

**Balancing Authority of Northern California**

# Regular Meeting of the Commissioners of BANC and Strategic Planning Session

**12:30 P.M.**

**Wednesday, August 11, 2021**

**Telephonic Meeting**

**555 Capitol Mall, 3<sup>rd</sup> Floor Board Room**

**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 **August 11, 2021 at 12:30 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):** 182 405 3080

**WebEx Meeting Link:**

<https://braunblaisingsmithwynne.my.webex.com/braunblaisingsmithwynne.my/j.php?MTID=mf7bd40df8a091e8a65d71e0d5105b10f>

### 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 July 28, 2021.
  - B. BANC Operator Report (July).
  - C. Compliance Officer Report (August).
  - D. PC Committee Chair Report (August).
  - E. General Manager's Report and Strategic Initiatives Update.
- 4 Regular Agenda Items – Discussion and Possible Action.**
  - A. Consider and Possibly Approve Resolution 21-08-04 *Approval of Amended BANC Conflict of Interest Code and Authorizing the Initiation of Procedures for Adopting the Code by Written Comment Period.*
- 5 BANC Strategic Planning Session.**
  - A. Zero Carbon Plans.
    - i. SMUD 2030 Zero Carbon Plan – Paul Lau/Scott Martin, SMUD.
    - ii. SB100 Process – Jim Shetler, BANC General Manager.
    - iii. Discussion – Impacts to / Opportunities for BANC.
  - BREAK ---**
  - B. Market Regionalization – Is an RTO in our Future?
    - i. Table Setting – Tony Braun, BANC General Counsel.
    - ii. CAISO Views – Mark Rothleder, CAISO Senior Vice President and Chief Operating Officer.
    - iii. SPP Views – Lanny Nickell, SPP Executive Vice President and Chief Operating Officer.
    - iv. Discussion – Impacts on BANC.
  - C. Follow-up Items/Wrap-Up.
    - i. Opportunities Going Forward.
    - ii. Next Steps.
- 6 Adjournment.**

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

## **Balancing Authority of Northern California**

# Consent Agenda Items

- A. Minutes of the July 28, 2021 BANC Regular Meeting.**
- B. BANC Operator Report (July).**
- C. Compliance Officer Report (August).**
- D. PC Committee Chair Report (August).**
- E. General Manager's Report and Strategic Initiatives Update.**

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

July 28, 2021

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

Representatives Present:

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

<b>Agency</b>	<b>Liaison(s)</b>
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 2:01 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 McFall moved, Commissioner Lau seconded, and a roll call vote was taken. The participating Commissioners unanimously approved the Consent Agenda items comprised of: (A) Minutes of the Regular Commission Meeting held on May 26, 2021; (B) BANC Operator Reports for May and June; (C) Compliance Officer Reports for June and July; (D) PC Committee Chair Reports for June and July; and (E) General Manager's Report and Strategic Initiatives Update.
5. Regular Agenda Items – Discussion and Possible Action:
  - A. In accordance with BANC JPA Section 11.4, a Commission Chair may hold the position for no more than two consecutive one-year terms. Three potential candidates were raised to replace Commissioner Beans, who has served two consecutive terms: Commissioner McFall from MID, Commissioner Hauser from TPUD, and Commissioner Bertolino from Roseville. Commissioner Hauser nominated Commissioner McFall, Commissioner Bertolino seconded, and a roll call vote was taken. The participating

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

Commissioners unanimously approved the Commissioner McFall's appointment as BANC Commission Chair.

- B. CEC Commissioners Karen Douglas and Siva Gunda provided an update to the BANC Commission regarding ongoing SB100 efforts. Commissioner Gunda shared a high-level overview of work completed to-date, noting that the first SB100 report was delivered in April, with the next report targeted for January 2025. He reiterated some of the key recommendations received from BANC, which included looking more closely at the reliability analysis, and developing a joint agency process to think about how to make the report recommendations actionable. He stated that the focus of the next 3-4 years would be to utilize that joint agency process and bring the results from that analysis into the next SB100 report. He also said they were hoping to start a reliability analysis in the fall in addition to developing some analyses around the climate-induced gap between demand and supply.

