

Balancing Authority of Northern California

Regular Meeting of the Commissioners of BANC

2:00 P.M.

Wednesday, July 28, 2021

Telephonic Meeting

555 Capitol Mall, Suite 570

Sacramento, CA 95814

Balancing Authority of Northern California

NOTICE OF REGULAR MEETING AND AGENDA

Notice is hereby given that a regular meeting of the Commissioners of the Balancing Authority of Northern California (BANC) will be held on **July 28, 2021 at 2:00 p.m.** **The meeting will be conducted pursuant to the provisions of the Governor's Executive Orders N-29-20 and N-08-021. Some, or all, of the Commissioners may attend the meeting electronically or telephonically.**

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): 182 033 4798
WebEx Meeting Link:

<https://braunblaisingsmithwynne.my.webex.com/braunblaisingsmithwynne.my/j.php?MTID=mfbcb34722625cfb13784473337778ffc>

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 May 26, 2021.
 - B. BANC Operator Reports (May and June).
 - C. Compliance Officer Report (June and July).
 - D. PC Committee Chair Report (June and July).
 - E. General Manager's Report and Strategic Initiatives Update.
- 5 Regular Agenda Items – Discussion and Possible Action.**
 - A. Appointment of Commission Chair in accordance with BANC JPA Section 11.4.
 - B. SB100 Update – Presentation by Commissioners Douglas and Gunda on SB 100 Process.
 - C. Outreach and Briefing with Energy Imbalance Market Governing Body.
 - D. General Manager Updates.
 - i. Heat Wave Update.
 - ii. EIM Update.
 - iii. EDAM Update.
 - iv. NWPP Resource Adequacy Program Update.
 - v. Budget Updates.
 - vi. 2021 BANC Strategic Planning Meeting Update.
 - E. Consider and Possibly Approve Resolution 21-07-22 *Authorization of Market Support Services Contract Extension.*
- 6 Closed Session:** Conference with legal counsel – existing litigation pursuant to Cal. Gov't Code § 54956.9; one case: FERC Docket ER21-1790-000 California Independent System Operator Corporation submits tariff filing per 35.13 (a)(2)(iii): 2021-04-28 Load, Exports, and Wheeling.
- 7 Adjournment.**

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

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

May 26, 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)	Paul Hauser

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

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 Hauser moved, Commissioner McFall seconded, and the participating Commissioners (Roseville joined following the Consent Agenda) unanimously approved the Consent Agenda items comprised of: (A) Minutes of the Regular Commission Meeting held on April 28, 2021; (B) BANC Operator Reports for March (revised) and April; (C) Compliance Officer Report for May; (D) PC Committee Chair Report for May; 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 operations have been smooth to-date with EIM tie points fully open. Technical evaluations and Settlements subcommittees have been established and are actively meeting. Bal and Flex Ramp Test performance are being monitored and will continue to be evaluated as needed.

On April 2nd, CAISO declared an EIM market disruption, and the practice is to use the EIM Entity's default pricing outlined in its OATT. This issue was not contemplated in the

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BANC Business Practices (BPs) for Phase 2, and because there are two OATTs – SMUD and WAPA – an interim solution was required and SMUD default pricing was used for the April 2nd event. Following additional discussions with both entities, a proposal to formalize the administrative pricing for BANC through an amendment to the BPs has been developed for consideration by the Commission.

Commissioner McFall moved, Commissioner Hauser seconded, and a roll call vote was taken. All participating Commissioners voted unanimously in favor of Resolution 21-05-17 *Approval of BANC EIM Administrative Pricing Proposal*.

Mr. Shetler reviewed the proposed approach for assignment of EIM Participant unsecured credit. Member participants are in the process of executing their individual member guarantees and the current expectation is that this will be completed by the end of June. A meeting between WAPA, CAISO, and BANC took place in early May with a follow-up scheduled, as options for WAPA continue to be explored. A proposal to formalize the approach as Attachment B to the BPs has been put forth for Commission consideration.

Commissioner Bertolino moved, Commissioner Lau seconded, and a roll call vote was taken. All participating Commissioners voted unanimously in favor of Resolution 21-05-18 *Approval of BANC EIM Unsecured Credit Pool*.

- B. Mr. Shetler shared with the Commission that there were no updates related to the EDAM stakeholder process, as it remains on hold until fall of 2021. Mr. Tony Braun, BANC Counsel, updated the Commission on developments related to the Governance Review Committee (GRC). The GRC held a workshop last week to socialize with the broader stakeholder community a proposal that is likely to be put forth related to EIM Governance changes. The proposal greatly expands the authority of the EIM Governing Body and adopts a Joint Authority Model for matters applicable to EIM, whereby approval of the EIM Governing Body would be required to make a tariff or market rule change. A written comment period extends through June 11th followed by a drafting period and issuance of a final proposal before it is calendared for approval toward the end of summer. A clarification was made that this proposal does not apply to EDAM.

