

Balancing Authority of Northern California

Regular Meeting of the Commissioners of BANC

2:00 P.M.

Wednesday, May 26, 2021

Telephonic Meeting Only

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 **May 26, 2021 at 2:00 p.m. The meeting will be telephonic only.**

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

Phone number: 1-408-418-9388
Meeting number (access code): 142 295 1048
WebEx Meeting Link:

<https://braunblaisingsmithwynne.my.webex.com/braunblaisingsmithwynne.my/j.php?MTID=m30b75b92dcedff13b9572405a588928>

AGENDA

- 1 Call to Order.**
- 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 April 28, 2021.
 - B. BANC Operator Reports (March - *revised*, April).
 - C. Compliance Officer Report (May).
 - D. PC Committee Chair Report (May).
 - E. General Manager’s Report and Strategic Initiatives Update.
- 5 Regular Agenda Items – Discussion and Possible Action.**
 - A. General Manager Updates
 - i. EIM Update.
 1. Consider and Possibly Approve Resolution 21-05-17 *Approval of BANC EIM Administrative Pricing Proposal.*
 2. Consider and Possibly Approve Resolution 21-05-18 *Approval of BANC EIM Unsecured Credit Pool.*
 - ii. EDAM Update.
 - iii. SB100 Update
 1. Consider and Possibly Approve Resolution 21-05-19 *Approval to Participate in Joint Public Power Engagement with California Energy Commission, CAISO, and State Agencies for System Modeling Resulting from SB100 Implementation.*
 - iv. NWPP Resource Adequacy Program Update.
 - v. 2021 BANC Strategic Planning Meeting Update.
- 6 Closed Session:** Conference with legal counsel in anticipation of litigation pursuant to Cal. Gov’t Code § 54956.9; one matter.
- 7 Adjournment.**

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

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

April 28, 2021

On this date, a Regular Meeting of the Commissioners of the Balancing Authority of Northern California (BANC) was held telephonically.

Representatives Present:

Member Agency	Commissioner
Modesto Irrigation District (MID)	James McFall
City of Redding	Dan Beans, Chair
City of Roseville	Michelle Bertolino
Sacramento Municipal Utility District (SMUD)	Paul Lau
City of Shasta Lake	Absent
Trinity Public Utilities District (TPUD)	Absent

Agency	Liaison(s)
Western Area Power Administration (WAPA)	Sonja Anderson Brian Griess Jeanne Haas Arun Sethi

1. Call to Order: Mr. Jim Shetler, BANC General Manager, reviewed attendance and confirmed that a quorum was present. Chair Beans called the meeting to order at 2:00 p.m.
2. Matters Subsequent to Posting the Agenda: None.
3. Public Comment: Chair Beans invited comments from the public and none were given.
4. Consent Agenda: Commissioner Lau moved, Commissioner McFall seconded, and the participating Commissioners unanimously approved the Consent Agenda items comprised of: (A) Minutes of the Regular Commission Meeting held on March 24, 2021; (B) BANC Operator Report for March; (C) Compliance Officer Report for April; (D) PC Committee Chair Report for April; and (E) General Manager’s Report and Strategic Initiatives Update.
5. Regular Agenda Items – Discussion and Possible Action:
 - A. Mr. Shetler shared that BANC EIM Phase 2 went live at midnight on March 24th with no major issues. Since go-live, BANC has primarily been seeing net EIM imports into the BANC footprint in the range of 100-400 MW, which is consistent with expectations for this time of year. The EIM Committee is in the process of transitioning from an EIM project/implementation focus to a focus on oversight of day-to-day operations. Subcommittees are being created for: technical evaluation of EIM performance, settlements monitoring, and tracking Flex Ramp Test performance. Separately, LADWP and Public Service of New Mexico also went live on April 1st with no major issues.

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

One outstanding issue related to the EIM Phase 2 is the approach that will be used for assignment of EIM Participant unsecured credit. SMUD has executed a guaranty with CAISO to assign \$5 million of their unsecured credit to BANC, and other member participants are in the process of executing guarantees of their own, with a goal date of June 1st. It is not yet known how this may apply to WAPA, but options are being explored, and a meeting has been scheduled between BANC, CAISO and WAPA in early May.

- B. Mr. Shetler reiterated that EDAM remains in a holding pattern, as the CAISO is focused on Summer 2021 Enhancements. Mr. Tony Braun, BANC Counsel, provided a brief Governance Review Committee (GRC) update. The GRC voted out its Phase 1 proposals, which include several changes to EIM Governance, most notably: the role of public power entities as liaisons to the Body of State Regulators, changes to Regional Issues Forum, the ability of the Governing Body to engage a market expert to assist in deliberations, and a change to the Nominating Committee. At this time, the changes do not include the Joint Authority Model, as the GRC believes there is additional work to be done on that front. The CAISO Board and EIM Governing Body will vote on the Phase 1 recommendations next week, and the CAISO will then release the bylaws and charters reflecting those changes for public comment. The GRC has begun additional outreach related to the Joint Authority Model, with a public meeting, an additional workshop, and individual outreach planned in order to produce a draft for review, currently expected in the June timeframe.

Mr. Shetler provided an update on CAISO Summer Enhancements. A final straw proposal has been issued and approved by the CAISO Board, and final tariff language is expected to be filed shortly. Minor corrections to the EIM Resource Sufficiency Test will be implemented, and CAISO has committed to a deeper review of RS Test adequacy. Many of BANC's concerns related to CAISO Export Priorities have been addressed, including how Variable Energy Resources will be treated. Mr. Kevin Smith, BANC Counsel, concurred and noted that most of the other changes do not significantly impact BANC. Mr. Shetler also noted the generation derates issue has been resolved to BANC's satisfaction. Wheel-throughs, while not an issue for BANC, continue to be a significant issue for other EIM participants. System Market Power Mitigation recommendations have been deferred to a later point in time.

- C. Mr. Shetler provided an update regarding BANC's participation in the NWPP Resource Adequacy Program and expects to provide a recommendation regarding next steps in mid-2021, once the detailed design phase wraps up. Implementation, the next phase, will be phased over the next 3 years. Mr. Shetler briefly reviewed several considerations that would likely impact BANC's decision as to whether it may choose to participate after this phase and then reviewed next steps. Results from the program developer analyses are due in the next few weeks, and cost estimates for the next phase should be available for review shortly. Mr. Shetler stated that no action was being requested of the Commission at this time and that he expected to provide a recommendation to the BANC Resource Committee in the next 60 days. No questions were raised by the Commission.
- D. Mr. Mark Willis, representing the BANC Operator, provided an overview of the 2021 Summer Load and Resource Assessment and answered Commissioner questions related to the presentation. Mr. Shetler and Mr. Willis committed to ensuring that additional information regarding operating procedures for the Summer would be shared with the BANC Operating Committee at their next meeting. Commissioner McFall

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

moved, Commissioner Lau seconded, and a roll call vote was taken. All participating Commissioners voted unanimously in favor of Resolution 21-04-19 *Acknowledgement and Acceptance of the 2021 Summer Load & Resources Assessment of the Balancing Authority of Northern California*.

- E. Mr. Shetler shared that BANC's 2021 Strategic planning session is currently scheduled for the afternoon of August 11th at 555 Capitol Mall in the 3rd Floor Boardroom, with the understanding that the meeting may need to be held telephonically, dependent upon current conditions related to CA executive orders and BANC member protocols. Potential topics are expected to include: (1) market development in the west; (2) SMUD's 2030 'Zero' Carbon Plan including implications and opportunities for BANC; and (3) a general discussion related to future BANC resource planning.

6. Closed Session: The Commission retired to closed session at 2:49 p.m. for conference with legal counsel in anticipation of litigation pursuant to subdivision (c) of Cal. Gov't Code § 54956.9.

The Commission adjourned from closed session at 3:05 p.m., where no formal action was taken.

Minutes approved on May 26, 2021.

C. Anthony Braun, Secretary



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

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

TO: BANC Commission

RE: BANC Operator Report for March 2021

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- NWPP Reserve Energy Activations
 - 0 contingency requiring activation of NWPP
 - 0 MW average generation lost
 - 0 MW maximum generation lost
 - Generating unit(s) and date(s) affected: N/A
 - All recoveries within 0 minutes
- USF
 - 10 of 31 days with instances of USF mitigation procedure utilized
 - 7 days on Path 66
 - No operational impact on BANC
- BAAL Operation:
 - Maximum duration of BAAL exceedance: 10 Minutes
 - *6-min 3/27/21 – Caused by slow response to EIM dispatch*
 - *10-min 3/29/21 – Caused by slow response to EIM dispatch*
 - Number of BAAL exceedance >10 minutes: None
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2021 Frequency Response Obligation (FRO): -15.5 MW/0.1 Hz

Monthly Notes:

- No additional notes or impacts for March 2021

A JOINT POWERS AUTHORITY AMONG

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

6

City of Shasta Lake, and Sacramento Municipal Utility District



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

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

TO: BANC Commission

RE: BANC Operator Report for April 2021

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- NWPP Reserve Energy Activations
 - 1 contingency requiring activation of NWPP
 - 186 MW average generation lost
 - 186 MW maximum generation lost
 - Generating unit(s) and date(s) affected: 4/13/21 - Cosumnes Power Plant (CPP)
 - All recoveries within 6 minutes
- USF
 - 9 of 30 days with instances of USF mitigation procedure utilized
 - 0 days on Path 66
 - No operational impact on BANC
- BAAL Operation:
 - Maximum duration of BAAL exceedance: 14 Minutes
 - 14-min 4/2/21 – BANC EIM ramp management
 - 13-min 4/14/21 – Slow generator response to a 300 MW EIM ramp
 - Number of BAAL exceedance >10 minutes: 2
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2021 Frequency Response Obligation (FRO): -15.5 MW/0.1 Hz

Monthly Notes:

- No additional notes or impacts for April 2021

A JOINT POWERS AUTHORITY AMONG

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

Compliance Officer Report

BANC Commission Meeting

May 2021

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

BA Compliance Issues:

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

BANC MCRC:

- The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, May 24th via webinar.

PC Committee Chair Report

BANC Commission Meeting

May 2021

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

BANC PC Committee Issues:

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

- FAC-014-2 Establish and Communicate SOLs – A draft study plan for the 2021 BANC PC SOLs Assessment has been sent out to PC Participants for review and comment, due by May 14.
- MOD-033-1 Steady-State and Dynamic System Model Validation – The system event for the dynamic model validation portion of MOD-033-1 has been narrowed down to a select few events to be selected from. Participants have replied to the MOD-033 data request and complied with requirement R2.
- PRC-006-3 – A BANC PC data request has been sent out with the latest 2021 spreadsheet and is due back by May 28.
- PRC-023-4 Transmission Relay Loadability – A draft study plan for the 2021 BANC PC PRC-023 Assessment has been sent out to PC Participants for review and comment, due by May 14.
- PRC-026-1 Relay Performance During Stable Power Swings – A draft study plan for the 2021 BANC PC PRC-026 Assessment has been sent out to PC Participants for review and comment, due by May 14.
- TPL-001-4 - Transmission System Planning Performance – Assessment base cases are being finalized, with preliminary runs set to be run in early May.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-2 Interconnection Studies	40%	There are 3 materially modifying transmission facilities projects at the BANC area in with updated in-service dates of end of 2021 or Spring 2022.
2	FAC-010-3 SOL Methodology for Planning Horizon	100%	The finalized version was sent to external stakeholders and BANC PC Participants on 12/28/2020.
3	FAC-014-2 Establish and Communicate SOLs	15%	Comments on Study Plan due by 05/14/2021.
4	IRO-017-1 Outage Coordination	0%	Will send out the annual assessment report to neighboring RCs upon completion of the report.
5	MOD-031-2 Demand and Energy Data	100%	2021 Loads and Resources Data Request Part 2 was completed and uploaded to WECC by 03/05/2021.
6	MOD-032-1 Data for Power System Modeling & Analysis		Ongoing activity.
7	MOD-033-1 System Model Validation	25%	Participants have responded to data requests and complied with requirement R2. Event selection and case building continues.
8	PRC-006-3 Underfrequency Load Shedding	25%	BANC PC data request has been sent out and is due by 05/28/2021.
9	PRC-010-2 Undervoltage Load Shedding	100%	Study has been completed. The report was finalized on 12/30/2019.
10	PRC-012-2 Remedial Action Schemes	80%	New Standard effective 1/1/2021. Study Plan was finalized on 4/10/2020. Working on performing studies for each RAS scheme.
11	PRC-023-4 Transmission Relay Loadability	15%	Comments on Study Plan due by 05/14/2021.
12	PRC-026-1 Relay Performance During Stable Power Swings	15%	Comments on Study Plan due by 05/14/2021.

	PC Standard	Estimated % Complete	Notes
13	TPL-001-4 Transmission System Planning Performance	30%	Assessment cases are being finalized and preliminary runs are set to be run in early May.
14	TPL-007-4 R1 GMD	90%	Registered the SMUD/BANC PC GIC monitoring device at Carmichael with NERC – compliance requirement. Made request to the GIC manufacturer to increase sampling rate from the default once every hour to once every 10s or faster per NERC recommendation.

GM Report

BANC Commission Meeting

May 28, 2021

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

Outreach Efforts:

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

LADWP/Seattle City Light/SRP

Dialogue continues with these entities regarding EIM participation. Based upon the group's discussions, we have agreed to continue to interact on an informal basis to make sure we are aligned on EIM issues from a POU perspective. We are routinely holding bi-weekly calls to provide updates and discuss issues. To date, we have collaborated with the other POUs on joint language to use in the EIM Entity agreement, on how to address market-based rate authority with DMM, potential common language for OATT revisions, and joint comments on the EIM governance issues. We have also used this forum to discuss POU positions regarding the EDAM development. We have also been using this forum to discuss potential 2020 heat wave impacts on EIM and EDAM design.

POU Western Markets Initiative

BANC continues to participate in this effort, which is being coordinated by APPA. The group will be stepping back and will take on a less formal role with occasional update conference calls. The group also filed joint comments in general support for the EIM Governance Review Committee straw proposal on EIM/EDAM improvements.

Coronavirus Restrictions

With the increased restrictions on public gatherings and travel, BANC has moved to remote meeting attendance, both for our own internal member meetings, as well as outside meetings, for the foreseeable future. We will maintain this approach until public health authorities advise the restrictions can be relaxed. In addition, the BANC BA Operator (SMUD) has instituted measures to reduce coronavirus risks, including stay at home for most employees with only essential staff working at the offices.

August and Labor Day Weekend Heat Wave

The Joint Agencies (CPUC, CEC, and CAISO) issued their initial root cause report from the August 2020 heat wave incidents in late September and a final report on January 13, 2021. Their conclusion is that there was no single root cause for the rotating outages, but rather several contributing factors, including:

1. The climate change-induced extreme heat storm across the western U.S. resulted in the demand for electricity exceeding the existing electricity resource planning targets. The existing resource planning processes are not designed to fully address an extreme heat storm like the one experienced in mid-August.
2. In transitioning to a reliable, clean and affordable resource mix, resource planning targets have not kept pace to lead to sufficient resources that can be relied upon to meet demand in the early evening hours. This makes balancing demand and supply more challenging. These challenges were amplified by the extreme heat storm.
3. Some practices in the day-ahead energy market exacerbated the supply challenges under highly stressed conditions.

