

**Balancing Authority of Northern California**

# Regular Meeting of the Commissioners of BANC

**2:00 P.M.**

**Wednesday, September 30, 2020**

**Telephonic Meeting Only**

# Balancing Authority of Northern California

## NOTICE OF REGULAR MEETING AND AGENDA

Notice is hereby given that a regular meeting of the Commissioners of the Balancing Authority of Northern California (BANC) will be held on **September 30, 2020 at 2:00 p.m. The meeting will be telephonic only.**

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

**Phone number:** 1-408-418-9388

**Meeting number (access code):** 126 557 0869

**WebEx Meeting Link:**

<https://braunblaisingsmithwynne.my.webex.com/braunblaisingsmithwynne.my/j.php?MTID=m275af05be8142d182be005651660627e>

### 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 & Strategic Planning Session held on August 26, 2020.
  - B. BANC Operator Report (August).
  - C. Compliance Officer Report (September).
  - D. PC Committee Chair Report (September).
  - 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. Consider and Possibly Approve Resolution 20-09-18 *Resolution Commending and Thanking Arlen Orchard for His Service to the Balancing Authority of Northern California.*
  - C. Consider and Possibly Approve Resolution 20-09-21 *Authorization to Notify the Fair Political Practices Commission of BANC’s Intent to Amend its Conflict of Interest Code.*
  - D. Heatwave Update.
  - E. EIM/EDAM Update.
  - F. Strategic Planning Issues.
    - i. Discuss Draft Concept Paper – Proposal for BANC to Operate and Maintain an Open Access Same-Time Information System.
    - ii. Discuss Draft 2020-21 Strategic Initiatives.
    - iii. GM Transition Plan Update.
- 6 Closed Session:** Conference with legal counsel in anticipation of litigation pursuant to subdivision (c) of Cal. Gov’t Code § 54956.9; one matter.
- 7 Adjournment.**

## **Balancing Authority of Northern California**

# Consent Agenda Items

- A. Minutes of the August 26, 2020 BANC Regular Meeting & Strategic Planning Session.**
- B. BANC Operator Report (August).**
- C. Compliance Officer Report (September).**
- D. PC Committee Chair Report (September).**
- E. General Manager's Report and Strategic Initiatives Update.**

August 26, 2020

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

Representatives Present:

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

<b>Agency</b>	<b>Liaison(s)</b>
Western Area Power Administration (WAPA)	Sonja Anderson

1. Call to Order: Mr. Shetler reviewed attendance and confirmed that a quorum was present. Chair Beans called the meeting to order at 10:02 a.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: Mr. McFall moved, Mr. Orchard seconded, and the participating Commissioners present unanimously approved the Consent Agenda items comprised of: (A) Minutes of the Regular Commission Meeting held on July 22, 2020; (B) Minutes of the Emergency Commission Meeting held on August 17, 2020; (C) BANC Operator Report for July; (D) Compliance Officer Report for August; (E) PC Committee Chair Report for August; and (F) General Manager's Report and Strategic Initiatives Update. The City of Shasta Lake had not yet joined the meeting.
5. Regular Agenda Items – Discussion and Possible Action:
  - A. Mr. Shetler provided an update on Grid Conditions during the mid-August heatwave. He reported that neither BANC nor CAISO exceeded their historical peak MW. BANC members provided support to CAISO with both requested emergency assistance and wholesale market sales, for a total of about 16,000 megawatt-hours during the 6-day period. Mr. Shetler also thanked BANC's members for their responsiveness to the public assistance notice. He acknowledged awareness of concerns regarding market interactions during this period and CAISO export curtailments and shared that ongoing dialogue intended to ensure that BANC fully understands how the market operated and how rules were applied are in process. Finally, Mr. Shetler stated that a press release

was being drafted to share how BANC navigated the potential impacts of the heatwave and stated it would be shared with members prior to release.