With respect to CAISO Summer Enhancements, Mr. Shetler shared that a final straw proposal was approved by the CAISO Governing Body and tariff amendments filed at FERC. Interventions have been filed by a number of entities, and BANC filed in support of the Export Priorities and Generation Derates approach and expects to file an intervention on the other issues to stay apprised of developments.

- C. Mr. Shetler provided a NWPP Resource Adequacy Program update, stating that Phase 2B of the effort is wrapping up and a decision on continuing to participate will be needed by August. He also noted that the point of compliance for the program is the Load Responsible Entity, which is the Load Serving Entity (LSE) or anyone representing LSE(s). This means that any LSE within BANC could become a participant whether BANC decides to participate or not. Mr. Shetler stated that the next steps involve attending an LSE information forum, evaluating results from program developer analyses, reviewing cost estimates for the next phase of the project, and further discussion with the BANC Resources Committee regarding a recommendation for Commission consideration.
- D. Mr. Shetler introduced a proposal that has been developed via POU BAA coordination with the California Municipal Utilities Association (CMUA) that would allow BANC to

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

participate with the other BAAs in a collaborative approach to the next phase of SB100 analyses. He noted that there is sufficient funding within the contingency of the 2021 budget to cover this effort. Ms. Anderson expressed WAPA's interest in staying engaged with the ongoing conversations around this topic.

Commissioner McFall moved, Commissioner Bertolino seconded, and a roll call vote was taken. All participating Commissioners voted unanimously in favor of 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.*

- E. Mr. Shetler reminded the Commission 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; telephonic participation is also a potential option. He also stated the need for a June Commission meeting was being evaluated and that the Commission chair will need to be replaced at the next meeting.

6. Closed Session: The Commission retired to closed session at 2:35 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 2:50 p.m., where no formal action was taken.

Minutes approved on July 28, 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 May 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: None
 - All recoveries within 0 minutes
- USF
 - 10 of 31 days with instances of USF mitigation procedure utilized
 - 3 days on Path 66
 - No operational impact on BANC
- BAAL Operation:
 - Maximum duration of BAAL exceedance: 14 Minutes
 - 7-min 5/10/21 – Slow generator response to a 150 MW EIM ramp
 - 7-min 5/17/21 – Slow generator response to a 200 MW EIM ramp
 - 8-min 5/22/21 – Slow generator response to a 200 MW EIM ramp
 - 8-min 5/23/21 – Slow generator response to a 150 MW EIM ramp
 - 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
 - Q1 Frequency Response Measure (FRM): -40.6 MW/0.1Hz
 - Q1 Number of Under-Performed Events: 1 out of 4
 - (Cause of under-performed event: There was a 20MW/min EIM ramping down during the event)

Monthly Notes:

- No additional notes or impacts for May 2021

A JOINT POWERS AUTHORITY AMONG

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

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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 June 2021

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- Declared BA Energy Emergency Alert Level (EEA): EEA0
- 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: None
 - All recoveries within 0 minutes
- USF
 - 9 of 30 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: 3 Minutes
 - 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 June 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

June 2021

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

BA Compliance Issues:

- No significant operational Balancing Authority compliance events occurred.
- All required BA compliance reports and operating data were submitted to WECC.
- A mock audit of select Operations/Planning standards applicable to the BA/PC functions will be conducted by Archer Energy Group. The mock-audit engagement is scheduled to be held 8/2 – 8/13 (pending any summer operating conditions that may take precedence).

BANC MCRC:

- The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, June 28th via webinar.

Compliance Officer Report

BANC Commission Meeting

July 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.
- A mock audit of select Operations/Planning standards applicable to the BA/PC functions will be conducted by Archer Energy Group. The mock-audit engagement is scheduled to be held 8/2 – 8/13 (pending any summer operating conditions that may take precedence).

BANC MCRC:

- The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, July 26th via webinar.

PC Committee Chair Report

BANC Commission Meeting

June 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 a future Commission agenda for action.

