NET POSITION	-0-	-0-
TOTAL LIABILITIES AND NET POSITION	\$ 7,409,377	\$ 7,752,935

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,	
	2025	2024
OPERATING REVENUES		
Member revenues	\$ 7,402,144	\$ 6,907,146
Other	365,188	378,054
Total operating revenues	7,767,332	7,285,200
OPERATING EXPENSES		
Operations	5,579,070	5,411,963
Administrative and general	2,188,262	1,873,237
Total operating expenses	7,767,332	7,285,200
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,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Members for operating activities	\$ 6,792,930	\$ 8,130,955
Net receipt from (payments to) Members for WEIM activities	37,384	(678,191)
Payments to credit support collateral deposit	(23,301)	(27,199)
Payments to vendors	(8,363,900)	(7,323,000)
Net cash (used in) provided by operating activities	(1,556,887)	102,565
Net (decrease) increase in cash	(1,556,887)	102,565
Cash - beginning of the year	5,003,550	4,900,985
Cash - end of the year	\$ 3,446,663	\$ 5,003,550
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	(1,190,028)	469,430
Credit support collateral deposit	(23,301)	(27,199)
Accounts payable	(597,122)	(41,512)
Other payable	554	3,712
Advances from Members	215,626	376,325
Due to Members	37,384	(678,191)
Net cash (used in) provided by operating activities	\$ (1,556,887)	\$ 102,565

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, 2025 and 2024

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 their 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, 2025 and 2024, \$3.2 million and \$4.8 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 2025 and 2024, the Agency contributed \$0.6 million and \$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 amounts owed to 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 proceeds from 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 6, 2026, which is the date that the financial statements were available to be issued.

Recent Accounting Pronouncements, 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 disclose such risks if a concentration or constraint could cause a substantial impact within 12 months of the financial statement date. The Agency evaluated its operations and determined that no concentrations or constraints met the criteria for disclosure for the period ending December 31, 2025.

Recent Accounting Pronouncements, not yet adopted. 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.

In December 2025, GASB issued SGAS No. 105, "***Subsequent Events***" (GASB No. 105), to enhance the consistency and quality of financial reporting related to subsequent events. Subsequent events are transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. The Statement defines the "date the financial statements are available to be issued" as the date when the financial statements are complete in accordance with GAAP and all necessary approvals for issuance have been obtained. It also clarifies the distinction between recognized and nonrecognized events and requires disclosure of the date through which subsequent events were evaluated. The requirements of this Statement are effective for the Agency in 2027. The Agency is currently assessing the disclosure impact of adopting this statement.

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.