B. Mr. Shetler walked through the Draft 2021 BANC Budget. There were no questions on the budget.

6. Mr. Shetler kicked off the Strategic Planning Session and all members participated in a dialogue around the following topics: the long-term direction and goals of BANC, the cost structure and member support for SMUD-provided BANC services, member views on the evolutionary approach to markets in the West, gaging member support for evolving BANC's role going forward, and member commitment to open and transparent communications.

Finally, Mr. Shetler invited Mr. Orchard to present a concept for BANC members to consider around BANC setting up its own OASIS to manage COTP entitlements, which would also require BANC to set up its own OATT. Mr. Orchard proposed that a high-level scoping document be prepared for Commission review at a future point in time. There was interest from the Commissioners in the development of this document, so Mr. Shetler confirmed that BANC would work with SMUD and bring this back to the Commission in the October/November timeframe.

Ms. Bertolino asked if the Commission would be interested in hearing from SMUD at a future date regarding as to how the aspirational carbon-neutral 2030 goal may impact the Balancing Authority. Mr. Shetler said he would work with SMUD and bring a presentation back to the Commission at a future point in time.

7. Closed Session: The Commission retired to closed session at 12:30 p.m. for conference with legal counsel in anticipation of litigation pursuant to subdivision (c) of Cal. Gov't Code § 54956.9; three matters .

Chair Beans reconvened the public meeting at 2:00 p.m., and BANC General Counsel reported that no formal action was taken in closed session.

8. Mr. Shetler stated that he would bring more detail back to the Commission on 2020-21 Strategic Initiatives at the September meeting and summarized potential initiatives derived from discussion at today's meeting: focus on EIM implementation & ongoing operations; continue BANC's involvement in evolving in markets, with EDAM being a key piece; based on heatwave discussions, take a proactive approach to responding to such situations; continued focus on improving communication among members, sister agencies, and other POU's.

The Commission adjourned at 2:07 p.m.

Minutes approved on September 30, 2020.

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C. Anthony Braun, Secretary

**TO:** BANC Commission

**RE:** BANC Operator Report for August 2020

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
  - 7 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: None
  - Number of BAAL exceedance >10 minutes: 0
  - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
  - 2020 Frequency Response Obligation (FRO): -14.7 MW/0.1 Hz
  - Q2 Frequency Response Measure (FRM): -23.0 MW/0.1 Hz
  - Q2 Number of Under-Performed Events: 1 out of 4
  - Q1~Q2 Frequency Response Measure (FRM): -29.4 MW/0.1 Hz
  - Q1~Q2 Number of Under-Performed Events: 1 out of 8

Monthly Notes:

- No additional notes or impacts for August 2020

# Compliance Officer Report

## BANC Commission Meeting

### September 2020

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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.
- The next periodic self-log submittal deadline is January 1<sup>st</sup>. There are no issues of potential non-compliance being investigated at the present time.
- WECC has issued a data request to facilitate their event analysis following the August heat wave. BANC is preparing its response to this request, which includes 1-minute average data for a variety of items (e.g., load demand, day-ahead forecasts, generation capacity and availability, reserves data, ACE, and net schedule interchange) and is addressing questions regarding a variety of EEA scenarios. Although not a compliance activity, staff is monitoring WECC's event analysis for any future compliance implications.

#### **BANC MCRC:**

- The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, September 28, 2020 via webinar.

# PC Committee Chair Report

## BANC Commission Meeting

### September 2020

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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-010-3 System Operating Limits Methodology for the Planning Horizon – Finalized methodology was sent to PC participants, adjacent TPs and PCs, and RC on July 14<sup>th</sup>. A final revision will be made to accommodate MID’s request to use normal facility ratings following contingencies.
  - FAC-013-2 Near-Term Transfer Capability for the Planning Horizon – Staff sent out a final draft report on September 7<sup>th</sup> for BANC PC Participants’ review and comments. Comments are due by September 21<sup>st</sup>.
  - FAC-014-2 Establish and Communicate SOLs – Staff sent out a draft report on August 31<sup>st</sup> for BANC PC Participants’ review and comments. Staff will work with MID to address comments they have already provided. Any additional comments are due by September 14<sup>th</sup>.
  - PRC-012-2 Remedial Action Schemes – Staff is currently performing a technical evaluation of each RAS for SMUD and Roseville areas required by the NERC standard once every five full calendar years. The Effective Date of PRC-012-2 is January 1, 2021.
  - TPL-001-4 - Transmission System Planning Performance – Preliminary draft report comments were received and the BANC PC report is expected to be finalized by September 18<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-002-2 Interconnection Studies	25%	There are 2 materially modifying transmission facilities projects within BANC area this year.