BANC PC Committee Issues:

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

- FAC-002-3 Interconnection Studies –The FAC-002 Station E 115 kV substation reconfiguration project compliance document was uploaded to the BANC members only site on May 27th.
- FAC-014-2 - Study plan has been finalized and was distributed to BANC PC participants on May 27th.
- MOD-031-2 Demand and Energy Data – L&R Supplemental was completed and uploaded to WECC's EFT site.
- MOD-033-1 Steady-State and Dynamic System Model Validation – The dynamic portion of this study is expected to start in early June and be completed by the end of the month.
- PRC-006-5 – BANC PC Participants submitted PRC-006 data, which has been reviewed and will be compiled as a BANC response and submitted by June 4th.
- PRC-023-4 – The 2021 BANC PRC-023-4 Assessment did not identify any applicable sub 200 kV circuits for BANC PC Participants where Attachment B of PRC-023-4 applies. These findings were communicated via email on May 28th and will be documented in the upcoming draft report.
- PRC-026-1 – Study plan has been finalized and distributed to BANC PC participants.
- TPL-001-4 - Transmission System Planning Performance – The preliminary steady state study has been completed, and PC participants were informed of the preliminary results on May 28th. The transient stability runs are currently underway.
- TPL-007-4 - The compliance documentation for TPL-007-4 Requirements R12 and R13 have been sent to the BANC PC members.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-3 Interconnection Studies	80%	Station E 115 kV substation reconfiguration project compliance document was uploaded on the BANC PC member website in May.
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	20%	Study Plan posted on the BANC Member site on 5/27/2021.
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 Supplemental Data Request was uploaded to the WECC EFT server.
6	MOD-032-1 Data for Power System Modeling & Analysis		Ongoing activity.
7	MOD-033-1 System Model Validation	40%	Study is set to start in early June and be complete by the end of the month.
8	PRC-006-5 Underfrequency Load Shedding	90%	BANC PC Participants submitted PRC-006 data which has been reviewed and will be compiled as a BANC response and submitted by 06/04/2021.
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 to be effective on 1/1/2021. Study Plan finalized on 4/10/2020. Working on performing studies for each RAS scheme.
11	PRC-023-4 Transmission Relay Loadability	75%	PRC-023-4 assessment findings and notification were sent to PC Participants on 5/28/2021.
12	PRC-026-1 Relay Performance During Stable Power Swings	20%	Study Plan posted on the BANC Member site on 5/27/2021.

	PC Standard	Estimated % Complete	Notes
13	TPL-001-4 Transmission System Planning Performance	60%	The preliminary steady state results were shared with PC Participants on 5/28/2021. The transient stability portion is underway.
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. SMUD sent the TPL-007-4 requirement R12 and R13 to the BANC PC members. The effective date for these requirements is 07/01/2021.

PC Committee Chair Report

BANC Commission Meeting

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

- FAC-014-2 - Study plan has been finalized and was distributed at the end of May. Staff is initiating the 2021 BANC PC FAC-014 assessment/study. The preliminary study results and notification will be sent out on July 30th.
- MOD-033-1 Steady-State and Dynamic System Model Validation – The dynamic portion of this study is complete, and the report was finalized on June 16th. Staff will send the data request for the steady state portion of the study, which is to be completed by the end of October.
- PRC-023-4 – BANC PC PRC-023-4 draft report was sent to PC Participants for review and comment on June 11th. Comments on the draft report are due on July 9th. The final report is scheduled to be sent out on July 30th.
- PRC-026-1 – Preliminary results and notification was sent to PC Participants on June 30th. Comments on the preliminary results are due on July 9th, and the draft report will be sent out on July 30th.
- TPL-001-4 - Transmission System Planning Performance – The preliminary steady state study has been completed, and PC participants have been informed of the results. The comments on the preliminary study results were due on June 25th; no comments have been received. The transient stability study is currently underway.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-3 Interconnection Studies	75%	There are 3 materially modifying transmission facilities projects in the BANC area in with an updated in-service date 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	25%	Study Plan has been published on the BANC Member site. Staff is initiating the 2021 BANC PC FAC-014 assessment.
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 Supplemental Data Request was completed and uploaded to the WECC EFT server.
6	MOD-032-1 Data for Power System Modeling & Analysis		Ongoing activity.
7	MOD-033-1 System Model Validation	70%	Dynamic portion is complete, steady state portion is to be completed by end of October.
8	PRC-006-5 Underfrequency Load Shedding	100%	BANC PC data request was completed and submitted to the WECC OFSPR group data collector. The data was then compiled into a report by the WECC OFSPR group and submitted to WECC staff.
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 to be effective on 1/1/2021. Study Plan finalized on 4/10/2020. Working on performing studies for each RAS scheme.

	PC Standard	Estimated % Complete	Notes
11	PRC-023-4 Transmission Relay Loadability	90%	Comments on the draft report is due on 7/9/2021. The final report is scheduled to be sent out on 7/30/2021.
12	PRC-026-1 Relay Performance During Stable Power Swings	60%	Comments on the preliminary result is due on 7/9/2021 and the draft report will be sent out on 7/30/2021.
13	TPL-001-4 Transmission System Planning Performance	70%	The preliminary steady state results have been shared with PC Participants. The transient stability portion is underway.
14	TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events	100%	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 SMUD sent the TPL-007-4 requirement R12 and R13 to the BANC PC members. The effective date for these requirements is 07/01/2021.