Commissioner Douglas focused her update on the implementation process, including efforts related to the land use and transmission work. She noted the sheer scale of transmission and generation buildout required to meet the trajectory under any of the portfolios included in the report. She stated that creativity, cooperation, and mobilization statewide would be required to overcome obstacles and build toward a common vision. As the CEC has looked at the long-term goals, they have seen a strong need to widen the geographic and resource solution set. Commissioner Douglas encouraged BANC to engage in the CAISO 20-Year transmission outlook stakeholder process, noting that it was an important part of the joint agency work, and that it would provide an opportunity to test and assess some of the larger projects being proposed. She noted that a staff workshop has been targeted for August 12, and the CEC was planning to provide CAISO with a work product by the end of August.

Chair McFall opened the meeting up to questions from the BANC Commissioners. Commissioners Lau and Bertolino engaged the CEC Commissioners on thoughts and questions related to their respective organizations. Mr. Shetler thanked both Commissioners for joining BANC to provide this update and closed out the agenda item by letting the BANC Commissioners know that requests from the CEC related to planning for SB100 would be forthcoming, and his plan was to work those requests and related responses through the BANC Resource Committee.

- C. Mr. Shetler introduced EIM Governing Body members Valerie Fong, Robert Kondziolka, and Anita Decker, who engaged the BANC Commission in a discussion regarding their experiences with EIM implementation and differences between the first and second implementations. The BANC Commissioners shared their largely positive experiences with the 'Phase 2' Implementation, noting the collaborative nature of the experience, the benefits of having SMUD pilot the implementation in the first phase, and using the same consultant for both phases. Mr. Shetler and Commissioner McFall also noted that the CAISO was extremely accommodating in working with BANC and its unique requirements, allowing EIM to work for all of BANC's participating entities. Commissioner Bertolino acknowledged WAPA's supportive role in the implementation. It was suggested that partnerships with larger entities could be a possible way to allow other smaller entities to enter the market going forward. Ms. Decker noted the open conversation around an EIM Governing Body market expert and stated that they would be using the CAISO's stakeholder platform to ask for guidance regarding how that market expert could be used. Ms. Fong clarified that the input they would be looking for included the qualifications of the market expert and scoping of the work to be performed. A brief

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conversation around the proposal for a 'joint authority' followed, with BANC supporting that direction. Finally, the topic of EDAM vs. RTO(s) in the West was touched on, as well as acknowledgements of the potential challenges ahead as discussion resumes in the fall. Mr. Kondziolka requested feedback on the wheel-through issue, and it was acknowledged that a timely resolution was critical to EDAM moving forward. The BANC Commissioners and EIM Governing Body members expressed appreciation for the exchange and a desire to look forward to longer-term solutions going forward.

- D. Mr. Shetler provided General Manager updates on several topics. Starting with a Heat Wave Update, he reviewed the events to-date and thanked the BA Operator for their proactive efforts and timely communications. He also confirmed that no load reductions had been required, and CAISO exports to BANC had generally been maintained, with one potential irregularity under review.

With respect to EIM Phase 2, the EIM Committee has transitioned to operations oversight. BAL and Flex Ramp Test Performance are being tracked, and a recommendation to the EIM Committee and Commission regarding the Flex Ramp approach is expected in September. An update regarding the Phase 2 Collateral Approach was also provided, with all participating Phase 2 entities either having completed or working to complete the final stages of executing their guarantees in short order. WAPA will not be able to participate in this process, and Mr. Shetler suggested that no changes be made to account for this; other participating entities have agreed to continue to cover WAPA's share.