	<b>PC Standard</b>	<b>Estimated % Complete</b>	<b>Notes</b>
2	FAC-010-3 SOL Methodology for Planning Horizon	85%	Staff will send out the revised finalized methodology for review soon.
3	FAC-013-2 Transfer Capability for Near-Term Planning Horizon	75%	Draft report was sent on 9/7/2020. Comments are due on 9/21/2020.
4	FAC-014-2 Establish and Communicate SOLs	75%	Draft report was sent on 8/31/2020. Comments are due on 9/14/2020.
5	IRO-017-1 Outage Coordination		Will send out 2020 annual assessment report in October.
6	MOD-031-2 Demand and Energy Data	100%	2020 Loads and Resources supplement Data Request III sent to WECC end of March.
7	MOD-032-1 Data for Power System Modeling & Analysis		Ongoing activity.
8	MOD-033-1 System Model Validation		Data request received August, 2020.
9	PRC-006-3 Underfrequency Load Shedding	100%	BANC PC Participant data was submitted to the WECC UFLSWG SILTP group. A study report from latest study cycle is available from WECC UFLSWG.
10	PRC-010-2 Undervoltage Load Shedding	100%	Study has been completed. The report was finalized on 12/30/2019.
11	PRC-012-2 Remedial Action Schemes	70%	New Standard to be effective on 1/1/2021. Study Plan was finalized on 4/10/2020. Working on the base cases and contingencies for each RAS scheme.
12	PRC-023-4 Transmission Relay Loadability	100%	Finalized report was sent out to PC Participants on 7/31/2020.
13	PRC-026-1 Relay Performance During Stable Power Swings	100%	Finalized draft was sent out to PC Participants on 7/31/2020.
14	TPL-001-4 Transmission System Planning Performance	95%	Final Report will be sent out on 9/18/2020.

	<b>PC Standard</b>	<b>Estimated % Complete</b>	<b>Notes</b>
15	TPL-007-4 R1 GMD	100%	<p>The draft Agreement was sent to Members to review on 5/31/2020. Conference call on 6/4/2020 with BANC members to discuss the changes in Vulnerabilities Assessment Responsibilities Agreement for the new version of the TPL-007-4.</p> <p>The final TPL-007-4 R1 “the Vulnerabilities Assessment Responsibilities Agreement” has been approved and posted in the BANC Members Only website on 6/15/2020.</p>

# GM Report

## BANC Commission Meeting

### September 30, 2020

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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/TID/Tacoma Power**

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 on the same page 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. On April 1, 2020, both SRP and Seattle City Light went live with EIM. Feedback is that the transitions were smooth with no major issues. Both LADWP and BANC – Phase 2 are on track for go-live 2021, with LADWP on 4/1/21 and BANC – Phase 2 on 3/25/21. 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 continues to evaluate how best to represent the POUs in the ever-changing power markets in the West. Our last meeting was a webinar on August 11<sup>th</sup> which focused on the latest issues with EIM, EDAM, and the WEIS proposed by SPP.

#### **Coronavirus Restrictions**

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

including stay at home for most employees with only essential staff working at the offices.

### **August and Labor Day Weekend Heat Wave**

The BANC Operator initiated daily calls with the BANC members and WAPA-SNR during both the mid-August and Labor Day Weekend heat waves. The BANC footprint was able to serve the load during these high load periods without having to resort to load shed (rotating outages). However, the resources were extremely tight during this period and lessons-learned should be reviewed. As a result of the experience from the August heat wave, BANC facilitated a discussion with senior management at the CAISO and some of the BANC members to clarify the CAISO's export curtailment process.