GM Report

BANC Commission Meeting

July 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 has stepped back and is taking a less formal role with occasional update conference calls. The next call will likely occur in September.

Coronavirus Restrictions

Though restrictions on public gatherings and travel have been relaxed, BANC continues to generally use remote meeting attendance, both for our own internal member meetings, as well as outside meetings. We expect to relax some of these restrictions over the next several months. This will include a possible in-person meeting for the 7/28/21 Commission Meeting and an in-person meeting for the August Strategic Planning Session. 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 2020 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. FERC has approved the CAISO filed tariff amendments.

Summer 2021 Heat Waves

California has seen three heat wave events so far this summer. BANC has been proactive in preparing for and responding to these events. This has included the BANC Operator holding daily heat wave briefings with the BANC participants on status. The BANC Operator will provide an update on these events at the next Commission meeting.

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 2021 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 initial 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. One of the issues being addressed by the subcommittees is finalizing a recommendation for the Flex Ramp approach.

EDAM Participation

The EDAM stakeholder process 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 WECC MAC and Board meetings were held via webinar on June 15-16, 2021. Due to conflicts with other priorities, BANC did not attend these meetings.

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.

WECC is also coordinating with NERC on a lessons-learned assessment of the ERCOT/SPP cold weather events this last winter. It is expected that there will be preliminary results by this fall.

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 late summer. It is expected that BANC will need to be prepared for a decision on continuing participation in the NWPP RA Program by August. 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 these meetings. The RA Program Executive Committee met on 6/18/21 and endorsed the current status of the program design, governance proposal, and moving forward with development of a contract with a Program Operator and

participant agreement. The goal is to have these in place for participant approvals in August/September timeframe to then allow initiation of Phase 3A of the program.

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. A subgroup of the POU BAAs, including BANC, participated in a Joint Agency SB100 workshop on June 2, 2021.

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.

The next meeting of the WEIL group is being planned for October.

Strategic Initiatives

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

BANC 2020/2021 Strategic Plan - Routine Initiatives July 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 & SB100
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 July 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 including Tech Analysis & Settlements committees
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 ISO/PTO discussn.
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 5E

1. ***Resolution 21-07-22 Authorization of Market Support Services Contract Extension.***

Braun Blaising Smith Wynne, P.C.

Attorneys at Law

7/22/21

TO: BANC Commission

FROM: BANC Counsel

RE: Authorization of Market Support Services Contract Extension

Last year, after the General Manager required proposals from several consultants and firms and made recommendations, the Commission authorized the BANC General Manager to engage Customized Energy Solutions (CES) to support BANC on current and anticipated market design issues that may arise due to participation in the proposed Enhanced Day Ahead Market (EDAM). The term of this contract expired March 31, 2021, and we continue to utilize the services of CES on a month-to-month basis.

The General Manager is recommending that we continue with the CES services, and we concur with that recommendation. While EDAM was delayed, there is a real chance that the initiative will recommence this fall. Further, support by CES has been helpful on a number of other issues surrounding EIM directly and broader market initiatives.

CES has proposed an annual contract to replace the month-to-month arrangement and associated discounts associated with prepayment. The total expenditure for this service under the annual prepayment is \$37,000. This amount is a twelve (12%) savings over the current monthly payments, and the discount will be provided back to April 1, 2021. The General Manager has asked to move forward with this contract.

There is no current budget impact to this matter, since the services of CES have run under the current authorization approved by the Commission. However, the General Manager's delegated contracting authority is limited to \$25,000 and will run through two BANC fiscal years, and thus Commission action is required. Again, these contract amounts are within the current 2021 budget approved by the Commission, and we anticipate consideration of these services again in the 2022 budget, which will be brought forward for Commission approval later this year.

This authorization is limited to this contract, and the General Manager is not seeking broader delegations at this time.

**Balancing Authority of Northern California
Resolution 21-07-22**

AUTHORIZATION OF MARKET SUPPORT SERVICES CONTRACT EXTENSION

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 in the past sought assistance to evaluate and review current anticipated market design issues that may arise due to participation in the Energy Imbalance Market (“EIM”) and for support with the proposed Extended Day Ahead Market (“EDAM”) and related market issues; and

WHEREAS, in 2020, BANC contracted with Customized Energy Solutions (“CES”) to perform such services; and

WHEREAS, the CES contract has moved to a month-to-month contract by its terms, and it is advantageous and cost effective to renew this contract on an annual basis; and

WHEREAS the BANC General Manager’s delegated contracting authority is limited to \$25,000, which is exceeded by the CES contract annual commitment;

NOW THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby authorize the General Manager to enter into a contract with Customized Energy Solutions (CES) for continuing services, for the period of effective April 1, 2021 through March 31, 2022.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 28th day of July 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 Takehara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Dan Beans
Chair

Attest by: C. Anthony Braun
Secretary