Mr. Shetler provided a brief EDAM update, noting that the stakeholder process would likely be restarted by CAISO mid-to-late fall. Ongoing discussions with EDAM entities continue. Mr. Braun followed with a brief GRC update, focusing on the upcoming August 2<sup>nd</sup> meeting on Joint Authority, which expands the number of issues on which the EIM Governing Body will have a decisional role. He noted that another EIM Governing Body meeting was expected to take place on August 20<sup>th</sup>. Mr. Shetler then touched on the latest status of various CAISO summer enhancements, including: EIM Resource Sufficiency Test Improvements, CAISO Export Priorities, Generation Derates, Wheel-throughs, and System Market Power Mitigation.

Regarding the Northwest Power Pool RA Program, Mr. Shetler shared that Phase 2B of the effort was now complete, and the design document had just been posted. Decisions on continuing to participate will be needed by the end of September. He clarified that the point of compliance for the Program is the Load Responsible Entity, which is defined as an LSE or a representative of the LSE(s). After conversations with the BANC Resource Committee, the current belief was that it was in BANC's interest to remain engaged, at least through the next phase, but there is an open question as to where the LRE will reside for the BANC footprint, and there is also a need to better understand costs, benefits, and limitations on participation. No decision is expected to be requested of the Commission prior to the September Commission meeting; meanwhile, discussions will continue at upcoming Resource Committee meetings.

Mr. Shetler gave an update on EIM Phase 2 Implementation costs, which came in within budget, and walked through proposed 2022 BANC budget updates. Commissioner Hauser asked whether it would be prudent to review the budget and add adjustments for any potential inflationary increases related to general manager and legal expenses. Commissioners Bertolino, Lau, and McFall weighed in and expressed appreciation for the work begin done on behalf of BANC and a potential willingness on behalf of the

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Commission to consider increases, should they be deemed appropriate or necessary. Mr. Shetler stated that he would review these items and come back to the Commission with recommendations, as appropriate.

The BANC Strategic Planning Meeting has been scheduled for August 11<sup>th</sup>, and Mr. Shetler clarified that this meeting would be in place of the previously scheduled August meeting date. The meeting is currently scheduled to run from noon until 5 p.m., with topics including: GHG reduction efforts, including SMUD's Zero Carbon Plan and SB100 efforts, and Market Development in the West. Mark Rothleder of the CAISO and Lanny Nickell of SPP have been invited to participate in the latter discussion. The hope is that the meeting will be able to be held in person, but public health directives will continue to be monitored and a determination made prior to the meeting.

- E. Mr. Shetler recommended to the Commission that BANC renew and extend its contract with CES on a proposed annual payment plan.

Commissioner Hauser moved, Commissioner Beans seconded, and a roll call vote was taken. All participating Commissioners voted unanimously in favor of Resolution 21-07-22 *Authorization of Market Support Services Contract Extension*.

- 6. Closed Session: General Counsel and the General Manager conferenced and offered the Commission the option as to whether to commence closed session, and the Commission agreed to forgo closed session and adjourn the meeting.

The Commission adjourned at 4:09 p.m.

Minutes approved on August 11, 2021.

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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 July 2021

## Operations:

- BA Operations: Normal
- Significant BA Issues: COI TLO north of COB and reserve deficiency
- Declared BA Energy Emergency Alert Level (EEA):
  - 7/9/21 – EEA2 and EEA3
  - 7/10/21 – EEA1
- 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
  - 12 of 31 days with instances of USF mitigation procedure utilized
  - 6 days on Path 66
  - No operational impact on BANC
- BAAL Operation:
  - Maximum duration of BAAL exceedance: 22 Minutes
    - *22 min 7/9/21 – BANC experienced multiple times of BAAL exceedance more than 5 minutes between 16:00 and 21:05 on 7/9/2021 with the longest BAAL exceedance of 22 minutes from 18:51~19:13. All these were caused by the import schedule curtailments on COI after 3 out of 4 parallel 500 kV lines tripped out of service due to the Bootleg Fire in Oregon. BANC was in EEA2 starting at 18:32 and EEA3 starting at 19:30. BANC came out of EEA at 20:18.*
    - *8 min 7/10/21 – Erroneous EIM dispatch*
    - *8 min 7/21/21 - Slow generator response to an EIM dispatch*
  - Number of BAAL exceedance >10 minutes: 1
  - 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 July 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

### August 2021

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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 is currently being conducted by Archer Energy Group. The mock-audit engagement started on August 2<sup>nd</sup> and is scheduled to conclude on August 13<sup>th</sup>.