## **Market Initiatives:**

### **EIM Participation**

The BANC EIM Phase 1 implementation effort was completed on April 3, 2019, with the successful go-live of BANC as the EIM Entity and SMUD as a Participating Resource. We are now monitoring EIM participation. CAISO quarterly benefit reports continue to show that BANC/SMUD is seeing benefits from the EIM participation, with the 2<sup>nd</sup> Quarter 2020 report showing gross benefits of \$9.17 million.

With respect to BANC EIM Phase 2 effort, staff is coordinating with the Phase 2 participants and Utilicast to move forward with implementation. We have reached a tentative agreement on the use of WAPA transmission for EIM. Discussions continue on metering, Resource Sufficiency/Flex Ramp test approach, CAISO Department of Market Monitoring default energy bids, individual participant software testing, and training. We have worked with CAISO to resolve some of the unique issues associated with the BANC structure, which currently all seem to meet our needs. In addition, we have finalized an initial draft BANC EIM Business Practices that WAPA has referenced as part of their current OATT and Rates processes. We have completed the legal review of the Business Practices and are looking to bring the final version along with the settlements cost allocation manual back to the EIM Committee for final review in September/October and to the Commission for approval in October.

### **EDAM Participation**

The EDAM Feasibility Assessment is complete. The CAISO issued an initial EDAM issues white paper on October 10, 2019 and held a stakeholder webinar on October 17. The CAISO requested comments on the issues white paper by November 22, with the EDAM Entities filing joint comments and BANC also filing supporting comments. It is expected that the CAISO will use 2020 and early 2021 to conduct the formal stakeholder process, including development of a straw proposal for EDAM, followed by tariff filings at FERC. The CAISO is currently estimating that an EDAM go

live would likely be in spring 2024. The EDAM Entities (including BANC) were active participants in the first EDAM public stakeholder workshop on February 11-12, 2020. Stakeholder comments have been submitted and the EDAM Entities are in the process of digesting the comments to determine our approach going forward. The CAISO issued the initial Bundle 1 straw proposal on July 20th. The CAISO also held a stakeholder meeting on July 27<sup>th</sup> & 29<sup>th</sup>, which BANC attended. Comments were originally due on September 10<sup>th</sup> but have been delayed twice due to both the COVID-19 impacts and as a result of the August heat wave issues. The current due date is now November 12. The EIM Entities are in the process of developing comments on the straw proposal. The EIM Entities also have continued to do outreach to the CA PTOs. In parallel, the EIM Entities are evaluating the impacts seen on EIM market operations from the August heat wave to see how these might impact EDAM design.

The EIM Governance Review Committee (GRC) issued its straw proposal on July 31, 2020. The recommendations are consistent with positions that BANC has supported in both the EIM group and POU group. BANC joined in comments filed on August 28 by both the EIM Entities and POU group, which were mainly supportive of the GRC proposal.

## **WAPA:**

### **Market Engagement**

We have included WAPA-SNR in our EIM Phase 2 planning efforts and WAPA-SNR is an active participant. As noted above, the main discussions with WAPA-SNR have been around the approach for use of WAPA-SNR transmission in EIM and how the deviation band will be handled in EIM. Also, as noted above, we are working proactively with WAPA-SNR to assist them in their OATT and Rates processes for EIM.

WAPA-SNR and BANC have initiated 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 completed the open season on the additional capacity for the project. We will keep the Commission informed as more information becomes available.

## **WECC**

### **WECC Board Meetings**

The last MAC and Board meetings were held on September 10-11, 2020, via webinar rather than in person due to COVID-19 concerns. This was also WECC's Annual Meeting. I was unable to attend due to conflicts on my calendar, but I provided BANC's vote on Board and MAC elections in advance.