There is also a recommendation that the agencies conduct a state-wide summer assessment on resource adequacy for 2021. It is not clear how this will impact the POUs in California; however, no state-wide summer assessment has been initiated to date. BANC implemented a more detailed approach to our normal summer assessment, which was coordinated through both the Operations and Resource Committees. The final BANC summer assessment report was presented to, and accepted by, the Commission at the April 28 meeting. BANC also participated in discussions initiated by the EIM Entities with the CAISO on analysis of the heat wave incidents. The CAISO also instituted a stakeholder process to address market enhancements for summer 2021, including issues around the EIM Resource Sufficiency Test, export priorities, wheel-through transactions, and system market power mitigation. The CAISO has issued its proposals for moving forward for this summer and filed its tariff amendments at FERC. BANC continues to be engaged in these discussions both jointly with the other EIM Entities and individually as appropriate. BANC has also filed comments in support of the CAISO's proposals for export priorities and unit derates.

Market Initiatives:

EIM Participation

Staff continues monitoring EIM participation. CAISO quarterly benefit reports continue to show that BANC/SMUD is seeing benefits from the EIM Phase 1 participation, with the 1st Quarter 2020 report showing gross benefits of \$7.53 million and a total for Phase 1 through March 2021 of \$53.75 million. The next quarterly report will identify the gross benefits for Phase 2 operations.

With respect to BANC EIM Phase 2 effort, staff and the Phase 2 participants successfully achieved go-live on March 25, 2021. Phase 2 operations to date have gone fairly well. There have been the normal startup issues regarding software performance and data availability, but no major concerns have been identified. As of April 16, 2021, the EIM interconnections are open to allow up to ~2,000 MW of exchanges. So far we have primarily been seeing exports from the CAISO to BANC in the range of 100-400 MW. BANC has been passing both the EIM Capacity and Flex Ramp tests with a high success rate. BANC staff are now focused on transitioning the EIM Committee from a project oversight function to a market monitoring/improvement function. This has included the formation of a Technical Evaluation Subcommittee and a Settlements Subcommittee.

EDAM Participation

The EDAM effort is on hold due to the CAISO's focus on 2021 Summer readiness. The EIM Entities are also focused on summer readiness. It is expected that the CAISO will not restart formal EDAM stakeholder discussions until this fall, though there may be some informal outreach over the summer.

The EIM Governance Review Committee (GRC) issued its Part One Draft Final Proposal on April 12, 2021. This proposal moves forward with supporting all of the recommendations for CAISO Board of Governors approval except for the issue of joint approval authority. This has been deferred for additional stakeholder outreach and discussion. The GRC is now moving forward with promoting the solution for joint approval authority as well. The recommendations are consistent with positions that BANC has supported in both the EIM group and POU group.

WAPA:

Market Engagement

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

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

San Luis Transmission Project

WAPA-SNR has announced its intent to work with the Bureau of Reclamation and CDWR to construct the SLTP. BANC met with WAPA and the other parties to fully understand the implications of having this new transmission project in the BANC BA/WAPA-SNR sub-BA. The SLTP developers (DATC) have withdrawn from the project and the Delta-Mendota Water Agency has issued an RFP for development of the project and responses have been received. We will keep the Commission informed as more information becomes available.

WECC

WECC Board Meetings

The next WECC MAC and Board meetings will be held via webinar on June 15-16, 2021.

WECC finalized and posted in early December an event assessment of the recent August heat wave and CAISO load shedding incidents. WECC has also issued an assessment of resource adequacy for the Western Interconnection.

NWPP

Resource Adequacy Project

In light of the concerns raised in 2018 regarding resource adequacy (RA) for the PNW entities, NWPP initiated a formal project to develop an RA program for the region. As a NWPP member, BANC has been providing funding for the initial phases of this effort. Staff continues to engage in the Phase 2B effort, with active participation on the project design working groups and steering committee. Participants have submitted historical data to the project consultant (SPP) for running of design simulations to determine possible forecasts of RA Program performance. The group is also actively discussing regulatory and governance structure for the program going forward. The group has issued an RFQ for selection of a Program Operator, with a contract expected to be finalized by mid-late summer. It is expected that BANC will need to be prepared for a decision on continuing participation in the NWPP RA Program during the summer of 2021. The RA Program has also initiated an LSE Information Forum (LIF) with its first meeting scheduled for 5/21/21. BANC has reached out to the LSEs in our footprint to ensure that they have been invited to this meeting.

CDWR Delta Pumping Load:

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

SB100 Implementation

As part of SB100, the CPUC, CEC, and CARB (Joint Agencies) are required to collaborate with the California BAs to develop a quadrennial report on the status of achieving the goals of SB100. The four POU BAs (BANC, IID, LADWP, and TID) are collaborating on positions and responses. In addition, we have done outreach to the CAISO, Pacificorp, NV Energy, and WAPA BA's in California to determine if there is benefit to all BAs coordinating on this effort. BANC filed comments with the agencies on 12/2/19. BANC stated that it supported the long-term goals of the State regarding GHG reductions. However, we also cautioned that the transition from the current mix of resources to the long-term resource mix needs to be done in an orderly manner to ensure that grid reliability and affordability can be maintained for the benefit of the end-use consumers. We also supported a "net zero" carbon approach to meeting the goals, at least on an interim basis. I attended the SB100 workshop on 2/24/2020 and participated on a BA reliability panel. Subsequent to the workshop, staff worked with the other POU BAs (LADWP, IID, and TID) regarding comments to the Joint Agencies. The Joint Agencies held an outreach meeting with the California BAs on August 25, 2020, to brief the BAs on the results of the Agencies initial analysis. This was followed by a public workshop on September 2, 2020. BANC coordinated with the POU BAs via CMUA and filed joint comments on September 15, 2020. The final report was scheduled for submittal to the Legislature in early January 2021; however, it was delayed and not issued until 3/15/21. The CEC did reach out to the POU BAAs via CMUA in early March seeking more engagement with the BAAs for the next round of analysis for the SB100 effort. The POU BAAs are coordinating via CMUA on how to engage in this request.

Western Electricity Industry Leaders (WEIL) Group

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

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

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

The WEIL CEOs met on May 10, 2021, with discussions that included:

- Update from DOE Deputy Secretary David Turk on Biden Administration plans regarding the electricity sector,
- Update from SPP CEO Barbara Sugg on current SPP issues and initiatives,
- Update from WECC CEO Melanie Frye,
- Discussion on current status of the WIRED initiative,
- CEO roundtable on Summer 2021 readiness.

BANC Anniversary

On May 1, 2021, BANC celebrated ten years as an operating BAA!

Strategic Initiatives

An update of the 2020/2021 Strategic Initiatives is attached to this report.

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

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

BANC 2020/2021 Strategic Plan - Focused Initiatives May 2021 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
9 High	INDEPENDENCE	Manage implementation of EIM Phase 2 participation effort	Jim Shetler/SMUD	3/25/21	COMPLETED on 3/25/21
10 High		Manage EIM Phase 2 Going Forward	Jim Shetler/SMUD	Ongoing	Initiated Phase 2 operations
11 High		EDAM evaluation effort ~ CAISO Stakeholder Process ~ CAISO Tariff Development	Jim Shetler/BBSW Jim Shetler/BBSW	3rd Qtr. 2021 1st Qtr. 2022	Engaged in summer '21 eval.
12 Medium	OUTREACH	Evaluate opportunities to engage other entities in market development	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, TID, & Tacoma
13 Medium		Regional Policy Issues: Monitor/ weigh-in where appropriate	Jim Shetler/Commission	Ongoing	Participating in WEIL effort on WIRED issues
14 High		Regionalization: ~Monitor CAISO GRC effort	Jim Shetler/BBSW	4th Qtr. 2021	Tony Braun active on GRC. Draft proposals finalized
15 High		Coordinate with CA BAs on SB100 effort	Jim Shetler/BBSW	12/31/21	CEC issued report 3/15/21; Initiating coordination effort between CEC & BAAs
16 Medium	ASSETS	Evaluate resource criteria for BANC long-term needs	Jim S./Res. Com.	4th Qtr. 2021	
17 Medium	MEMBER SERVICES	Evaluate possible support to participants for EIM operations	Jim S.	Ongoing	Approved EIM Participation Agreement Amendments

Balancing Authority of Northern California

Agenda Item 5Ai

1. **Resolution 21-05-17 Approval of BANC EIM Administrative Pricing Proposal.**
2. **Redline of Proposed Changes to BANC EIM Business Practices.**
3. **Attachment C to the BANC Business Practices: BANC Imbalance Pricing During EIM Disruption or Suspension.**
4. **Resolution 21-05-18 Approval of BANC EIM Unsecured Credit Pool.**
5. **Attachment B to the BANC Business Practices: BANC Unsecured Credit Pool.**

Braun Blaising Smith Wynne, P.C.

Attorneys at Law

5/17/21

To: BANC Commission
From: BANC Counsel
RE: Commission Approval of BANC EIM Administrative Pricing Proposal

Introduction

On April 2, 2021, only a few days after the successful implementation of Phase 2 of the Energy Imbalance Market (EIM) within the Balancing Authority of Northern California (BANC) Balancing Authority Area (BAA), the California Independent System Operator (CAISO) experienced a market event, described below, requiring it to temporarily suspend EIM pricing. When such an event occurs, the CAISO looks to the Open Access Transmission Tariff (OATT) of the EIM Entity to price the imbalance energy. This is normally found in Schedule 4 of most Transmission Service Providers' (TSP) OATTs. However, because BANC is not a TSP and therefore does not have its own OATT, the CAISO requires some other form of administrative pricing mechanism. Under Phase 1, BANC used the Sacramento Municipal Utility District's (SMUD) OATT for these events. However, under Phase 2, there are two OATTs, SMUD's and that of the Western Area Power Administration – Sierra Nevada Region (WAPA). Thus, we need to provide the CAISO a single price methodology for these rare administrative pricing events. The proposed Attachment C and the changes to Section 11.3.1 of the BANC EIM Business Practices (BP) are intended to address this.¹ These proposals have been reviewed and discussed at the EIM Committee and no objections were raised. These proposals have been circulated for comment to the Legal Committee as well.

Administrative Pricing Proposal

As described above, the CAISO's EIM experienced an event on April 2nd which required it to suspend its normal imbalance pricing. This occurs vary rarely,² but usually under circumstances where pricing is irrational based on market conditions; however, it can also occur when there is a failure in the market model software. In such instances, the CAISO supplants its pricing with the default imbalance pricing of the EIM Entity BAA, which is usually a single TSP. While BANC is not a TSP, there was still only a single applicable OATT for Phase 1 of EIM. Therefore, EIM settlements staff simply provided the CAISO with SMUD's OATT

¹ While our BP addresses the issue of emergency operations and market suspension, we failed to address the specific pricing issue prior to start up. Frankly, this simply was lost in the flurry of other more pressing issues.

² According to BANC Settlements staff, this only happened a couple of times during the entirety of BANC EIM Phase 1.

pricing. The issue for BANC, however, involves arriving at a consensus price amidst two separate OATT Schedule 4s – SMUD’s and WAPA’s – under Phase 2.

For Phase 2, the CAISO has indicated that it will accept a single predestined pricing mechanism for the EIM Entity, absent a single BANC OATT. It was agreed by the CAISO and BANC that for the April 2nd event, BANC would continue to use its Phase 1 (SMUD OATT) pricing and have further discussions with WAPA and the EIM Committee to arrive at a longer-term single formula. The key was ensuring that WAPA could use a pricing mechanism not exactly aligned with its own OATT Schedule 4.

After further discussions with WAPA, including WAPA counsel, it was determined that continuing to use the SMUD default pricing, which is based on the CAISO’s Day Ahead, North-of-Path 15 (NP-15) generation hub price (CAISO DA NP-15 EZ Gen Hub Price), was a reasonable approach and was sufficiently aligned with the WAPA OATT. Therefore, we are proposing to adopt the necessary changes to Section 11.3.1 of the BP, along with new Attachment C (BANC Imbalance Pricing During EIM Disruption or Suspension) to the BP, in order to provide a single administrative price for the purposes of communicating to the CAISO under certain market pricing failures.

Conclusion

This proposal and changes to the BPs have been discussed with the Legal Committee and EIM Committee, and there were no concerns raised. Therefore, we respectfully request Commission approval of the Administrative Pricing Proposal, inclusive of the BP amendments and Attachment C to the BP.

**Balancing Authority of Northern California
Resolution 21-05-17**

APPROVAL OF BANC EIM ADMINISTRATIVE PRICING PROPOSAL

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, the Commission authorized BANC to become an Energy Imbalance Market (“EIM”) Entity and directed BANC staff to pursue EIM participation under a phased approach, including that BANC become an EIM Entity and execute all applicable agreements with the California Independent System Operator (“CAISO”), which serves as the Market Operator for EIM, and among BANC and EIM Participants, as approved by the Commission; and

WHEREAS, on March 25, 2021, BANC implemented Phase 2 of EIM, whereby additional BANC Members the Modesto Irrigation District, the City of Redding, CA, and the City of Roseville, CA, as well as the Western Area Power Administration – Sierra Nevada Region, as a BANC EIM participant, joined the Sacramento Municipal Utility District, which was the sole Phase 1 EIM participant in BANC; and

WHEREAS, under certain CAISO emergency market conditions, EIM pricing can be temporarily suspended by the CAISO; and

WHEREAS, the CAISO Tariff will look to the EIM Entity Open Access Transmission Tariff (OATT) for how to price the imbalance energy transactions during these periods where the CAISO pricing model is suspended; and

WHEREAS, at the commencement of Phase 1, there was a single SMUD OATT for such pricing; and

WHEREAS, upon the commencement of Phase 2 on March 25, 2021, there were two OATTs - SMUD’s and WAPA’s; and

WHEREAS, the CAISO requires one pricing mechanism for each EIM Entity for such administrative pricing events; and

WHEREAS, BANC staff, in consultation with WAPA, the EIM Committee and the Legal Committee, have chosen to adopt the administrative pricing mechanism in the SMUD OATT; and

WHEREAS, that pricing mechanism uses the CAISO’s Day Ahead, North-of-Path 15 (NP-15) generation hub price (CAISO DA NP-15 EZ Gen Hub Price); and

WHEREAS, the CAISO DA NP-15 EZ Gen Hub Price is viewed as a reasonable proxy price for these very rare and limited pricing events.

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

1. Approve the changes to the BANC EIM Business Practices to address Imbalance Pricing During EIM Disruption or Suspension.
2. Approve Attachment C (Imbalance Pricing During EIM Disruption or Suspension) to the BANC EIM Business Practices.