#### **BANC MCRC:**

- The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, August 23<sup>rd</sup> via teleconference.

# PC Committee Chair Report

## BANC Commission Meeting

### August 2021

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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 - The preliminary study results and notification were sent out on July 30<sup>th</sup>. Comments are due by August 13<sup>th</sup>. The draft report will be completed and shared for review by August 27<sup>th</sup>.
- 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 16<sup>th</sup>. Staff sent out the data request on July 30<sup>th</sup> for the data required to complete the steady state portion, with a request for that data to be returned by August 31<sup>st</sup>.
- PRC-026-1 – The draft report was sent out for review on July 30<sup>th</sup>. Comments from BANC PC Participants are due by August 13<sup>th</sup>.
- TPL-001-4 - Transmission System Planning Performance – The study results have been completed, and the draft report is expected to be sent out to PC participants on August 13<sup>th</sup>.

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

	<b>PC Standard</b>	<b>Estimated % Complete</b>	<b>Notes</b>
1	FAC-002-3 Interconnection Studies	75%	There are 3 materially modifying transmission facilities projects at 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	80%	Preliminary results have been shared with BANC PC participants. Staff will be drafting the report in August.
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. Data request for SS portion was sent on 7/30/2021.
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.

	<b>PC Standard</b>	<b>Estimated % Complete</b>	<b>Notes</b>
11	PRC-023-4 Transmission Relay Loadability	100%	The final report was sent out on 7/12/2021.
12	PRC-026-1 Relay Performance During Stable Power Swings	80%	The draft report was sent out on 7/30/2021 for BANC PC review and comment.
13	TPL-001-4 Transmission System Planning Performance	75%	The draft report is being created to be sent out on 8/13/2021.
14	TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events	100%	<p>Registered the SMUD/BANC PC GIC monitoring device at Carmichael with NERC – compliance requirement.</p> <p>Made request to the GIC manufacturer to increase sampling rate from the default once every hour to once every 10s or faster per NERC recommendation.</p> <p>SMUD sent the TPL-007-4 requirement R12 and R13 to the BANC PC members. The effective date for these requirements is 07/01/2021.</p>

# GM Report

## BANC Commission Meeting

### August 11, 2021

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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 planned in-person meeting for the 8/11/21 Commission Strategic Planning Meeting. 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 Commission meetings as appropriate.

## **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 2<sup>nd</sup> Quarter 2021 report showing gross benefits of \$18.12 million. This is the first quarterly report for BANC EIM 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. 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, which we expect to bring to the Commission at the September meeting.

### **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. We will keep the Commission informed as more information becomes available.

## **WECC**

### **WECC Board Meetings**

The next WECC MAC and Board meetings are scheduled for September 8-9, 2021, which will also be the annual membership meeting. It is expected that this will be a virtual meeting.

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 Executive Committee also met on 7/29 & 30/21 where it endorsed moving forward with the selection of SPP as the Program Operator and with the proposed budget for Phases 3A and 3B. The goal is to have participant



approvals by the end of September timeframe to 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 August 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 August 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 5A

1. ***Resolution 21-08-04 Approval of Amended BANC Conflict of Interest Code and Authorizing the Initiation of Procedures for Adoption the Code by Written Comment.***

# **Braun Blaising Smith Wynne, P.C.**

Attorneys at Law

8/4/21

**TO: BANC Commission**

**FROM: BANC Counsel**

**RE: Approval of Amended BANC Conflict of Interest Code and Authorizing the Initiation of Procedures for Adoption the Code by Written Comment**

The Political Reform Act requires every multi-county agency to review its conflict of interest code (COI) biennially and notify the Fair Political Practices Commission (FPPC) as to whether the agency's code needs to be amended. In September of 2020, the Commission approved Resolution 20-09-21 *Authorization to Notify the Fair Political Practices Commission of BANC's Intent to Amend its Conflict of Interest Code*, where the General Manager was authorized to submit the 2020 Multi-County Agency Biennial Notice to the FPPC indicating that an amendment was needed to remove "Secretary" from the designated positions.