In discussions with WECC, they have stated that they are initiating an event assessment of the recent August heat wave and CAISO load shedding incidents, with an initial assessment report due in December 2020.

## **NWPP**

### **Resource Adequacy Project**

In light of the concerns raised last year 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. NWPP updated the participants on June 25<sup>th</sup> regarding the scope, schedule, and budget for the next phase of this effort (Phase 2B). Staff continues to engage in the Phase 2B effort, with active participation on the project design working groups and steering committee.

### **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, which will be performed during 2020.

### **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 initial report is due 1/1/21. 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 to brief the BAs on the results of the Agencies initial analysis. This was followed by a public workshop on September 2. BANC coordinated with the POU BAs via CMUA and filed joint comments on September 15.

## **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. The group has agreed to focus discussions around three topics:

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

The goal is to have a set of actionable recommendations that can be presented to the December Western Governors meeting. Staff is monitoring these discussions and is actively participating in the reliability/RA and transmission planning and development work groups.

Due to the retirement of the CAISO CEO and the departure of the BPA Administrator, WEIL finds itself without leadership. BANC’s General Manager was requested to provide interim coordination of the upcoming October meeting of WEIL, where a discussion of how to fill the leadership void will be discussed.

## **Strategic Initiatives**

An update of the 2019/2020 Strategic Initiatives and a draft of the 2020/2021 Strategic Initiatives are attached to this report.

BANC 2019/2020 Strategic Plan - Routine Initiatives - September 2020 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		Develop long-term succession plan and traits for General Manager	Jim Shetler/Commission	Ongoing	Draft plan discussed with Commission. <b>Discuss at Sept. Meeting</b>
3 Medium		Organizational Issues: ~ Develop BANC procedures & processes as appropriate	Jim Shetler/BBSW	4th Qtr. 2020	Draft of business practices under final review. Ops Guidelines being drafted.
4 Medium	OUTREACH	Engage in industry forums (WECC, Peak, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & NWPP Exec. Forum meetings
5 Medium		Coordinate with other POU BAs (Ca and regionally)	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, TP, & TID on EIM
6 Medium		Outreach to regulatory and legislative bodies on key issues	Jim Shetler/BBSW	Ongoing as Necessary	Participating in WEIL group outreach to West governors
7 Medium	ASSETS	Evaluate joint options for resource needs for BA	Resource Committee	4th Qtr. 2020	<b>On hold for this year</b>
8 Low	MEMBER SERVICES	Identify and outreach to potential new BANC members	Jim Shetler	Ongoing	Discussions with WAPA-SNR



BANC 2019/2020 Strategic Plan - Focused Initiatives - September 2020 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	Routine EIM Committee meetings being held
10 High		Manage EIM Phase 1	Jim Shetler/SMUD	Ongoing	2nd Qtr. CAISO benefits show BANC/SMUD = \$9.17M
11 High		EDAM evaluation effort ~ CAISO Stakeholder Process ~ CAISO Tariff Development	Jim Shetler/BBSW Jim Shetler/BBSW	3rd Qtr. 2020 1st Qtr. 2021	Coordinating with EDAM SC
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 group outreach to West governors
14 High		Regionalization: ~Monitor CAISO GRC effort	Jim Shetler/BBSW	3rd Qtr. 2020	Filed supporting comments on straw proposal
15 High		Coordinate with BAs on SB100 collaboration effort	Jim Shetler/BBSW	12/31/20	Participated in 9/2/20 work shop. Filed comments on 9/15/20.
16 Medium	ASSETS	Evaluate resource criteria for BANC long-term needs	Jim S./Res. Com.	4th Qtr. 2020	Holding discussions at Resource Committee. On hold for this year.
17 Medium	MEMBER SERVICES	Evaluate possible support to participants for EIM	Jim S.	4th Qtr. 2020	Finalized software EIM procurement options

## Balancing Authority of Northern California

### Agenda Item 5B

1. ***Resolution 20-09-18 Resolution Commending and Thanking Arlen Orchard for His Service to the Balancing Authority of Northern California.***