**Balancing Authority of Northern California
Resolution 21-05-17**

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 26th day of May 2021, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	James McFall				
City of Redding	Dan Beans				
City of Roseville	Michelle Bertolino				
City of Shasta Lake	James Takahara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Dan Beans
Chair

Attest by: C. Anthony Braun
Secretary

Balancing Authority of Northern California

Energy Imbalance Market

Business Practices

Version 2.0_ For BANC Commission Approval

Deleted: 1
Deleted: ed

APPROVAL DRAFT

ENERGY IMBALANCE MARKET	3
1. GENERAL PROVISION - PURPOSE AND EFFECTIVE DATE OF BANC EIM BUSINESS PRACTICES	3
2. DEFINITIONS	3
3. REGISTRATION OF EIM PARTICIPATING RESOURCES	6
4. BANC EIM PARTICIPATING RESOURCE REQUIREMENTS	6
4.1 Internal Resources - Transmission Rights	6
4.2 Resources External to BANC's BAA	7
4.3 Request and Certification of BANC EIM Participating Resources.....	7
5. ROLES AND RESPONSIBILITIES	10
5.1 EIM Entity and the EIM Entity Scheduling Coordinator.....	11
5.2 EIM Participant Responsibilities.....	15
5.3 BANC EIM Transmission Provider Responsibilities	18
6. FACILITATION OF TRANSMISSION OPERATIONS	20
6.1 Provision to MO of Information Regarding Real-Time Status of the BANC BAA Transmission System	20
6.2 Provision of EIM Transfer Capability.....	20
7. SYSTEM OPERATIONS UNDER NORMAL AND EMERGENCY CONDITIONS	21
7.1 Compliance with Reliability Standards.....	21
7.2 Good Utility Practice	21
7.3 Management of Contingencies and Emergencies.....	22
8. OUTAGES	22
8.1 BANC Transmission Outages.....	23
8.2 BANC EIM Participating Resource Outages	23
9. EIM SETTLEMENTS AND BILLING	24
9.1 MO Tax Liabilities	24
9.2 EIM Transmission Service Charges.....	24
9.3 EIM Payment Calendar	24
9.4 EIM Residual Balancing Account.....	25
9.5 Market Validation and Price Correction	25
10. COMPLIANCE	25
10.1 Provision of Data	25
10.2 Rules of Conduct	25
10.3 Enforcement	26
11. MARKET CONTINGENCIES.....	26
11.1 Temporary Suspension by the MO or by the EIM Entity	26
11.2 Termination of Participation in EIM by the EIM Entity	27
11.3 Management of Contingencies and Emergencies.....	27
12. EIM DISPUTES.....	29
12.1 Disputes between the EIM Entity and an EIM Participant or BANC EIM Transmission Provider Related to Allocation of Charges or Payments from the MO	29
12.2 Disputes between the MO and EIM Participating Resource Scheduling Coordinators Related to EIM Charges and Payments Directly With the MO.....	29
12.3 Disputes between the MO and the EIM Entity.....	29
12.4 Disputes Regarding MO Charges or Payments to the EIM Entity Raised by EIM Participants or BANC EIM Transmission Providers	29
12.5 Disputes among and between the EIM Entity and EIM Participants or BANC EIM Transmission Providers	29
13. ATTACHMENTS AND APPENDICES INCORPORATED BY REFERENCE	30
14. AMENDMENTS.....	30
ATTACHMENT A: BANC EIM SETTLEMENT ALLOCATION MANUAL	A-1
NOTE: ATTACHMENTS B & C TO BE INSERTED HERE IF APPROVED	
APPENDIX 1: NOTICES.....	1-1
APPENDIX 2: VERSION HISTORY	2-1

Formatted: Highlight

Deleted: 6

Deleted: 10

Formatted: Highlight

Deleted: 15

Deleted: 24

Deleted: 24

Deleted: 28

Deleted: 28

Deleted: 29

Deleted: 29

Formatted: Highlight

Deleted: 1

Energy Imbalance Market

1. General Provision - Purpose and Effective Date of BANC EIM Business Practices

The purpose of these Business Practices (BP) is to provide detailed descriptions of the business relationship between the Energy Imbalance Market (EIM) Entity, EIM Participants, and BANC EIM Transmission Providers within the EIM Entity footprint. It is intended to contain sufficient details to address day-to-day business activities, roles, and responsibilities related to BANC EIM operations. However, it is recognized that these business activities, roles, and responsibilities related to BANC EIM operations will evolve as the EIM Entity and EIM Participants gain market experience and the market evolves. Therefore, these BPs must also be able to adapt and change as necessary to address either unanticipated conditions or other circumstances. Thus, ease of amendment and revision is intended, subject to the amendment process adopted herein.

This BP should be read in conjunction with the BANC EIM Participation Agreement (EIM PA), the [California Independent System Operator \(CAISO\)/Market Operator \(MO\) Tariff](#),¹ the Applicable Open Access Transmission Tariff (Applicable OATT) of BANC EIM Transmission Providers, Existing Agreements and any prescribed guidelines or protocols of the EIM Entity as adopted by the EIM Committee and provided to EIM Participants.

This BP shall work in concert with the provisions of the BANC agreements implementing EIM in the BANC Balancing Authority Area (BAA), Applicable OATTs, and the MO Tariff implementing the EIM to support operation of the EIM. To the extent that this BP is inconsistent with a provision in these other agreements, Applicable OATTs, or Existing Agreements, BANC shall work with EIM Participant(s) and BANC EIM Transmission Provider(s) to attempt to reconcile any conflicts. To the extent such conflicts cannot be reconciled within a reasonable time (as determined by the circumstances), such conflict shall be addressed in accordance with the Dispute Resolution process set forth in this BP.

This BP shall be in effect for as long as BANC implements the EIM and until all final settlements are reconciled in accordance with this BP and the EIM PA.

This BP shall apply to EIM Participants, BANC EIM Transmission Providers, and/or any EIM Participating Resources within the EIM Entity footprint.

2. Definitions

Capitalized terms not defined herein shall have the definitions used in the MO Tariff, Applicable OATTs or the EIM PA.

¹ [CAISO and Market Operator Tariff are one and the same, however, we use Market Operator or "MO" herein to better signify CAISO role as operator, or MO, of the EIM.](#)

deleted: 1

deleted: Approved

- 2.1 **Applicable Open Access Transmission Tariff (Applicable OATT)** shall mean the applicable Open Access Transmission Tariff of a BANC EIM Transmission Provider. Upon the Approval Date of Version 1.0 of this BP (contained in the Version History, Appendix 2, herein), there are two Applicable OATTs: that of WAPA and that of SMUD.
- 2.2 **BANC EIM Settlement Allocation Manual** shall mean the detailed manual defining all of the charges and calculations used to calculate the EIM Participant's EIM settlements, as that document may be amended from time-to-time. The BANC EIM Settlements Allocation Manual is found in Attachment A (BANC EIM Settlement Allocation Manual) to this BP.
- 2.3 **BANC EIM Transmission Provider** shall mean an entity which provides transmission services to an EIM Participant either through an OATT or an Existing Agreement, or other contractual arrangement that facilitates the use of an EIM Participant's transmission system for EIM transactions. A BANC EIM Transmission Provider may or may not be an EIM Participant.
- 2.4 **BANC BAA Transmission System** shall mean the collection of transmission facilities inside the BANC BAA used for EIM participation by EIM Participants.
- 2.5 **BANC Unsecured Credit Pool (UCP)** shall mean the pool of unsecured credit assigned to the EIM Entity by qualified EIM Participants, which serves in lieu of the cash collateral requirements imposed on the EIM Entity in accordance with the MO Tariff. The authorization of the UCP is set forth in Section 12.1.1.1 of the MO Tariff and is established herein in Section 5.2.5 (Credit and Collateral Requirements Related to EIM Participants) and Attachment B (BANC Unsecured Credit Pool).
- 2.6 **Base Schedule(s)** shall have the same meaning as "EIM Base Schedule(s)," as used in the MO Tariff.
- 2.7 **Business Practice (BP)** shall mean this document, as it may be amended from time-to-time.
- 2.8 **CAISO** shall mean the California Independent System Operator, which currently serves as the EIM Market Operator.
- 2.9 **CAISO Tariff** shall mean the CAISO's open access transmission tariff filed with, and approved by, FERC, as that tariff may be amended from time-to-time.
- 2.10 **Commission** shall mean the "BANC Commission," as established in the BANC Joint Powers Agreement, as that agreement may be amended from time-to-time.
- 2.11 **EIM Committee** shall mean the administrative committee established and described in the BANC EIM Participation Agreement.
- 2.12 **EIM Entity** shall have the meaning set forth in the CAISO Tariff, as that tariff shall be amended from time-to-time.

Formatted: Font: (Default) Times New Roman

deleted: 1

deleted: Approved

- 2.13 EIM Entity Scheduling Coordinator** shall mean the entity selected by the BANC EIM Entity who is certified by the MO and who enters into the MO's EIM Entity Scheduling Coordinator Agreement.
- 2.14 EIM Optimization** shall mean the CAISO process whereby it runs its market software to determine the most efficient EIM solution, taking into account all resources and loads available for EIM dispatch/redispach and while honoring system constraints. The EIM Optimization produces pricing and dispatch instructions for each EIM pricing interval.
- 2.15 EIM Participant** shall mean an entity which has executed the EIM Participation Agreement with BANC.
- 2.16 EIM Participation Agreement (EIM PA)** shall mean the agreement between BANC, as the EIM Entity, and each EIM Participant, which that establishes respective rights, obligations, and procedures related to EIM participation within the BANC BAA, as that agreement may be amended from time-to-time.
- 2.17 EIM Transfer Capability** shall mean the transmission capacity available for EIM Transfers between the [BANC] EIM Entity Balancing Authority Area and other participating EIM Entity Balancing Authority Areas, as determined by BANC EIM Transmission Providers and communicated to the EIM Entity.
- 2.18 Energy Imbalance Market (EIM)** shall have the meaning set forth in the CAISO Tariff, as that tariff shall be amended from time-to-time.
- 2.19 Existing Agreement(s)** shall mean any pre-EIM agreements still in force and effect among any EIM Participant material to that EIM Participant's ability to transact in EIM.
- 2.20 FERC** shall mean the "Federal Energy Regulatory Commission," or its successor.
- 2.21 Imbalance Energy** shall mean the deviation of supply or demand from the EIM Base Schedule, positive or negative, as measured by Fifteen Minute Market Schedules, Real-Time Dispatch, metered generation, metered load, or real-time Interchange or Intrachange schedules.
- 2.22 Interchange** shall mean the E-Tagged energy transfers from, to, or through BAAs not including EIM Transfers.
- 2.23 Intrachange** shall mean the E-Tagged energy transfers within the BANC BAA, not including real-time actual energy flows associated with EIM Dispatch Instructions.
- 2.24 Manual Dispatch** shall mean operating order issued by the EIM Entity or a BANC EIM Transmission Provider to a Transmission Customer with an EIM Participating Resource, outside of the EIM Optimization, when necessary to address reliability or operational issues on the EIM Transmission Provider's system or BANC EIM Entity BAA that the EIM is not able to address through economic dispatch and congestion management.
- 2.25 Market Operator (MO)** shall mean the entity responsible for operation, administration, settlement, and oversight of the EIM. The CAISO is the current Market Operator of the Western Energy Imbalance Market.

deleted: 1

deleted: Approved

2.26 Market Operator Tariff (MO Tariff) shall mean the CAISO Tariff, as such tariff may be modified from time to time. The primary MO Tariff sections are found in Section 29 of the CAISO Tariff.

2.27 NERC shall mean the “North American Electric Reliability Corporation,” or its successor.

2.28 Reliability Standards shall mean those NERC Reliability Standards and WECC Regional Reliability Standards that have been approved by FERC under Section 215 of the Federal Power Act and WECC applicable Regional Criteria referenced in FERC-approved Reliability Standards.

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

3. Registration of EIM Participating Resources

Entities within the BANC BAA which own or control one or multiple resources are required to register their resources to become BANC EIM Participating Resources. An entity within the BANC BAA that is not a signatory to the EIM PA must make a request to the EIM Entity to become an EIM Participant (Requestor) concurrent with a request to register a BANC EIM Participating Resource, as described under Section 4.3.1 (Request to Become a BANC EIM Participating Resource). To become an EIM Participant an entity must enter into an EIM PA with BANC and/or any successor or additional agreement(s).

A Requestor seeking to register EIM Participating Resources and an EIM Participant with EIM Participating Resources must:

- (1) Meet the requirements specified in Section 4 (BANC EIM Participating Resource Requirements) of this BP, as these BPs may be amended from time to time and any requirements set forth in the MO Tariff;
- (2) Become or retain a MO-certified EIM Participating Resource Scheduling Coordinator;
- (3) Follow the application and certification process specified in this BP and any successor or additional agreement(s) and/or guidelines or protocols as determined solely by BANC. It shall be the obligation of the Requestor or EIM Participant to make such a request from the EIM Entity and to negotiate any necessary changes in the EIM PA directly with the EIM Entity; and
- (4) Meet all requirements prescribed under the Applicable OATT or Existing Agreements.

4. BANC EIM Participating Resource Requirements

4.1 Internal Resources - Transmission Rights

Dispatchable resources owned or controlled by Requestors or EIM Participants and located within the metered boundaries of the EIM Entity BAA are required to become EIM Participating Resources, unless agreed to otherwise in writing between the EIM Entity and the Requestor or EIM Participant. The Requestor or EIM Participant that owns or controls the resource(s) must have associated transmission rights based on its Transmission Owner status or rights obtained

deleted: 1

deleted: Approved

through an Existing Agreement or the Applicable OATT.

4.2 Resources External to BANC's BAA

4.2.1 Use of Pseudo-Ties

Subject to agreements with other impacted BAAs, BANC EIM Transmission Providers or EIM Participants, a resource owned or controlled by a Requestor or EIM Participant that is not physically located inside the metered boundaries of the EIM Entity BAA may operate as a Pseudo-Tie resource within the EIM Entity BAA; however, the Pseudo-Tie resource must participate as an EIM Participating Resource. In order to do so, the Requestor or EIM Participant must: (1) obtain a written agreement from BANC specifying the roles and obligations of the parties entering into this agreement; (2) arrange firm transmission over any third-party transmission systems to the EIM Entity BAA intertie boundary equal to the amount of energy that will be Dynamically Transferred through a Pseudo-Tie into the EIM Entity BAA, consistent with a written agreement with BANC; (3) secure transmission service in accordance with the Applicable OATT, or under Existing Agreements, or other contractual arrangements that facilitate the use of an EIM Participant's transmission system for EIM transactions, as approved by the BANC EIM Transmission Provider; and (4) enter into any further agreement(s), if deemed necessary by any BANC EIM Transmission Provider, or as provided in any applicable business practices, guidelines, protocols or other requirements.

4.2.2 Pseudo-Tie Costs

Pseudo-Tie implementation costs shall be allocated in a manner specified in a written agreement with BANC in addition to any Applicable OATT, Existing Agreement, or other agreements as may be required by the BANC EIM Transmission Provider.

4.3 Request and Certification of BANC EIM Participating Resources

This section should be read in conjunction with the EIM PA and any other requirements as prescribed by BANC, as well as Applicable OATT(s), including business practices and guidelines or protocols, and the MO Tariff.

4.3.1 Request to Become a BANC EIM Participating Resource

4.3.1.1 To register a resource to become an EIM Participating Resource, a Requestor must become an EIM Participant by entering into an EIM PA with BANC and/or any successor or additional agreement(s) and meet any requirements prescribed in this BP and/or any additional guidelines or protocols prescribed and provided by BANC, the MO Tariff and the Applicable OATT.

deleted: 1

deleted: Approved

4.3.1.1.1 An entity which is not currently an EIM Participant must make application in accordance with Section 4.3.2 (Processing the Request to Become an EIM Participant with an EIM Participating Resource) of this BP.