The FPPC recently completed its review of the draft code submitted by BANC and provided additional edits which included the above revision as well as additional non-substantive changes and has provided BANC with next steps. As the prior resolution stated that the revised COI code would be brought back to the Commission for review and approval prior to any posting for public comment, and as the next steps proposed by the FPPC include a public comment period, we are asking for the Commission to approve the proposed code revision and authorize staff to move forward with the next steps:

1. Distribute a Notice of Intention to Amend the Conflict of Interest Code (Notice) to BANC staff, allowing for a 45-day comment period. The Notice will be distributed in accordance with directions provided by the FPPC along with the proposed COI revision.
2. Obtain the General Manager's signature on a CEO Declaration, to be returned to the FPPC, along with confirmation of Notice distribution.

Once the notice period has concluded, our contact at the FPPC will then submit the code to the FPPC's Executive Director for approval. The COI will become effective 30 days from the Executive Director's approval date.

**Balancing Authority of Northern California  
Resolution 21-08-04**

**APPROVAL OF AMENDED BANC CONFLICT OF INTEREST CODE AND AUTHORIZING THE INITIATION OF PROCEDURES FOR ADOPTING THE CODE BY WRITTEN COMMENT PERIOD**

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 is subject to the jurisdiction of the California Fair Political Practices Commission (FPPC); and

WHEREAS, the FPPC requires every multi-county agency to review its conflict of interest code biennially; and

WHEREAS, the BANC Commission approved the submittal of proposed revisions to the FPPC in September of 2020; and

WHEREAS, the FPPC has completed its review of the draft code and has directed BANC to distribute the Notice of Intention to Amend the Conflict of Interest Code of the Balancing Authority of Northern California to staff and to send confirmation that it has been distributed, along with a CEO Declaration to the FPPC;

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

1. Approve the proposed amendments to the BANC Conflict of Interest code, as provided in Attachment A.
2. Authorize the BANC General Manager to sign the Declaration for submittal to the FPPC, as provided in Attachment B.
3. Authorize posting of the revised Conflict of Interest code and Notice of Intention to Amend the Conflict of Interest Code of the Balancing Authority of Northern California, as provided in Attachment C, for a period of 45 days, beginning on August 11, 2021 and closing on September 25, 2021.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 11<sup>th</sup> day of August 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				

\_\_\_\_\_  
James McFall  
Chair

\_\_\_\_\_  
Attest by: C. Anthony Braun  
Secretary

**BALANCING AUTHORITY OF NORTHERN CALIFORNIA  
CONFLICT-OF-INTEREST CODE**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict-of-interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict-of-interest code of the **Balancing Authority of Northern California (Authority)**.

Officials and employees holding positions listed in this code must file their statements of economic interests electronically with the **Fair Political Practices Commission**. All statements must be made available for public inspection and reproduction under Government Code Section 81008.



**APPENDIX A  
DESIGNATED POSITIONS**

DESIGNATED POSITIONS	ASSIGNED DISCLOSURE CATEGORIES
Authority Controller	All Categories
Authority Counsel	All Categories
Consultants/New Positions (Including, but not limited to, <b>BANC</b> Operator staff)	*

\*The Chair of the Authority may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chair's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code (Gov. Code Sec. 81008).

The following positions are NOT covered by the conflict-of-interest code because they must file under Government Code Section 87200 and, therefore, are listed for informational purposes only:

Authority Commissioner  
 Authority Alternate Commissioner  
 Authority Treasurer  
 Authority Assistant Treasurer

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

**APPENDIX B  
DISCLOSURE CATEGORIES**

**Category 1.** All investments and business positions in business entities, and sources of income, including gifts, loans, and travel payments, from entities that provide services or supplies of the type used by the Authority, including, but not limited to, transmission system operation, private utility companies, construction, maintenance, and energy storage.