**RESOLUTION COMMENDING AND THANKING ARLEN ORCHARD FOR HIS SERVICE TO THE  
BALANCING AUTHORITY OF NORTHERN CALIFORNIA**

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, Arlen Orchard, first as General Counsel and then as the Sacramento Municipal Utility District’s (“SMUD”) General Manager and CEO, was instrumental in the formation and ongoing success of BANC’s operations; and

WHEREAS, Mr. Orchard served faithfully as a Commissioner from his initial appointment in 2014 until his retirement from SMUD on October 2, 2020; and

WHEREAS, Mr. Orchard provided leadership to move both SMUD and BANC in new and beneficial strategic directions, including the provision of services to BANC members and the entry into the Energy Imbalance Market; and

WHEREAS, Mr. Orchard’s roles on the BANC Commission and at SMUD were essential to ensure the successful operation of the BANC Balancing Authority; and

WHEREAS, through his service to BANC, Mr. Orchard has gained the respect and admiration of his colleagues on the Commission.

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

1. Commend and thank Arlen Orchard for his outstanding work with the Balancing Authority of Northern California and extend to him their best wishes for all of his future endeavors.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 30<sup>th</sup> day of September, 2020, 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	Arlen Orchard				
TPUD	Paul Hauser				

\_\_\_\_\_  
Dan Beans  
Chair

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Attest by: C. Anthony Braun  
Secretary

## Balancing Authority of Northern California

# Agenda Item 5C

1. ***Resolution 20-09-21 Authorization to Notify the Fair Political Practices Commission of BANC's Intent to Amend its Conflict of Interest Code.***

09/21/2020

**To: BANC Commission**  
**From: BANC Counsel**  
**RE: Authorization to Notify the Fair Political Practices Commission of BANC's Intent to Amend its Conflict of Interest Code**

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 or not the agency's code needs to be amended. The biennial notice must be submitted to the FPPC no later than October 1, 2020.

Upon review of BANC's COI, BANC Legal counsel recommends that "Secretary" be removed from the designated positions because designated positions should be decision making positions only and should not include purely administrative positions. The secretary in BANC's joint powers agreement is described as an administrative function, and therefore we do not see an issue making this change as it relates to existing provisions in that agreement.

Under the rules promulgated by the FPPC, BANC will need to amend and/or develop the following documents to meet the requirements:

- The last approved conflict of interest code;
- An organizational chart; and
- Job descriptions.

Once the FPPC has reviewed the draft code it will need to go out for public comment.

At this time, the Commission is only being asked to authorize BANC counsel to send the notification of amendment (included in the packet) to the FPPC by the deadline. The above materials required for the amendment process, including the revised COI code, will be brought back to the Commission for review and approval at a future point in time and prior to any posting for public comment.

**Authorization to Notify the Fair Political Practices Commission of BANC’s Intent to Amend its Conflict of Interest Code**

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 (COI) every biennially; and

WHEREAS, BANC Legal Counsel has reviewed the COI code and advises that it be revised;

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

1. Authorize the General Manager to submit the 2020 Multi-County Agency Biennial Notice to the FPPC by the October 1, 2020 deadline, indicating that an amendment is necessary.
2. Request that the General Manager bring the updated COI code and related materials back to the Commission for review and approval at a future date to be determined by the timeline and process set forth by the FPPC.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 30<sup>th</sup> day of September 2020, 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	Arlen Orchard				
TPUD	Paul Hauser				

\_\_\_\_\_  
Dan Beans  
Chair

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

# 2020 Multi-County Agency Biennial Notice

Name of Agency: Balancing Authority of Northern California

Mailing Address: 555 Capitol Mall, Suite 570, Sacramento, CA 95814

Contact Person: Kris Kirkegaard Phone No. 916-326-5812

Email: kirkegaard@braunlegal.com Alternate Email: jimshetler@thebanc.org

Counties within Jurisdiction, or for Charter Schools, Counties in which the School is Chartered:  
(if more space is needed, include an attachment):

Stanislaus, Shasta, Placer, Sacramento, San Joaquin, Contra Costa, Solano, Yolo, Colusa, Glenn, Tehama, Siskiyou, Modoc

No. of Employees\* 0 No. of Form 700 Filers\* 18

\*Including board and committee members

**Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.**

Please identify which statement accurately describes your agency's status.