4.3.1.1.2 An entity which is an EIM Participant and which has existing BANC EIM Participating Resources may add a new BANC EIM Participating Resource by meeting the applicable requirements under Section 4.3.3 (Confirmation Notice) and 4.3.4 (Notice and Obligation to Report a Change in Information) of this BP.

4.3.1.2 At the time of application, any EIM Participating Resource applicant must elect to perform the duties of a CAISO Metered Entity or Scheduling Coordinator Metered Entity, consistent with the MO's requirements, as applicable, in addition to meeting any requirements prescribed in the MO Tariff for becoming an EIM Participating Resource, including those requirements pertaining to telemetry and metering requirements.

4.3.2 Processing the Request to Become an EIM Participant with an EIM Participating Resource

An entity not currently a signatory to the EIM PA and with no EIM Participating Resource must make a written request to the EIM Entity to become an EIM Participant with EIM Participating Resource(s) by sending a written request in accordance with Appendix 1 (Notices) to this BP, directed to the BANC General Manager. Such request shall provide a full description of the Requestor's proposed EIM Participating Resource(s), including, at a minimum the: (a) type of resource (e.g., Combustion Turbine, Wind, etc.); (b) nameplate capacity of the resource; (c) point of interconnection; (d) applicable BANC EIM Transmission Provider and transmission rights (actual or proposed) to be used in support of the EIM Participating Resource(s); (e) Host BANC sub-Balancing Authority (SBA)²; and, (f) Host Balancing Authority of the EIM Participating Resource(s), if the Host Balancing Authority is different than BANC.

Such request will also require the Requestor to enter into an EIM PA with BANC to become an EIM Participant. The EIM Entity shall enter into negotiations with the Requestor to execute an EIM PA, but not prior to a decision as to whether to accept the request to register an EIM Participating Resource and a decision by the Requestor to proceed.

The BANC General Manager, in consultation with the EIM Committee, may

² For purposes of this BP, BANC hosts two SBAs, that of the Sacramento Municipal Utility District and that of the Western Area Power Administration – Sierra Nevada Region.

~~eted: 1~~
~~eted: Approved~~

develop a written scope of work, list of technical requirements, associated milestones and costs, as deemed appropriate by BANC, required for the Requestor to become an EIM Participant with EIM Participating Resource(s). This written scope of work, list of technical requirements, associated milestones and costs shall form the basis of a letter of agreement between the EIM Entity and the Requestor, which shall be reviewed by the EIM Committee and approved by the Commission. Such Requestor shall be responsible for any coordination, transmission service or interconnection requirements under the Applicable OATT.

If the EIM Entity denies the request it shall send notification stating the grounds for the denial to the Requestor and shall provide guidance as to how the Requestor may cure the grounds for the denial. If the request is denied, the Requestor may resubmit the request in accordance with any BANC guidelines or protocols in place at the time of the resubmitted request. In the absence of BANC guidelines or protocols, resubmission shall be made in writing to the BANC General Manager to the address set forth in Appendix 1 (Notices) to this BP.

If the EIM Entity accepts the request and the Requestor affirms its intent to proceed, the EIM Entity will finalize and execute a letter of agreement with the Requestor, as approved by the Commission. BANC and the Requestor shall also negotiate and execute an EIM PA, as modified solely at the discretion of BANC. The EIM PA must be reviewed by the EIM Committee and approved by the Commission.

4.3.3 Confirmation Notice

Upon successful negotiation and approval by the Commission of the EIM PA with the new EIM Participant, and written acknowledgement by the EIM Entity of the EIM Participating Resource's eligibility to participate in the EIM, participation shall occur once the EIM Participant has demonstrated, and the MO or BANC EIM Transmission Provider have confirmed, as appropriate, that the EIM Participant has:

- (1) Met the MO's criteria to become an EIM Participating Resource and executed the MO's pro forma EIM Participating Resource Agreement;
- (2) Qualified to become or retained the services of a MO-certified EIM Participating Resource Scheduling Coordinator;
- (3) Met the necessary metering requirements of this BP, the BANC EIM Transmission Provider, and Section 29.10 of the MO Tariff, and the EIM Participating Resource Scheduling Coordinator has executed the MO's *pro forma* Meter Service Agreement for Scheduling Coordinators;
- (4) Met communication and data requirements of this BP, the BANC EIM

deleted: 1

deleted: Approved

Transmission Provider, and Section 29.6 of the MO Tariff, and the operator of the plant(s) has the ability to receive and implement Dispatch Instructions every five minutes from the MO; and

- (5) Obtained written confirmation from the BANC EIM Transmission Provider that transmission service has been obtained in accordance with the Applicable OATT, or through an Existing Agreement associated with the EIM Participating Resource.

Upon receiving notice from the MO and BANC EIM Transmission Provider of the completion of the enumerated requirements by the EIM Participant, the EIM Entity shall provide notice to the EIM Participant with an EIM Participating Resource, the BANC EIM Transmission Provider, and the MO that the EIM Participating Resource is confirmed and therefore eligible to participate in the EIM.

For the avoidance of doubt, no newly-approved EIM Participant with EIM Participating Resources can commence operations within the BANC EIM footprint until it can operate in EIM as an EIM Participating Resource.

4.3.4 Notice and Obligation to Report a Change in Information

Each EIM Participant with a BANC EIM Participating Resource has an ongoing obligation to inform the EIM Entity and the BANC EIM Transmission Provider (if applicable) of any changes to any of the information submitted as part of the application process under this BP.

This information includes, but is not limited to:

- (1) Any change in the BANC EIM Participating Resource Scheduling Coordinator representing the resource;
- (2) Any change in the ownership or control of the resource;
- (3) Any change to the physical characteristics of the resource required to be reported to the MO in accordance with Section 29.4(c)(4)(C) of the MO Tariff;
- (4) Any addition of a new BANC EIM Participating Resource; and
- (5) If the MO terminates the participation of the EIM Participating Resource in the EIM, the EIM Participant has terminated the EIM Participating Resource's participation in the EIM, or the EIM Participant has lost eligibility under the Applicable OATT or an Existing Agreement, such matters shall be immediately brought to the attention of the EIM Committee and addressed in consultation with the Commission and General Counsel.

5. Roles and Responsibilities

deleted: 1

deleted: Approved

5.1 EIM Entity and the EIM Entity Scheduling Coordinator

5.1.1 Responsibilities

5.1.1.1 Identification of EIM Entity Scheduling Coordinator

BANC can serve as the EIM Entity Scheduling Coordinator or retain a third party to perform such role. If BANC does not serve as the EIM Entity Scheduling Coordinator, BANC shall communicate to the EIM Entity Scheduling Coordinator any information required by the EIM Entity Scheduling Coordinator to fulfill its responsibilities in the EIM.

The EIM Entity Scheduling Coordinator shall coordinate and facilitate the EIM in accordance with the requirements of the MO Tariff. The EIM Entity Scheduling Coordinator must meet the certification requirements of the MO and enter into any necessary MO agreements.

5.1.1.2 Processing EIM Participating Resource Applications

The EIM Entity shall be responsible for facilitating requests by EIM Participants seeking authorization to participate in the EIM with resources as EIM Participating Resources in accordance with Section 4.3 (Request and Certification of BANC EIM Participating Resources) of this BP.

5.1.1.3 Determination of EIM Implementation Decisions for EIM Entity BAA

The EIM Entity is solely responsible for making any decisions with respect to EIM participation that the MO requires of EIM Entities. The EIM Entity, however, will coordinate with the BANC EIM Transmission Providers to the extent practicable. The EIM Entity has made the following determinations:

- (1) Eligibility Requirements for EIM Participating Resources: Eligibility requirements are set forth in Section 4 (BANC EIM Participating Resource Requirements) of this BP.
- (2) Load Aggregation Points: There shall be one LAP for the EIM Entity BAA and there will be a Custom Load Aggregation Point (CLAP) for each EIM Participant with Load.
- (3) MO Load Forecast(s): The EIM Entity shall utilize the MO load forecast(s) but shall retain the right to provide the load forecast(s) to the MO in accordance with the MO Tariff.
- (4) MO Metering Agreements: The EIM Entity and all EIM Participants with EIM Participating Resources shall have the option to elect to be Scheduling Coordinator Metered Entities or CAISO Metered Entities in accordance with Section 29.10

deleted: 1

deleted: Approved

of the MO Tariff.

- (5) EIM Transfer Capability: The EIM Entity coordinates with BANC EIM Transmission Providers to determine appropriate implementation methodologies for establishing EIM Transfer capability within the BANC EIM footprint.

5.1.1.4 EIM Entity Adopted Guidelines and/or Protocols

The EIM Entity may establish and revise, as necessary, guidelines or protocols to facilitate implementation and operation of the EIM within the EIM Entity BAA. The guidelines or protocols shall be discussed and developed in consultation with the EIM Committee, and with BANC EIM Transmission Providers to ensure alignment with their Applicable OATs, contractual arrangements to facilitate use of an EIM Participant’s transmission system for EIM transactions, business practices and procedures, as practicable. The guidelines or protocols shall either be added as an attachment to these BPs or otherwise made available to BANC EIM Transmission Providers and EIM Participants in a manner satisfactory to the EIM Committee.

5.1.1.5 Determination to Take Corrective Actions by the EIM Entity

The EIM Entity may take corrective actions in BANC’s BAA in accordance with the requirements of Section 11 (Market Contingencies) of this BP. The EIM Entity shall ensure coordination with any BANC EIM Transmission Provider(s) in any corrective action required on the BANC EIM Transmission Provider’s systems. Such coordination may be established in guidelines or protocols between the EIM Entity and BANC EIM Transmission Provider(s).

5.1.1.6 Determination to Permanently Terminate Participation in the EIM by the EIM Entity

The EIM Entity, in accordance with the requirements of Section 4.4 (Termination of this Agreement) of the EIM PA and Section 11 (Market Contingencies) of this BP, and in its sole and absolute discretion, may permanently terminate its participation in the EIM by providing notice of termination to the MO pursuant to applicable agreements and to EIM Participants and BANC EIM Transmission Providers, as applicable. Such decision to terminate by the EIM Entity shall be pursuant to Commission approval.

5.1.2 Responsibilities of the EIM Entity to Provide or Ensure the Provision of Required Information

For the avoidance of doubt, the EIM Entity is ultimately responsible to the MO for the provision of all data under this section; however, the EIM Entity, in consultation with EIM Participants and BANC EIM Transmission Providers,

deleted: 1
deleted: Approved

may adopt guidelines or protocols for data exchanges which maximize efficiencies of such exchanges with the MO. Thus, the EIM Entity shall either directly provide data to the MO or, as agreed, ensure the provision of data directly to the MO from an EIM Participant or a BANC EIM Transmission Provider as such data is required by the MO under the terms of its tariff and/or business practice manuals, as that relates to the EIM Entity.

5.1.2.1 Provide Modeling Data to the MO

The EIM Entity shall provide, or ensure the provision of, information to the MO, associated with transmission facilities within BANC's BAA, including, but not limited to, network constraints and associated limits that must be observed in BANC's BAA network and interties with other BAAs. The EIM Entity shall establish and maintain EIM operating guidelines or protocols, with such guidelines or protocols to be coordinated with BANC EIM Transmission Providers, to ensure the most effective and timely communication of modeling data to the MO.

5.1.2.2 Provide Outage Data to the MO

The EIM Entity is responsible for providing Outage data for the BANC BAA to the MO. The EIM Entity shall establish and maintain EIM operating guidelines or protocols, with such guidelines or protocols to be coordinated with EIM Participants and BANC EIM Transmission Providers, to ensure the most effective and timely communication of Outage data to the MO. Thus, the EIM Entity shall either directly provide Outage data to MO or, as agreed, ensure the provision of Outage data directly to MO from an EIM Participant or a BANC EIM Transmission Provider as such data is required by the MO under the terms of its tariff and/or business practice manuals, as that relates to the EIM Entity.

5.1.2.3 Provision of Meter Data

The EIM Entity shall ensure, and the EIM Participant shall submit, load, resource, and Interchange meter data to the MO in accordance with the format and timeframes required in the MO Tariff.

The EIM Entity may establish and maintain EIM operating guidelines or protocols, with such guidelines or protocols to be coordinated with EIM Participants and BANC EIM Transmission Providers, to ensure the most effective and timely submission of meter data to the MO.

5.1.3 Day-to-Day EIM Operations

5.1.3.1 Submission of Base Schedule and Resource Plans

In accordance with Section 5.1.2 (Responsibilities of the EIM Entity to Provide or Ensure the Provision of Required Information) of this BP,

deleted: 1

deleted: Approved

the EIM Entity is responsible for ensuring the provision of the data required by the MO in accordance with Section 29.34 of the MO Tariff, including but not limited to: (1) hourly EIM Interchange Base Schedules; and (2) Resource Plans.

5.1.3.2 Communication of Manual Dispatch Information

The EIM Entity may issue Manual Dispatches in accordance with Section 7.3.2 (Manual Dispatch) of this BP. The EIM Entity shall ensure the MO is informed of any Manual Dispatch within the BANC BAA, including those initiated by BANC EIM Transmission Providers, by providing adjustment information for the affected resources in accordance with Section 29.34 of the MO Tariff. The EIM Entity and any BANC EIM Transmission Provider shall coordinate such communications with the MO through an operating procedure or other protocol to ensure the most effective and timely communication.

5.1.3.3 Confirmation of EIM Transfers

The MO shall calculate, and the EIM Entity shall confirm, actual values for Dynamic Schedules reflecting EIM Transfers to the MO within 60 minutes after completion of the Operating Hour to ensure the E-Tag author will be able to update these values in accordance with WECC policies and industry standards through an update to the E-Tag. If WECC policies and industry standards are modified such that the 60 minute time frame set forth in the preceding sentence is no longer sufficient to enable compliance with the WECC policies and industry standards, the BANC EIM Transmission Provider shall make any necessary adjustments to remain compliant with such industry standards and policy changes.

Formatted: Not Highlight

Formatted: Not Highlight

5.1.4 Credit and Collateral Requirements Imposed on the EIM Entity by the MO

It is the responsibility of the EIM Entity to ensure that all credit and collateral requirements imposed on the EIM Entity by the MO in accordance with the MO Tariff are passed through by the EIM Entity to EIM Participants or the BANC EIM Transmission Provider, to the extent permitted by applicable law, in accordance with Section 5.2.5 (Credit and Collateral Requirements Related to EIM Participants) of this BP. EIM Participants are required to use reasonable efforts to meet any timelines imposed by the MO Tariff in response to any credit and collateral requirements.

Formatted: Not Highlight

5.1.5 Settlement of MO Charges and Payments

The EIM Entity shall be responsible for financial settlement of all charges and

deleted: 1

deleted: Approved

payments allocated by the MO to the EIM Entity. The EIM Entity shall allocate EIM charges and payments in accordance with Attachment A (BANC EIM Settlement Allocation Manual) to this BP, as applicable.

5.1.6 Dispute Resolution with the MO

The EIM Entity shall manage dispute resolution with the MO for the EIM Entity settlement statements consistent with Section 29.13 of the MO Tariff and Section 12 (EIM Disputes) of this BP. EIM Participants with EIM Participating Resources shall manage dispute resolution with the MO for any settlement statements they receive directly from the MO.