**Category 2.** All interests in real property located within the jurisdiction or within two miles of any real property owned or leased by the Authority, including any electricity service territories of the Authority members.

This is the last page of the conflict-of-interest code for the **Balancing Authority of Northern California.**

# Attachment A to Resolution 21-08-04 (redline)

## BALANCING AUTHORITY OF NORTHERN CALIFORNIA CONFLICT-OF-INTEREST CODE

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict-of-interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict-of-interest code of the **Balancing Authority of Northern California (Authority)**.

Officials and employees holding positions listed in this code must file their statements of economic interests electronically with the **Fair Political Practices Commission**. All statements must be made available for public inspection and reproduction under Government Code Section 81008.

**Deleted:** Individuals holding designated positions shall file their statements of economic interests with the **Authority**, which will make the statements available for public inspection and reproduction. (Gov. Code Sec. 81008.) Upon receipt of the statements for the Authority's Commissioners and Alternate Commissioners of the Authority, the **Authority** shall make and retain copies and forward the originals to the **Fair Political Practices Commission**. All other statements will be retained by the **Authority**.<sup>4</sup>

**APPENDIX A  
DESIGNATED POSITIONS**

DESIGNATED POSITIONS                      ASSIGNED DISCLOSURE CATEGORIES

Authority Controller	All Categories
<del>Secretary</del>	<del>All Categories</del>
Authority Counsel	All Categories
Consultants/ <u>New Positions</u> (Including, but not limited to, <b>BANC</b> Operator staff)	*

**Commented [MS1]:** Secretary was removed from the list of designated positions as the position does not have decision-making authority.

\*The Chair of the Authority may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chair's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code (Gov. Code Sec. 81008).

The following positions are NOT covered by the conflict-of-interest code because they must file under Government Code Section 87200 and, therefore, are listed for informational purposes only:

- Authority Commissioner
- Authority Alternate Commissioner
- Authority Treasurer
- Authority Assistant Treasurer

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

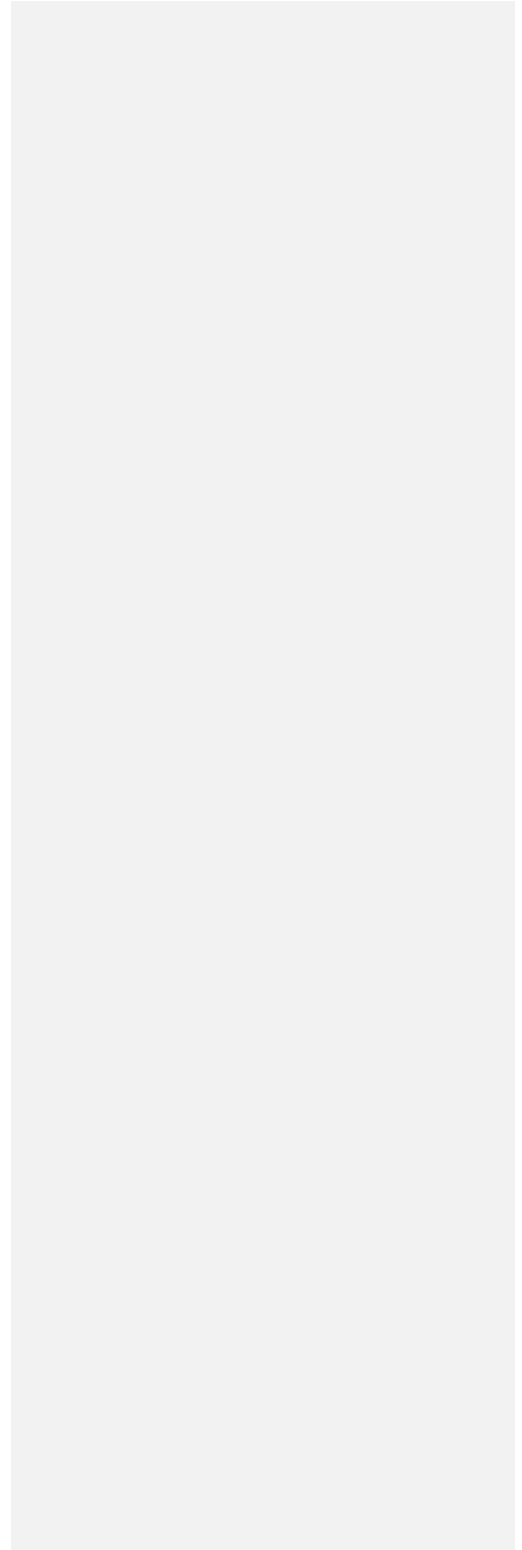
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**APPENDIX B**  
**DISCLOSURE CATEGORIES**