5.2 EIM Participant Responsibilities

Certain EIM Participants are also BANC EIM Transmission Providers, whose additional responsibilities are those set forth in Section 5.3 (BANC EIM Transmission Provider Responsibilities) of this BP. Such EIM Participants may choose coordinate under this dual role to ensure efficiency and avoid the duplication of responsibilities performed under this Section.

5.2.1 Initial Registration Data

5.2.1.1 EIM Participants with an EIM Participating Resource

An EIM Participant with an EIM Participating Resource shall provide the EIM Entity with the data necessary to meet the requirements established by the MO to register all resources with the MO as required by Section 29.4(e)(4)(D) of the MO Tariff.

5.2.2 Responsibility to Update Required Data

5.2.2.1 EIM Participants with a BANC EIM Participating Resource

Each EIM Participant with an EIM Participating Resource has an ongoing obligation to inform the MO and EIM Entity of any changes to any of the information submitted by the EIM Participant provided under Section 5.2.1 (Initial Registration Data) of this BP that reflects changes in operating characteristics as required by Section 29.4(e)(4)(D) of the MO Tariff.

5.2.3 Outages

EIM Participants with EIM Participating Resources shall be required to provide planned and unplanned outage information for their resources in accordance with Section 8 (Outages) of this BP and applicable guidelines or protocols.

5.2.4 Submission of EIM Participant Base Schedule

Every EIM Participant shall submit their resource Base Schedule(s) to the MO. This submission must balance the EIM Participant's resource Base Schedules, Interchange, Intrachange, and anticipated load each hour. The submissions shall

deleted: 1

deleted: Approved

be in the format and within the timing requirements established by the MO and the EIM Entity as required in Section 5.2.4.4 (Timing for the Submission of EIM Participant Interchange and Intrachange Base Schedules Submission for EIM Participants with Resources or Load in the EIM Entity BAA) of this BP.

5.2.4.1 EIM Participants with a BANC EIM Participating Resource in the BANC BAA

An EIM Participant is not required to submit a Base Schedule for:

- (1) Non-dispatchable resources located in the EIM Entity BAA; or
- (2) behind-the-meter generation which is not contained in the MO's network model.

Each BANC EIM Participating Resource Scheduling Coordinator shall provide to the EIM Entity access to:

- (3) the energy bid range data of the respective resources it represents that are participating in the EIM; and
- (4) Dispatch Operating Target data of the respective resources it represents that are participating in the EIM.
- (5) Access to the MO Master File (as defined in the MO Tariff).

5.2.4.2 EIM Participants with Load and Load Aggregation Points

As set forth in Section 5.2.4 (Submission of EIM Participant Base Schedule) of this BP, an EIM Participant is required to submit resource Base Schedules on all resources which balance to the EIM Participant's EIM Load Forecast, Interchange and Intrachange, as applicable.

For purposes of settling Imbalance Energy pursuant to this BP, the EIM Entity shall calculate the EIM Participant load Base Schedule as the EIM Participating Resource Base Schedules net of its Interchange and net of its Intrachange, and net of expected system losses, as applicable. Any settlement is allocated in accordance with Attachment A (BANC EIM Settlement Allocation Manual) to this BP.

The EIM Participant shall coordinate with the EIM Entity and the MO to determine appropriate Load Aggregation Points.

5.2.4.3 EIM Participants with Interchange or Intrachange

The EIM Participant shall submit to the EIM Entity all Interchange Base Schedules, which the EIM Entity shall provide to the MO on the EIM Participant's behalf.

For purposes of settling Imbalance Energy for Interchange and

deleted: 1
deleted: Approved

Intrachange, the EIM Entity will calculate the Interchange and Intrachange Base Schedule component as the schedules presented to EIM Entity at T-57 minutes. Any settlement is allocated in accordance with Attachment A (BANC EIM Settlement Allocation Manual) to this BP.

5.2.4.4 Timing for the Submission of EIM Participant Interchange and Intrachange Base Schedules Submission for EIM Participants with Resources or Load in the EIM Entity BAA

5.2.4.4.1 Preliminary Submission of EIM Participant Interchange and Intrachange Base Schedules by EIM Participant with Resources or Load in the EIM Entity BAA

EIM Participants shall submit Interchange and Intrachange Schedules up to 7 days prior to each Operating Day (“T - 7 days”). EIM Participants may modify the proposed Interchange and Intrachange Base Schedules at any time.

5.2.4.4.2 Final Submissions of EIM Participant Base Schedules

EIM Participants shall submit Interchange and Intrachange schedules at any time but no later than 57 minutes prior to each Operating Hour (“T-57”). EIM Participants may modify Interchange and Intrachange Base Schedules up to and until 57 minutes prior to the Operating Hour (“T-57”). As of 57 minutes prior to each Operating Hour (“T-57”), the EIM Participant Base Schedule data for the Operating Hour will be considered financially binding.

5.2.5 Credit and Collateral Requirements Related to EIM Participants

Each EIM Participant shall be responsible to meet the credit and collateral requirements imposed on the EIM Entity by the MO in accordance with the MO Tariff, inclusive of timelines thereto, as set forth in Section 5.1.4 (Credit and Collateral Requirements Imposed on the EIM Entity by the MO) of this BP, to the extent permitted by applicable law. Such collateral requirements may be met by any means permissible in accordance with the MO Tariff, including cash collateral or the assignment of unsecured credit in accordance with Attachment B (BANC Unsecured Credit Pool) to this BP.

5.2.6 EIM Resource Plan

The EIM Participant shall support the EIM Entity in the submission of a day ahead EIM Resource Plan in accordance with Section 29.34(e) of the MO Tariff. The EIM Entity will coordinate with EIM Participants on the manner

deleted: 1
deleted: Approved

which best supports this requirement.

5.2.6.1 EIM Resource Plan Components

- (1) Participating Resources – EIM Participant with a PR submits generation resource plan directly to the MO.
- (2) Interchange schedules – the EIM Entity submits all interchange schedules currently known directly to the MO.
- (3) Load Forecast – Provided by MO. No submission required.

5.2.7 Resource Sufficiency

It is the obligation of each EIM Participant serving load inside of the EIM Entity BAA to be resource sufficient (balancing of its relevant forecasted load with its supply) and to not intentionally lean on other EIM Participants or the broader EIM for its Energy Imbalance needs. Therefore, each EIM Participant is responsible to ensure it has sufficient resources in each EIM interval in order for the EIM Entity to pass the MO EIM Resource Sufficiency tests in accordance with the MO Tariff. EIM Participants which fail to meet this obligation will be allocated costs associated with such failure in accordance with Attachment A (BANC EIM Settlement Allocation Manual) to this BP.

5.2.8 Metering for EIM Participants

The EIM Participant, shall be responsible for the provision to the MO of timely and accurate meter data in compliance with applicable metering procedures/protocols for EIM Participants in accordance with BANC metering standards and, if applicable, metering standards of EIM Participant's Transmission Provider.

5.2.9 Termination by an EIM Participant

The EIM Participant, in accordance with the requirements of Section 4.3 (Termination by EIM Participants) of the EIM PA, may terminate its participation in EIM by providing at least one (1) year advance notice prior to such termination, as set forth in the EIM PA. Notwithstanding the forgoing, any EIM Participant which is an EIM Participating Resource and/or an EIM Participating Resource Scheduling Coordinator is solely responsible for meeting any of its termination obligations set forth in the MO Tariff.

5.3 BANC EIM Transmission Provider Responsibilities

BANC EIM Transmission Providers may include both EIM Participants and non-EIM Participants. All BANC EIM Transmission Providers are responsible for the following:

5.3.1 Eligibility Requirements

To ensure consistency with its tariff, if applicable, and to ensure the reliability of its system, the BANC EIM Transmission Provider may set any eligibility

deleted: 1

deleted: Approved

requirements for resources within the BANC EIM Transmission Provider's system. Such eligibility requirements shall be consistent with this BP and the MO Tariff and shall be coordinated with the EIM Entity to ensure consistency with this BP to the extent practicable.

5.3.2 Determination of EIM Transfer Capability

BANC EIM Transmission Providers shall provide the EIM Entity with amounts of transmission capacity on the BANC EIM Transmission Provider's system available for EIM Transfers consistent with the Applicable OATT and Section 6.2 (Provision of EIM Transfer Capability) of this BP.

5.3.3 Communication of Manual Dispatch Information

A BANC EIM Transmission Provider may take corrective actions within its transmission system, including issuing a Manual Dispatch to an EIM Participant with a BANC EIM Participating Resource in the BANC EIM Transmission Provider's transmission system, outside of the EIM Optimization to address reliability or operational issues in the BANC EIM Transmission Provider's transmission system, or due to disruption of EIM operations.

The BANC EIM Transmission Provider shall inform the EIM Entity of a Manual Dispatch within its transmission system as soon as possible, and in accordance with EIM Entity guidelines or protocols consistent with Section 5.1.3.2 (Communication of Manual Dispatch Information) of this BP.

The BANC EIM Transmission Provider and the EIM Entity shall follow the communication processes set forth in Section 5.1 (EIM Entity and the EIM Entity Scheduling Coordinator), Section 7.3 (Management of Contingencies and Emergencies – Normal and Emergency Conditions) or Section 11.3 (Management of Contingencies and Emergencies – Market Contingencies) of this BP, related to any corrective actions or Manual Dispatches taken by the BANC EIM Transmission Provider to preserve the reliability of its system. The EIM Entity and the BANC EIM Transmission Provider may adopt additional written communication guidelines or protocols outside of this BP to ensure reliable operations of the BANC BAA and to proper communication of events impacting EIM operations with the MO.

5.3.4 Providing Modeling Data

A BANC EIM Transmission Provider shall provide all relevant modeling data for its Transmission System in accordance with the guidelines or protocols for system modeling within the BANC BAA.

5.3.5 Providing Outage Data

A BANC EIM Transmission Provider shall provide all relevant planned and unplanned outage data to the MO for transmission facilities within its transmission system in accordance with Section 8 (Outages) of this BP, and applicable guidelines or protocols.

deleted: 1

deleted: Approved

5.3.6 Providing Meter Data

A BANC EIM Transmission Provider shall ensure that all relevant meter data is provided in accordance with the requirements related to EIM Participants.

5.3.7 Ensuring Consistency Between its OATT and the EIM Entity BP and the MO Tariff

The BANC EIM Transmission Provider remains fully responsible for the development of its OATT, contractual arrangements to facilitate use of an EIM Participant's transmission system for EIM transactions, business practices, operating procedures, guidelines or protocols related to the operation of EIM in its system. The BANC EIM Transmission Provider shall coordinate with the EIM Entity to ensure consistency between its OATT, contractual arrangements to facilitate use of an EIM Participant's transmission system for EIM transactions, business practices, operating procedures, guidelines or protocols related to the operation of EIM in its system.

To the extent a conflict arises between any provision of the BANC EIM Transmission Provider's OATT or contractual arrangements to facilitate use of an EIM Participant's transmission system for EIM transactions, and any provision of the EIM Entity's business practices, operating procedures, guidelines or protocols related to the operation of EIM in its system such disputes will be addressed in accordance with Section 12 (EIM Disputes) of this BP.

6. Facilitation of Transmission Operations

BANC is not a Transmission Service Provider; however, as the EIM Entity, BANC is responsible for ensuring the MO is provided with available EIM Transfer Capability for the BANC BAA in accordance with this section. EIM Transfer Capability is determined by BANC EIM Transmission Providers in accordance with the Applicable OATT and communicated to the EIM Entity.

6.1 Provision to MO of Information Regarding Real-Time Status of the BANC BAA Transmission System

The EIM Entity provides the MO the following information:

- (1) real time data for the BANC BAA Transmission System and interties; and
- (2) any changes to transmission capacity and the BANC BAA Transmission System due to operational circumstances.

6.2 Provision of EIM Transfer Capability

6.2.1 Available Transfer Capability

The EIM Entity shall facilitate the provision of transmission capacity for EIM Transfers by ensuring the MO is provided with information about the amounts

deleted: 1

deleted: Approved

available for EIM Transfers utilizing Available Transfer Capability (ATC) as determined by BANC EIM Transmission Providers.

The provision of EIM Transfer capability using ATC shall be implemented by 40 minutes prior to the Operating Hour (“T-40”). BANC EIM Transmission Providers shall create an E-Tag, with an OASIS identification reservation number(s) created for EIM Transfers utilizing ATC, and shall also include the EIM Entity, MO, all transmission providers, and path operators associated with the OASIS identification reservation number(s) identified in the E-Tag. The amount of ATC will be based upon the lower of the amount of ATC calculated by each EIM Entity at that interface. The ATC associated with the submitted E-Tag shall be available for the EIM, subject to approval of the E-Tag by all required E-Tag approval entities.

7. System Operations Under Normal and Emergency Conditions

7.1 Compliance with Reliability Standards

Participation in the EIM shall not modify, change, or otherwise alter the manner in which the EIM Entity, BANC EIM Transmission Providers, or EIM Participants operate their resources and/or transmission systems for purposes of reliability, consistent with applicable Reliability Standards, including adjustments.

Participation in the EIM shall not modify, change, or otherwise alter the obligations of the EIM Entity, BANC EIM Transmission Providers, or EIM Participants to comply with applicable Reliability Standards.

The EIM Entity, acting dually as Balancing Authority for the BANC BAA, shall remain responsible for:

- (1) ensuring appropriate operating reserves and for its obligations pursuant to any reserve sharing group agreements;
- (2) NERC and WECC responsibilities including, but not limited to, informing the Reliability Coordinator of issues within BANC’s BAA;
- (3) ensuring the processing of E-Tags and managing schedule curtailments at the interties; and
- (4) monitoring and managing real-time flows within system operating limits on all transmission facilities within the EIM Entity BAA, including coordination with BANC EIM Transmission Providers for monitoring and management of facilities within the BANC EIM Transmission Provider’s system. If requested by a BANC EIM Transmission Provider, the EIM Entity will provide additional information or data related to EIM operation as it may relate to facilities of the BANC EIM Transmission Provider.

7.2 Good Utility Practice

deleted: 1

deleted: Approved

The EIM Entity, BANC EIM Transmission Providers, and EIM Participants shall comply with Good Utility Practice with respect to this BP, Applicable OATTs, Existing Agreements, and the MO Tariff.

7.3 **Management of Contingencies and Emergencies**

7.3.1 **EIM Disruption**

If the MO declares an EIM disruption in accordance with Section 29.7(j) (**EIM Disruption**) of the MO Tariff, the EIM Entity shall notify BANC EIM Transmission Providers, and in accordance with Section 29.7(j)(4) of the MO Tariff, ensure the MO is promptly informed of actions taken within the BANC BAA in response to the EIM disruption by providing adjustment information, updates to E-Tags, transmission limit adjustments, or Outage and de-rate information, as applicable. The EIM Entity and any BANC EIM Transmission Provider shall coordinate such communications with the MO through an operating procedure or other protocol to ensure the most effective and timely communication consistent with Section 5.3.3 (Communication of Manual Dispatch Information) of this BP.

7.3.2 **Manual Dispatch**

The EIM Entity may issue a Manual Dispatch to an EIM Participant with a BANC EIM Participating Resource in the BANC EIM footprint outside of the EIM Optimization to address reliability or operational issues in the BANC BAA. The EIM Entity coordinates with BANC EIM Transmission Providers prior to issuing Manual Dispatch instructions for resources within the BANC EIM Transmission Provider's transmission system. The EIM Entity also receives and processes Manual Dispatch information communicated to the EIM Entity from BANC EIM Transmission Providers for Manual Dispatches that are issued within the BANC EIM Transmission Providers' system in accordance with Section 5.3.3 (Communication of Manual Dispatch Information.)

The EIM Entity informs the Market Operator of any manual dispatch within the BANC BAA in accordance with BANC operating procedures or other guidelines or protocols of the EIM Entity. The EIM Entity and any BANC EIM Transmission Provider shall coordinate such communications with the MO through an operating procedure or other protocol to ensure the most effective and timely communication consistent with Section 5.3.5 (Providing Outage Data) of this BP.

8. **Outages**

deleted: 1

deleted: Approved

For the avoidance of doubt, the EIM Entity is ultimately responsible to the MO for the provision of all Outage data under this section; however, for purposes of efficiency, it has been agreed upon among EIM Participants, BANC EIM Transmission Providers and the EIM Entity that the primary interfaces with the MO for the provision of such data, unless agreed to otherwise between the EIM Entity and EIM Participants and BANC EIM Transmission Providers, shall be the EIM Participants and BANC EIM Transmission Providers. The EIM Entity, in consultation with EIM Participants, including BANC EIM Transmission Providers, may adopt guidelines or protocols in support of such exchanges with the MO. The originator of the Outage data is responsible for updates and changes to the Outage data regardless if the change is due to resource availability or a reliability issue.

8.1 BANC Transmission Outages

8.1.1 Planned Transmission Outages and Known Derates

The EIM Entity shall ensure the submission of Outage data regarding planned transmission outages and known derates to the MO's outage management system (OMS) in accordance with Section 29.9(b) of the MO Tariff.

Notwithstanding the foregoing, and unless agreed to otherwise, the BANC EIM Transmission Providers, or EIM Participants that are also Transmission Owners inside the EIM Entity BAA, as applicable, shall remain responsible for the actual submission to the MO of all Outage data required in this section. The EIM Entity's outage management integrates with the MO OMS.

8.1.2 Unplanned Transmission Outages

The EIM Entity shall ensure the submission of information as soon as possible regarding unplanned transmission outages or derates to the MO's OMS in accordance with Section 29.9(e) of the MO Tariff.

Notwithstanding the foregoing, and unless agreed to otherwise, the BANC EIM Transmission Providers, or EIM Participants that are also Transmission Owners inside the EIM Entity BAA, as applicable, shall remain responsible for the actual submission to the MO of all Outage data required in this section.

8.2 BANC EIM Participating Resource Outages

8.2.1 Planned BANC EIM Participating Resource Outages and Known Derates

BANC EIM Participating Resource Scheduling Coordinators shall submit information regarding planned resource outages and known derates directly to the MO and communicate this information back to the EIM Entity, as well as providing any updates, on an ongoing basis, related to such relevant system changes impacting EIM Participating Resource availability. Planned outages and known derates shall be reported to the MO and communicated back to the EIM Entity. The BANC EIM Participating Resource Scheduling Coordinator shall submit this Outage data to the MO's OMS in accordance with Section

deleted: 1

deleted: Approved

29.9(c) of the MO Tariff and communicate this information back to the EIM Entity. BANC EIM Participating Resource Scheduling Coordinators shall update the submittal if there are changes to the resource outage plan.

8.2.2 Unplanned BANC EIM Participating Resource Outages or Derates

In the event of an unplanned outage required to be reported under Section 29.9(e) of the MO Tariff, the BANC EIM Participating Resource Scheduling Coordinator is responsible for notifying the MO and communicating this information back to the EIM Entity of required changes. The BANC EIM Participating Resource Scheduling Coordinator shall submit this information to the MO's OMS and shall communicate this submission of information to the EIM Entity.

9. EIM Settlements and Billing

Attachment A (BANC EIM Settlement Allocation Manual) to this BP shall include information on the specific charges applicable to EIM settlement passed through by the EIM Entity to EIM Participants and BANC EIM Transmission Providers. The EIM Entity shall remain revenue neutral in all EIM payments and charges and shall allocate all payments and charges in accordance with Attachment A to this BP.

9.1 MO Tax Liabilities

Any charges to the EIM Entity pursuant to Section 29.22(a) of the MO Tariff for MO tax liability as a result of the EIM shall be sub-allocated to those EIM Participants triggering the tax liability.

9.2 EIM Transmission Service Charges

The EIM Entity is not a Transmission Provider or Transmission Owner at this time. However, for the avoidance of doubt and for purposes of EIM operations within the EIM Entity footprint, unless subsequently imposed by the MO as part of the MO Tariff, the EIM Entity and the BANC EIM Transmission Providers have agreed that there shall be no incremental transmission charge assessed for transmission use related to the EIM assessed by an EIM Participant. The EIM Entity and the EIM Participants will discuss any future EIM transmission charges imposed by a BANC EIM Transmission Provider with the EIM Committee in order to evaluate and address issues that could impact participation in the EIM under the MO Tariff.

9.3 EIM Payment Calendar

Pursuant to Section 29.11(l) of the MO Tariff, the EIM Entity shall be subject to the MO's payment calendar for issuing settlement statements, exchanging invoice funds, submitting meter data, and submitting settlement disputes to the MO. The EIM Entity shall process all payments and charges in accordance with Attachment A (BANC EIM Settlement Allocation Manual) to this BP, and Disputes process in Section 12 (EIM Disputes) of this BP.

deleted: 1
deleted: Approved

9.4 **EIM Residual Balancing Account**

To the extent that MO EIM-related charges or payments to the EIM Entity are not captured elsewhere in this BP, or this section, those charges or payments shall be placed in an interest-bearing account, with interest accruing until BANC develops an allocation methodology. Such account may include, but is not limited to, the EIM Participant Reserve Account, as created and set forth in the EIM Participation Agreement.

Deleted: Tariff

9.5 **Market Validation and Price Correction**

If the MO modifies the EIM Entity settlement statement in accordance with the MO's market validation and price correction procedures in the MO Tariff, the EIM Entity reserves the right to make corresponding or similar changes to the charges and payments sub-allocated under this BP.

10. **Compliance**

10.1 **Provision of Data**

An EIM Participant with EIM Participating Resources is responsible for complying with information requests they receive directly from the EIM market monitor or regulatory authorities concerning EIM activities.

An EIM Participant with EIM Participating Resources must provide the EIM Entity with all data necessary to respond to information requests received by the EIM Entity from the MO, the EIM market monitor, or regulatory authorities concerning EIM activities.

If the EIM Entity is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information concerning EIM activities that is otherwise required to be maintained in confidence, the EIM Entity may disclose such information; provided, however, that upon the EIM Entity learning of the disclosure requirement and, if possible, prior to making such disclosure, the EIM Entity shall notify any EIM Participant ("Affected Party") of the requirement and the terms thereof, providing a reasonable time for the Affected Party to be able to respond to such disclosure requirement. The Affected Party can, at its sole discretion and own cost, direct any challenge to or defense against the disclosure requirement. The EIM Entity shall cooperate with the Affected Party to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure. It is acknowledged that the EIM Entity and EIM Participants may be subject to federal or state public disclosure laws.

The EIM Entity shall treat all EIM Participant data and information provided to it as market-sensitive and confidential, unless the EIM Entity is otherwise allowed or required to disclose.

10.2 **Rules of Conduct**

These rules of conduct are intended to provide fair notice of the conduct expected and to provide an environment in which all parties may participate in the EIM on a fair and

Deleted: 1

Deleted: Approved

equal basis.

All EIM Participants must:

- (1) Comply with Dispatch Instructions and operating orders of the EIM Entity or applicable BANC EIM Transmission Provider in accordance with Good Utility Practice. If some limitation prevents the EIM Participant from fulfilling the action requested by the MO, the EIM Entity, or the BANC EIM Transmission Provider, the EIM Participant must immediately and directly communicate the nature of any such limitation to the EIM Entity and, if applicable, the BANC EIM Transmission Provider;
- (2) Submit bids for resources that are reasonably expected to both be and remain available and capable of performing at the levels specified in the bid, based on all information that is known or reasonably should have been known at the time of submission;
- (3) Notify the MO, EIM Entity, and/or BANC EIM Transmission Provider, as applicable, of outages in accordance with Section 8 (Outages) of this BP;
- (4) Provide complete, accurate, and timely meter data in accordance with the metering and communication requirements of this BP, and Applicable OATTs, and maintain responsibility to ensure the accuracy of such data communicated by any customer-owned metering or communications systems. To the extent such information is not accurate or timely, the EIM Participant shall be responsible for any consequence on settlement and billing; and
- (5) Provide information to the EIM Entity, including the information requested in Sections 5.2.1 (Initial Registration Data), 5.2.2 (Responsibility to Update Required Data), 5.2.3 (Outages), 5.2.4 (Submission of EIM Participant Base Schedule) and 10.1 (Provision of Data) of this BP, by the applicable deadlines.

10.3 Enforcement

The EIM Entity may refer a violation of Section 10.2 (Rules of Conduct) of this BP to the EIM Committee, its Commission and/or its General Counsel and/or the MO for further action.

11. Market Contingencies

11.1 Temporary Suspension by the MO or by the EIM Entity

In the event that the MO implements a temporary suspension (“Suspension Period”) in accordance with Section 29.1 (d)(1) of the MO Tariff, including the actions identified in Section 29.1 (d)(5), the EIM Entity shall notify BANC EIM Transmission Providers and EIM Participants as soon as practicable and ensure any additional coordination deemed necessary with BANC EIM Transmission Providers. The EIM Entity shall settle all market and non-market energy charges in the most efficient manner as prescribed by BANC as approved by the EIM Committee. Once transition from Market Operations to

deleted: 1

deleted: Approved

the Suspension Period is completed, it is expected that there will not be any charges imposed by the MO. EIM Participants will still be subject to paying their allocated share of ongoing BANC EIM costs required by the EIM Participation Agreement or these BPs during the Suspension Period. This shall continue until the temporary suspension is no longer in effect or, if the MO determines to extend the suspension, for a period of time sufficient to process termination of the EIM Entity's participation in the EIM in accordance with Section 29.1(d)(2) of the MO Tariff.

In the event that the EIM Entity implements a temporary suspension, the same process shall apply.

11.2 Termination of Participation in EIM by the EIM Entity

If the EIM Entity, after approval by the Commission, submits a notice of termination of its participation in the EIM to the MO in accordance with Section 3.2.2 (Termination by the EIM Entity) of the Amended and Restated EIM Entity Agreement between the CAISO and BANC and Section 5.1.1.6 (Determination to Permanently Terminate Participation in the EIM by the EIM Entity) of this BP, in order to mitigate price exposure during the 180-day period between submission of the notice and the termination effective date, the EIM Entity will confirm with the MO that EIM Transfers shall cease on Day 1 of the notice of termination by the EIM Entity, and the EIM Entity is switched by the MO to "non-EIM Entity" on Day 2, in accordance with the MO Tariff and CAISO Business Practice Manual for EIM [11.4.1].

As such, this will ensure, as soon as practicable and in accordance with the MO obligations:

- (1) EIM Transfers will cease with the EIM Entity and the EIM Entity Balancing Authority Area will be separated the EIM operation; and
- (2) There will be a suspension of the settlement of EIM charges with respect to the EIM Entity.

If the EIM Entity takes action under this Section 11.2 (Termination of Participation in EIM by the EIM Entity) of this BP, the EIM Entity shall notify the MO, EIM Participants and BANC EIM Transmission Providers and shall develop a wind down process in consultation with the EIM Committee and approved by the Commission.

Notwithstanding the forgoing, EIM Participants and BANC EIM Transmission Providers shall remain obligated for any charges imposed by the MO on the EIM Entity subsequent to such notice of termination and for their allocated share of ongoing BANC EIM costs during the wind down period in accordance with Section 4.5 (Surviving Obligations) of the EIM PA.

11.3 Management of Contingencies and Emergencies

The EIM Entity or MO may declare a temporary contingency and invoke corrective actions for the EIM when in its judgment:

deleted: 1

deleted: Approved

- (1) operational circumstances (including a failure of the EIM to produce feasible results in BANC’s BAA) have caused or are in danger of causing an abnormal system condition in the BANC BAA that requires immediate action to prevent loss of load, equipment damage, or tripping system elements that might result in cascading outages, or to restore system operation to meet the applicable Reliability Standards and reliability criteria established by NERC and WECC; or
- (2) communications between the MO and the EIM Entity are disrupted and prevent the EIM Entity, the EIM Entity Scheduling Coordinator, or a BANC EIM Participating Resource Scheduling Coordinator from accessing MO systems to submit or receive information.

The EIM Entity also takes corrective action for the EIM based on notice of need for corrective action received from BANC EIM Transmission Providers in accordance with Applicable OATTs. The EIM Entity will coordinate with BANC EIM Transmission Providers and may jointly develop guidelines or protocols to address such actions.

11.3.1 Corrective Actions for Temporary Contingencies

If either of the above temporary contingencies occurs, the EIM Entity may invoke the following corrective actions by making an affirmative request to the MO that the MO immediately, or as soon as practicable:

- (1) prevent EIM Transfers and separate the EIM Entity’s BAA from operation of the EIM in the EIM Area; and/or
- (2) suspend settlement of EIM charges with respect to the EIM Entity.

When corrective action under Section 11.3.1(2) of this BP is implemented, or if the MO, in accordance with the MO Tariff, including Section 29.7(j) (EIM Disruption), requires the use of temporary schedules to set an administrative price, imbalance services shall defer to the provisions of the BANC EIM Transmission Provider’s Applicable OATT; however, the price used by the MO to settle such imbalance services shall be in accordance with Attachment C (EIM Entity Pricing During EIM Disruption or Suspension) to this BP.

If the EIM Entity takes action under this Section 11.3 (Management of Contingencies and Emergencies), the EIM Entity shall notify the MO, BANC EIM Transmission Providers, and EIM Participants. The EIM Entity, BANC EIM Transmission Providers, and the MO shall cooperate to resolve the temporary contingency event and restore full EIM operations as soon as is practicable.

Notwithstanding the forgoing, EIM Participants shall remain obligated for any charges imposed by the MO on the EIM Entity during any such suspension and/or contingency as may be imposed under the MO Tariff. The EIM Entity will coordinate with BANC EIM Transmission Providers and may jointly

Deleted:

Deleted: 1

Deleted: Approved

develop guidelines and/or protocols to address such actions.

12. EIM Disputes

12.1 ***Disputes between the EIM Entity and an EIM Participant or BANC EIM Transmission Provider Related to Allocation of Charges or Payments from the MO***

To the extent a dispute arises between the EIM Entity and an EIM Participant or BANC EIM Transmission Provider regarding the EIM Entity's implementation of this BP's provisions regarding the manner in which the EIM Entity allocates charges or payments from the MO, the parties shall follow the dispute resolution procedures in this Section 12.

12.2 ***Disputes between the MO and EIM Participating Resource Scheduling Coordinators Related to EIM Charges and Payments Directly With the MO***

Disputes involving settlement statements between the MO and EIM Participating Resource Scheduling Coordinators shall be resolved directly between the EIM Participating Resource Scheduling Coordinator and the MO in accordance with the dispute resolution process outlined in the MO Tariff. An EIM Participant with an EIM Participating Resource may choose to inform the EIM Entity if it raises a dispute with the MO, if that dispute may reasonably be expected to impact other EIM Participants or the EIM Entity.