**Category 1.** All investments and business positions in business entities, and sources of income, including gifts, loans, and travel payments, from entities that provide services or supplies of the type used by the Authority, including, but not limited to, transmission system operation, private utility companies, construction, maintenance, and energy storage.

**Category 2.** All interests in real property located within the jurisdiction or within two miles of any real property owned or leased by the Authority, including any electricity service territories of the Authority members.

This is the last page of the conflict-of-interest code for the **Balancing Authority of Northern California**.



Attachment B to Resolution 21-08-04

**DECLARATION OF CHIEF EXECUTIVE OFFICER**  
**Multi-County Agency Conflict of Interest Code for**  
**Balancing Authority of Northern California**

The proposed conflict of interest code specifically includes each agency position that involves the making or participation in the making of decisions which may foreseeably have a material financial effect on an economic interest. Positions that do not make or participate in decisions are not included.

The disclosure categories are written to address the agency's current programs and require disclosure of only foreseeable interests that may create a conflict of interest.

The agency has satisfied all of the requirements of Title 2, Division 6 of the California Code of Regulations Section 18750 preliminary to approval of the proposed code, including providing a comment period for both employees and the public.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title



Attachment C to Resolution 21-08-04

NOTICE OF INTENTION TO AMEND THE CONFLICT OF INTEREST CODE  
OF THE **BALANCING AUTHORITY OF NORTHERN CALIFORNIA**

NOTICE IS HEREBY GIVEN that the **Balancing Authority of Northern California**, pursuant to the authority vested in it by section 87306 of the Government Code, proposes amendment to its conflict of interest code. A comment period has been established commencing on August 11, 2021 and closing on September 25, 2021. All inquiries should be directed to the contact listed below.

The **Balancing Authority of Northern California** proposes to amend its conflict of interest code to include employee positions that involve the making or participation in the making of decisions that may foreseeably have a material effect on any financial interest, as set forth in subdivision (a) of section 87302 of the Government Code. The amendment carries out the purposes of the law and no other alternative would do so and be less burdensome to affected persons.

Changes to the conflict of interest code include: **removal of Secretary from the list of designated positions, as the position does not have decision-making authority**, and also other technical changes.

Information on the code amendment is available on the agency's intranet site and/or attached to this email.

Any interested person may submit written comments relating to the proposed amendment by submitting them no later than **September 25, 2021**, or at the conclusion of the public hearing, if requested, whichever comes later. At this time, no public hearing is scheduled. A person may request a hearing no later than **September 10, 2021**.

The **Balancing Authority of Northern California** has determined that the proposed amendments:

1. Impose no mandate on local agencies or school districts.
2. Impose no costs or savings on any state agency.
3. Impose no costs on any local agency or school district that are required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.
4. Will not result in any nondiscretionary costs or savings to local agencies.
5. Will not result in any costs or savings in federal funding to the state.
6. Will not have any potential cost impact on private persons, businesses or small businesses.

All inquiries concerning this proposed amendment and any communication required by this notice should be directed to: (**Brittany Iles, Attorney, 916-326-5812, iles@braunlegal.com**)