12.3 ***Disputes between the MO and the EIM Entity***

The EIM Entity may raise disputes with the MO regarding the settlement statements it receives from the MO in accordance with the process specified in the MO Tariff.

12.4 ***Disputes Regarding MO Charges or Payments to the EIM Entity Raised by EIM Participants or BANC EIM Transmission Providers***

To the extent a dispute arises regarding a MO charge or a MO payment to the EIM Entity that is subsequently charged or paid by the EIM Entity to an EIM Participant or BANC EIM Transmission Provider, and such EIM Participant or EIM Transmission Provider wishes to raise a dispute with the MO, the EIM Entity shall file a dispute on behalf of such EIM Participant or BANC EIM Transmission Provider in accordance with the MO Tariff and work with the EIM Participant or BANC EIM Transmission Provider to resolve the dispute pursuant to the process specified in the MO Tariff.

12.5 ***Disputes among and between the EIM Entity and EIM Participants or BANC EIM Transmission Providers***

Any disputes between the EIM Entity, EIM Participants, and BANC EIM Transmission Providers, and/or between such parties, arising through participation in EIM shall be addressed in accordance with the Dispute Resolution procedures set forth in Section 14 of the EIM PA.

deleted: 1

deleted: Approved

13. Attachments and Appendices Incorporated by Reference

All Attachments and Appendices hereto are made part of this BP and are hereby incorporated by reference.

14. Amendments

This BP, including its Attachments and Appendices, shall be initially coordinated with the BANC EIM Transmission Providers (which are also EIM Participants) and approved by the Commission. Subsequent amendments to this BP, Attachments and Appendices, may be made by the General Manager upon the unanimous concurrence by the EIM Committee, unless specified otherwise in the individual Attachments and/or Appendices. Such amendments and changes shall be coordinated with BANC EIM Transmission Providers to ensure alignment with Applicable OATTs, and contractual arrangements for use of an EIM Participant's transmission system, as reasonable, and to resolve any disputes between the EIM Entity and BANC EIM Transmission Providers that may arise from proposed changes to this BP. Absent unanimous concurrence by the EIM Committee with the General Manager, amendments to this BP must be approved by the Commission. Amendments and changes to this BP shall be reflected in updates to the Version History set forth in Appendix 2 (Version History) in accordance with the process prescribed in that appendix.

APPROVAL DRAFT

deleted: 1
deleted: Approved

Attachment A: BANC EIM Settlement Allocation Manual

APPROVAL DRAFT

Attachment B: BANC Unsecured Credit Pool

APPROVAL DRAFT

Deleted: A

Attachment C: BANC Imbalance Pricing During EIM Disruption or Disruption

- Deleted:** A
- Formatted:** Font: (Default) Arial, 14 pt, Font color: Auto, Expanded by 0.2 pt
- Deleted:** BANC EIM Settlement Allocation Manual
- Deleted:** [To be inserted in a future version]

APPROVAL DRAFT

- Deleted:** A
- Deleted:** l
- Deleted:** ed

Appendix 1: Notices

Amendments

Updates to this Appendix 1 (Notices) can be made at any time, as required, by the General Manager. Such changes will constitute a “minor” revision with respect to an update to Appendix 2 (Version History) of this BP.

Formatted: Heading 1

Deleted: ¶
[To be inserted in a future version]

APPROVAL DRAFT

Deleted: ¶

Deleted: ed

Appendix 2: Version History

Balancing Authority of Northern California Business Practice			
Version	Issue Date	Approved	Remarks
1.0	10/28/2020	10/28/20	BANC Commission Approval
2.0	XX/XX/XX	XX/XX/21	BANC Commission Approval

Amendments

Updates to this Appendix 2 (Version History) shall be made upon any amendments to this BP, Attachments or Appendices subsequent to such amendments. Minor changes, as determined by BANC counsel, to this BP, Attachments or Appendices shall only require a change to numbering after the decimal point (i.e., 1.1 to 1.2, etc.) to this Version History. Significant changes, as determined by BANC counsel, to this BP, Attachments or Appendices shall be reflected in the numeral before the decimal point (i.e., 1.0 to 2.0, etc.) of this Version History. The revised BP shall be posted on the BANC Website.

- Deleted: 1
- Deleted: 10/28/2020
- Deleted: 10/28/20
- Formatted: Highlight

APPROVAL DRAFT

- Deleted: v1
- Deleted: ed

Attachment C: BANC Imbalance Pricing During EIM Disruption or Suspension

In accordance with Section 11.3.1 (Corrective Actions for Temporary Contingencies) of this BP, and the MO Tariff, Section 29.7(j)(2)(D) (CAISO Response to EIM Disruption) and the BPM for Energy Imbalance Market, Section 11.4.1(5) (Recovery Approach), during an EIM market disruption that requires imbalance pricing to be set administratively by the EIM Market Operator, the price for the BANC EIM Entity footprint shall be the *CAISO DA NP-15 EZ Gen Hub Price (TH_NP15_GEN-APND)*.

Braun Blaising Smith Wynne, P.C.

Attorneys at Law

5/18/21

To: BANC Commission
From: BANC Counsel
RE: Commission Approval of BANC EIM Unsecured Credit Pool

Introduction

At the February 24, 2021 meeting, the Commission approved BANC Resolution 21-02-16 (Authorization of BANC EIM Phase 2 Collateral Approach), which outlined a non-cash approach to address the need for the Balancing Authority of Northern California (BANC) to address its collateral obligations in the Energy Imbalance Market (EIM) operated by the California Independent System Operator (CAISO). This approach, which is authorized under the CAISO Tariff, allows for signatories to a joint powers agreement (JPA) to assign a portion of its/their surplus unsecured credit, as calculated by the CAISO,¹ to the JPA for use by that JPA in lieu of cash collateral. However, at start-up of Phase 2, there was not sufficient time to put the mechanisms in place to allow for all of the JPA-member EIM Participants to verify their level of unsecured credit and complete the assignment to BANC. Therefore, the Commission approved an approach which provided that, for an initial period, the Sacramento Municipal Utility District (SMUD), which has sufficient available/surplus unsecured credit with the CAISO, would assign \$5 million² of that available/surplus unsecured credit to BANC for start-up of the EIM Phase 2. In addition, the Commission agreed to support an obligation of the EIM Participants to refund any draws on the unsecured credit by the CAISO based on the EIM Participant's respective funding obligations set forth in the EIM Participation Agreement.

Finally, the Commission approved that, after the startup of Phase 2, BANC staff and counsel would work with the other eligible EIM Participants³ to move to a multi-participant model which would allow all of the eligible EIM Participants to contribute their respective share of the unsecured credit to the BANC pool, along with SMUD. This memorandum, therefore, discusses the approach we have reached and the BANC EIM Business Practice (BP) changes that are being proposed for approval to incorporate this approach.

¹ This will be described further herein, but each CAISO market participant can request a calculation of their unsecured credit. Based on an entity's credit rating, assets, etc., the CAISO can assign as much as \$50 million in unsecured credit. The surplus of which we speak is that above what an individual entity might need for its own market activity, but below its calculated unsecured credit amount.

² The \$5 million level is explained further below.

³ Eligibility is discussed further in this memorandum.

UCP Proposal

We are seeking Commission approval of a BANC Unsecured Credit Pool (UCP), which will be described and set forth as Attachment B of the BP. The UCP is structured to allow any *qualified EIM Participant* to assign a portion of its unsecured credit to BANC to be used by BANC in lieu of its cash collateral requirements in accordance with the CAISO Tariff. Currently, the CAISO Tariff allows for signatories to a JPA to assign unsecured credit to the JPA. Thus, at least initially, to be a “qualified EIM Participant,” the CAISO has taken the position that the entity needs to be a party to the BANC JPA. This means that the Western Area Power Administration – Sierra Nevada Region (WAPA) cannot participate. That noted, we are exploring whether this might still be possible under a related provision in the tariff allowing another agreement, with similar force and effect, to suffice. Thus, the CAISO is reviewing whether the BANC EIM Participation Agreement, to which WAPA is a signatory, could meet this requirement. Furthermore, any participant assigning its unsecured credit must also execute a binding guaranty with the CAISO in the amount of the assigned unsecured credit. WAPA is therefore reviewing whether they can legally execute such a guaranty. In the meantime, we are proposing to move forward with the EIM Participants who have executed the BANC JPA. This is proposed to occur under the timeline adopted by the Commission in Resolution No. 21-02-16, with the proposed modification that, due to a delay in obtaining the requisite governmental approvals to enter into a guaranty with the CAISO, the June 1, 2021 date in the February resolution is being modified to “as soon as practicable, but no later than July 1, 2021.”

The collateral, or UCP, is set at an aggregate level by the CAISO and the BANC Settlement Services Provider [SMUD] to represent the financial risk BANC, as an EIM Entity Scheduling Coordinator, poses to the CAISO market. Currently, based on extrapolations from BANC EIM Phase 1, it is estimated that this amount should be set around \$5 million to avoid additional collateral (or unsecured credit) calls by the CAISO.

The individual UCP contributions are set forth in Appendix B-1 (BANC Unsecured Credit Pool Participant Percentages) to BP Attachment B. For simplicity, we are proposing to allocate the individual contributions to the UCP in accordance with the formula contained in Exhibit A, Table 2 (Section 12.1/Cost Allocation for Violations) of the Second Amended and Restated BANC EIM Participation Agreement. For convenience, these amounts are as follows:

UCP Participant	UCP Participant Percentage
Modesto Irrigation District	16.0%
City of Redding	6.1%
City of Roseville	7.6%
Sacramento Municipal Utility District	70.3%

As noted, each participant in the UCP must also execute a form guaranty with the CAISO. All of this has been provided to the participants, and these executions are underway.

The BP was determined to be the best place to establish the UCP. As such, we have amended Section 5.2.5 (Credit and Collateral Requirements Related to EIM Participants) of the

BP to incorporate this option, as well as added a new Attachment B, with a detailed description and procedures for the UCP. We also added a new definition, 2.5 (BANC Unsecured Credit Pool) to the BP. The UCP and the associated amendments to the BP have been reviewed by both the Legal Committee and the EIM Committee.

Conclusion

We recommend that the Commission approve the UCP, provided as Attachment B to the BP, in addition to the commensurate changes to the BP. BANC staff will continue to work with WAPA to determine whether they might be able to participate at a later date. Should this occur, appropriate amendments to the Attachment B will be brought to the Commission for further action.

**Balancing Authority of Northern California
Resolution 21-05-18**

APPROVAL OF BANC EIM UNSECURED CREDIT POOL

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, the Commission authorized BANC to become an Energy Imbalance Market (“EIM”) Entity and directed BANC staff to pursue EIM participation under a phased approach, including that BANC become an EIM Entity and execute all applicable agreements with the California Independent System Operator (“CAISO”), which serves as the Market Operator for EIM, and among BANC and EIM Participants, as approved by the Commission; and

WHEREAS, on March 25, 2021, BANC implemented Phase 2 of EIM, whereby additional BANC Members the Modesto Irrigation District, the City of Redding, CA, and the City of Roseville, CA, as well as the Western Area Power Administration – Sierra Nevada Region, as a BANC EIM participant, joined the Sacramento Municipal Utility District, which was the sole Phase 1 EIM participant in BANC; and

WHEREAS, because BANC does not have physical assets, the CAISO Tariff requires BANC, as the EIM Entity, to post collateral to cover its potential EIM liabilities due to its participation in the market; and

WHEREAS, the CAISO Tariff Section 12.1.1.1 will allow for public agencies, such as BANC members, that operate through a JPA to assign any excess unsecured credit awarded by the CAISO that it is not being used for their individual CAISO market participation to the JPA in lieu of posting cash collateral with the CAISO; and

WHEREAS, at the commencement of Phase 2 on March 25th, SMUD had sufficient excess unsecured credit above its individual needs to be able to assign \$5 million in its unsecured credit to BANC for use in lieu of cash collateral in accordance with the CAISO Tariff, and SMUD further entered into a guaranty with the CAISO to secure the transfer; and

WHEREAS, SMUD agreed to do so, conditioned upon the Commission adopting Resolution 21-02-16, ensuring that: 1) any call upon that unsecured credit by the CAISO will require EIM Participants to pay their proportionate share of any amount drawn upon by the CAISO, and 2) as soon as practicable, the other eligible EIM Participants contribute a proportionate share of unsecured credit to a BANC unsecured credit pool, initially started by SMUD, prior to June 1, 2021; and

WHEREAS, after BANC staff, in consultation with the EIM Committee and Legal Committee, has developed a BANC EIM Unsecured Credit Pool (“UCP”), which shall be incorporated as Attachment B to the BANC EIM Business Practices; and

WHEREAS, the UCP will initially include EIM Participants which are signatories to the JPA and will follow the allocation percentages set forth therein; and

WHEREAS, due to requisite governmental entity approvals required by certain UCP participants in order to execute the unsecured credit guaranty with the CAISO, the June 1, 2021 UCP implementation date cannot be achieved as previously described in Resolution 21-02-16, but soon thereafter; and

WHEREAS, SMUD agrees to the modification from “June 1, 2021” to “as soon as practicable, but no later than July 1, 2021” for implementation of the UCP; and

WHEREAS, BANC staff and WAPA will continue to discuss whether WAPA can participate in the UCP at some time in the future; and

**Balancing Authority of Northern California
Resolution 21-05-18**

WHEREAS, changes to the UCP which involve either the addition of new participants, such as WAPA, or the removal of any of those initially UCP participants, will come back to the Commission for further action.

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

1. Approve the UCP, proposed as Attachment B to the BANC EIM Business Practices, inclusive of the approved percentages of:

- MID: 16%
- Redding: 6.1%
- Roseville: 7.6%
- SMUD: 70.3%

and

2. Approve the initial gross unsecured credit amount in the amount of *five (5) million dollars* to BANC in accordance with CAISO Tariff Section 12.1.1.1; and
3. Approve the amendments to the BANC EIM Business Practices to effectuate the UCP.

**Balancing Authority of Northern California
Resolution 21-05-18**

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 26th day of May 2021, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	James McFall				
City of Redding	Dan Beans				
City of Roseville	Michelle Bertolino				
City of Shasta Lake	James Takahara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Dan Beans
Chair

Attest by: C. Anthony Braun
Secretary

Attachment B: BANC Unsecured Credit Pool

1. Preface

In accordance with Section 5.2.5 (Credit and Collateral Requirements Related to EIM Participants) of this BP, the following shall constitute what is being referred to as the “BANC Unsecured Credit Pool” (UCP). The UCP is a pool of unsecured credit, determined in accordance with the California Independent System Operator (CAISO) Tariff and CAISO Credit Management and Market Clearing Business Practice Manual (BPM), which is assigned by each *qualified* EIM Participant to BANC pursuant to Section 12.1.1.1 of the CAISO Tariff.¹ To be a qualified EIM Participant, the assigning entity must also be a signatory to the BANC Joint Powers Agreement (JPA), or otherwise be approved by the CAISO in accordance with Section 12.1.1.1 of the CAISO Tariff. The UCP assigned to BANC can serve in lieu of cash collateral required under the CAISO Tariff for Scheduling Coordinators. As an EIM Entity, BANC is the Scheduling Coordinator for the BANC EIM Entity footprint.

2. Special Definitions

Any capitalized terms not defined herein shall have the meaning(s) set forth in either the BP, inclusive of the BANC EIM Settlements Manual (Manual) or the CAISO/Market Operator (MO) Tariff.

- 2.1 *Aggregate UCP Level*** shall mean the gross amount of unsecured credit needed by the EIM Entity to serve in lieu of cash collateral as required by the CAISO Tariff. The Aggregate UCP Level is determined in accordance with Section 4.0 (Determination of Aggregate UCP Level) of this UCP.
- 2.2 *UCP Participant*** shall mean an EIM Participant, which is also a signatory to the BANC JPA or has obtained some other means of approval by the CAISO in accordance with Section 12.1.1.1 of the CAISO Tariff, which participates in the UCP by assigning a portion of its unsecured credit in accordance with this Attachment B.
- 2.3 *UCP Participant Percentage*** shall mean the percentage of the Aggregate UCP Level described in Section 4.0 (Determination of Aggregate UCP Level) an UCP Participant is responsible to contribute to the UCP. The UCP Participant Percentages are set forth in Appendix B-2 (BANC Unsecured Credit Pool Participant Percentages) of this UCP.

3. Participation

Each EIM Participant, which is also a BANC JPA signatory, may participate in the UCP by doing all of the following:

1. Notifying the BANC General Manager of the entity’s intent to participate;
2. Meeting the criteria under Section 12.1.1.1 of the CAISO Tariff;

¹ CAISO Tariff and “Market Operator” or “MO” Tariff are to be considered synonymous.

3. Executing a Guaranty with the CAISO/MO, setting forth the amount of unsecured credit being transferred to the EIM Entity/BANC JPA in accordance with the allocation of UCP assigned to the EIM Participant in accordance with this attachment; and
4. Obtaining any necessary approvals to be added to Appendix B-1 of this UCP, including approval of the proposed allocation of individual UCP responsibilities being assigned to each UCP Participant, as approved by the BANC Commission.

4. Determination of Aggregate UCP Level

In order to determine the individual allocated share of UCP responsibility for each UCP Participant, the aggregate UCP amount shall be first determined by the BANC Settlement Services Provider and provided to the BANC General Manager (General Manager). The General Manager will communicate this aggregate UCP amount to the EIM Committee for review and concurrence. As a general rule, the aggregate UCP should reflect the highest level of estimated EIM settlements for the EIM Entity with the CAISO/MO over the course of a calendar year (January 1 – December 31). This level should be commensurate or possibly higher than what the EIM Entity would likely be required to post in cash collateral with the CAISO in accordance with the CAISO Tariff and BPM. This aggregate UCP amount, upon concurrence by the EIM Committee, will be used to determine the individual UCP Participant’s allocation in accordance with Section 5.0 (Allocation of UCP Obligations Among UCP Participants) herein. Both the aggregate UCP under this Section 4.0 and the individual allocation of UCP among UCP Participants under Section 5.0 shall be approved by the Commission.

5. Allocation of UCP Obligations Among UCP Participants

5.1 General

Except as provided in Section 5.2 (Change in Allocation) below, the default rule for allocating the obligations among UCP Participants shall be in accordance with the Second Amended and Restated EIM Participation Agreement (EIM PA), Table 2, “EIM Participant Allocation Percentages based on 3-Year Average NEL,” Section 12.1/ Cost Allocation for Violations. This table of the EIM PA reflects the participation percentages of all EIM Participants, except the Western Area Power Administration – Sierra Nevada Region (WAPA).² For convenience, the proposed percentages for Each UCP Participant are set forth in Appendix B-2 (UCP Participant Percentages) of this UCP.

5.2 Change in Allocation

Notwithstanding Section 5.1, the EIM Entity and UCP Participants may agree to change the allocations in any manner they deem appropriate; however, such changes shall be reviewed by the EIM Committee and approved by the Commission. Such changes shall be reflected in an

² As a non-party to the BANC JPA, it is believed that WAPA cannot assign unsecured credit in accordance with Section 12.1.1.1 of the CAISO Tariff, which states, in pertinent part, that “[p]ublic entities, including Local Publicly Owned Electric Utilities, that operate through a Joint Powers Agreement, or a similar agreement acceptable to the CAISO with the same legal force and effect, shall be entitled to aggregate or assign their Unsecured Credit Limits . . .” (emphasis added). BANC and WAPA are working with the CAISO to determine whether the BANC EIM Participation Agreement might by another means by which WAPA can also participate under Section 12.1.1.1 of the Tariff (i.e., can the EIM Participation Agreement suffice as a “similar agreement” to the BANC JPA?). If this is approved by the CAISO and WAPA can execute the Guaranty with the CAISO, BANC will submit revisions to the Commission for approval.

update to Appendix B-2 (UCP Participant Percentages) of this UCP.

6. Changes in Allocation Among UCP Participants Due to Withdrawal or a New UCP Participant

Notwithstanding Section 5 (Allocation of UCP Obligations Among UCP Participants), should an UCP Participant withdraw its share of unsecured credit from the UCP for any reason, the remaining UCP Participants shall determine how to reallocate the UCP obligations equitably among the remaining UCP Participants. Similarly, should a qualified EIM Participant later participate in the UCP, the individual obligations shall be reallocated as determined by the UCP Participants.

In either the case of a change by withdrawal or addition, the revised allocations shall be reviewed by the EIM Committee and approved by the Commission. Updates to the Appendices (B-1 and B-2) shall be made to reflect the approved changes.

7. Termination of the UCP

The UCP may be terminated upon mutual consent of the UCP Participants and Commission approval; however, to the extent BANC remains as the EIM Entity, the EIM Participants shall ensure that the UCP is replaced by cash collateral in accordance with the CAISO Tariff and BPM and in accordance with Section 5.1.4 (Credit and Collateral Requirements Imposed on the EIM Entity by the MO) and 5.2.5 (Credit and Collateral Requirements Related to EIM Participants) of the BP.

8. Amendments to UCP

This UCP may be amended by mutual consent of the UCP Participants with the concurrence of the EIM Committee. Notwithstanding the foregoing, any amendments which substantially and materially alter the intent of this UCP shall be vetted with the EIM Committee and approved by the Commission. Such determination as to whether amendments “substantially and materially alter the intent of the UCP” shall be determined by the General Counsel with the concurrence of the Legal Committee. Amendments to the Appendices are to be made in accordance with Section 5.0 (Allocation of UCP Obligations Among UCP Participants) and Section 6.0 (Changes in Allocation Among UCP Participants Due to Withdrawal or a New UCP Participant) of this UCP.

Appendix B-1: BANC Unsecured Credit Pool Participants

The following EIM Participants have met the requirements under Section 3.0 (Participation) of this UCP:

1. Modesto Irrigation District
2. City of Redding
3. City of Roseville
4. Sacramento Municipal Utility District

Appendix B-2: BANC Unsecured Credit Pool Participant Percentages

The following EIM Participant Percentages are in effect in accordance with Section 5.0 (Allocation of UCP Obligations Among UCP Participants) of this UCP:

UCP Participant	UCP Participant Percentage
Modesto Irrigation District	16.0%
City of Redding	6.1%
City of Roseville	7.6%
Sacramento Municipal Utility District	70.3%

Balancing Authority of Northern California

Agenda Item 5Aiii

1. **Resolution 21-05-19 Approval to Participate in Joint Public Power Engagement with California Energy Commission, CAISO, and State Agencies for System Modeling Resulting from SB100 Implementation.**
2. **Outline of Proposal & Scope of Work for POU BAA Support and Facilitation – SB100 and Related Matters.**

**Balancing Authority of Northern California
Resolution 21-05-19**

**APPROVAL TO PARTICIPATE IN JOINT PUBLIC POWER ENGAGEMENT
WITH CALIFORNIA ENERGY COMMISSION, CAISO, AND STATE AGENCIES
FOR SYSTEM MODELING RESULTING FROM SB100 IMPLEMENTATION**

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

WHEREAS, BANC has participated in and commented on the public consideration of system and portfolio studies that were spearheaded by the California Energy Commission and other state agencies to consider resource trajectories to achieve the goals set forth in SB 100; and

WHEREAS, BANC and other POU Balancing Authority Areas (BAAs) raised concerns regarding affordability and reliability and urged the state agencies to collaborate more closely with California BAAs to assess the implications of various resources scenarios on the ability to maintain system reliability; and

WHEREAS, the state agencies have reached out the POU BAAs and the California Municipal Utilities Association (CMUA) to commence a more in depth assessment of resource and transmission planning scenarios and the impacts on system reliability; and

WHEREAS, it is essential that POU BAAs, including BANC, be proactive in state agency engagement to help shape energy policy as resource plans are developed; and

WHEREAS, there has been discussion and a general conceptual agreement on a plan to coordinate and support joint POU BAA engagement in this new state planning initiative, utilizing CMUA to administer a special project and utilizing BANC contingency funds for an initial period; and

WHEREAS, coordination with other POU BAAs will help ensure cost-effectiveness of engagement; and

WHEREAS, time is of the essence, as state agency workshops could begin in early June.

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

1. Authorize the General Manager to enter into a contract or other arrangements as necessary to coordinate with other POU BAAs and engage proactively in this agency effort;
2. Authorize use of contingency funds already contained in the BANC budget for an initial period and in an initial amount not to exceed \$30,000;
3. Direct the General Manager to report back to the Commission on the status of this effort, scope of work, and budget expectations at a future Commission meeting.

**Balancing Authority of Northern California
Resolution 21-05-19**

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 26th day of May 2021, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	James McFall				
City of Redding	Dan Beans				
City of Roseville	Michelle Bertolino				
City of Shasta Lake	James Takahara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Dan Beans
Chair

Attest by: C. Anthony Braun
Secretary

**Outline of Proposal
Scope Of Work
POU BAA Support and Facilitation
SB 100 and Related Matters**

Need

In early 2021, the CEC reached out to CMUA and the BAAs to engage in a conversation on how best to implement the goals of SB 100. The agency noted in several CMUA and BAA comments our concerns for reliability and affordability, and our calls for greater collaboration.

CEC Commissioners have subsequently continued outreach to POU and provided more insight into what their plans are for some to be initiated efforts. Likely activities include statewide resource assessment for several purposes, including decarbonization trajectories, costs, and reliability impacts to such future portfolio options.

The CEC would like to get deeper into reliability assessments of various portfolio scenarios, including assessment of transmission planning associated with different portfolios, and land use issues associated with transmission and generation portfolios. The agency would like to use the BAAs, both POU and the CAISO, to help ground that analysis.

It seems reasonably clear that this process is moving forward and will affect the POU BAAs, as it helps shape policy and transmission expansion. POU will have the opportunity to play a key role in the studies, particular on issues surrounding the reliability implications of various portfolios studied.

Thus, an organized approach to staff and technical interaction with the agency efforts, and a resulting communication strategy among the POU BAAs is needed as the agencies become ambitious with the scope of the SB 100 study efforts.

Concept

Add outside facilitation, project management, and legal services to augment POU BAA staff and help guide the POU BAA interaction with the CAISO and relevant agencies. The goal is to provide adequate technical support if needed to augment POU BAA resources, ensure coordination and “team lead” function that manages the project and interfaces regularly with the CEC and CAISO, and have available legal services if needed for analysis and drafting of joint POU BAA comments.

Proposal

Utilize Braun Blasing Smith Wynne, P.C. (BBSW) to spearhead this project. BBSW already has contractual relationships with BANC and CMUA. BBSW interfaces regularly with agency staff, POU BAAs, other POU, the Governor’s office, the CAISO, and industry leaders on a host of energy policy issues. We are well positioned to help organize concerted efforts of the group and lead a coordinated team effort to help shape SB 100 study efforts. BBSW also regularly subcontracts with technical consultants as directed by firm clients to facilitate contracting and ensure a coordinated approach to work performed.

Scope

- Organize regular POU BAA team meetings. We would initially recommend a technical POU BAA committee and a steering committee to organize these internal efforts.
- Provide lead communications with the CEC, other joint agency contact points as appropriate, and the CAISO as SB 100 study efforts unfold, with a concentration of ensuring the reliability needs of the system are reflected in future studies.
- Develop policies and positions as directed and approved by POU BAAs, including comments or other filings relevant to integration of renewables, decarbonization of the electric sector, and resulting impacts on grid reliability.
- Engage technical consultants, if needed and directed by project participants, to examine studies, understand modeling issues, suggest study sensitivities, and critique study results. This consultant would subcontract to BBSW to ensure administrative efficiency and help project confidential communications.

Contracting Details

We would propose to utilize a special project agreement with CMUA to accomplish these tasks. . CMUA staff would be included in our deliberations but not expected to have work responsibilities. BBSW would contract directly with CMUA and POU BAAs would be invoiced by CMUA.

Budget

General Project Management \$5,000/month

This would include all internal meetings, correspondence, interface with the CEC, interface with the CAISO, and other industry segments as appropriate. This budget estimate is based on 15-20 hours of work per month for this portion of the overall Scope of Work. This could be billed on an hourly basis or a flat “not to exceed” basis, whichever is determined to be a better fit the nature of the services.

Comments and Regulatory Advocacy \$3,000/month

This estimate is based on an assumption of developing and drafting 5 sets of comments on relevant study issues filed in appropriate agencies per year, including all internal coordination and member revisions. We would not propose to bill this on a flat fee but on a time and materials basis as it is less clear what the extent of this task may entail.

Technical Support TBD; Estimate \$80,000

At this time we don’t know if engaging outside technical support is desired or needed. Our experience suggests that these efforts are very time intensive and the commitment of POU BAA staff may be substantial. Efforts of the Renewable Energy Transmission Initiative are instructive, where POU BAA staff in the aggregate spend hundreds of hours guiding technical study work. While it is premature

to conclude that this effort will be that substantial, even a fraction of that would represent a considerable commitment of individual BAA staff.

Any consultant hired should be able to hit the ground running, which means an understanding of the modeling tools utilized by the CEC and the CPUC in its Integrated Resource Planning process is important.

If the POU BAAs would like to consider an outside consultant to support technical study efforts, we will endeavor to understand the possible time commitment and budget implications beyond the placeholder included above.

Proposed Initial Allocation of Costs

Since it is a well understood measure of load for several cost allocation mechanisms, we would propose to use the WECC Net Energy for Load (NEL) calculation to allocate these costs. Based on NEL the breakdown of proxy budget cost allocation would be as follows:

	<u>Load Share</u>	<u>Cost</u>
Balancing Authority of Northern California	0.344	\$60,544
Imperial Irrigation District	0.074	\$13,024
Los Angeles Department of Water and Power	0.528	\$92,928
Turlock Irrigation District	<u>0.054</u>	<u>\$9,504</u>
Total	1.000	\$176,000

Conclusion

There is a real opportunity to leverage our combined efforts and maximize our ability to shape the upcoming agency efforts. The alternative is to have the agencies proceed and to relegate our role to a stakeholder rather than an active agent helping to shape the studies and the resulting portfolios. This proactive approach was the role contemplated in the language of SB 100 and aligns with the values of the POU BAAs to prioritize reliability grid operation and minimize cost impacts to our customers.