- This agency has reviewed its conflict of interest code. The current code designates all positions which make or participate in making governmental decisions. The designated positions are assigned accurate disclosure categories that relate to the job duties of the respective positions. The code incorporates FPPC regulation 18730 so that all relevant Government Code Sections are referenced.
- This agency has reviewed its conflict of interest code and has determined that an amendment is necessary. An amendment may include the following:
- New positions which involve the making or participating in the making of decisions which may foreseeably have a material impact on a financial interest
  - Current designated positions need renaming or deletion
  - Statutorily required provisions of the code need to be addressed
  - Disclosure categories need revision

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## Verification (to be completed if no amendment is required)

*This multi-county agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.*

\_\_\_\_\_  
*Signature of Chief Executive Officer*

\_\_\_\_\_  
*Date*

All multi-county agencies must complete and return this notice, including those agencies whose codes are currently under review. Please return this notice no later than **October 1, 2020** to the FPPC at [biennialnotice@fppc.ca.gov](mailto:biennialnotice@fppc.ca.gov) or 1102 Q Street, Suite 3000, Sacramento, CA 95811.

FPPC Advice: [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov) (866.275.3772)

[www.fppc.ca.gov](http://www.fppc.ca.gov)

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## **Balancing Authority of Northern California**

### **Agenda Item 5F**

- 1. DRAFT Concept Paper – Proposal for BANC to Operate and Maintain an Open Access Same-Time Information System.**
- 2. DRAFT BANC 2020-21 Strategic Initiatives.**



# **Draft Concept Paper - Proposal for BANC to Operate and Maintain an Open Access Same-Time Information System**

September 30, 2020

## **Executive Summary**

The Balancing Authority of Northern California (BANC) has evolved to meet the needs of its members since BANC's inception in 2009 and formal North American Electric Reliability Corporation (NERC) registration as a Balancing Authority (BA) in 2011. The latest and most notable actions to provide member value was when BANC became an Energy Imbalance Market (EIM) Entity in April of 2019 in the CAISO's Western Energy Imbalance Market, and its continued initiative to expand EIM to additional BANC members in March of 2021 continues that trend. The need to evolve BANC's role and operations continues, driven by sound economic benefits and changes to the electric utility industry. While EIM continues to grow to encompass the vast majority of the Western Interconnection, active discussion on expanding EIM functionality to a Day Ahead Market through the Extended Day Ahead Market (EDAM) initiative continues. In parallel, the Northwest Power Pool (NWPP), in which BANC is a member, is developing Resource Adequacy rules that may dovetail and also be a required element of an EDAM design.

These market evolutions spark consideration of other concepts to align roles, responsibilities, market rules, and member value. At the August BANC Commission meeting, the Sacramento Municipal Utility District (SMUD) proposed a concept that BANC would become a Transmission Service Provider (TSP) and serve as the Open Access Same-Time Information System (OASIS) administrator for the BANC footprint, adopting both an Open Access Transmission Tariff (OATT) and an OASIS platform. The Commission directed BANC General Manager and Counsel to develop an initial outline of what that concept might look like, various advantages and disadvantages, and recommendations. This Concept Paper is the initial effort in that regard and was developed in conjunction with the BANC Operator, who has considered what administrative and implementation steps might be implicated by this initiative, including timing, staffing, and costs.

We believe aligning transmission functions with market opportunities will have several advantages and benefits, including:

- A more efficient administration and optimization of California-Oregon Transmission Project (COTP) entitlements within EDAM but also in secondary markets for the BANC members;
- Better integration and harmonization of COTP with Resource Sufficiency tests in EDAM, rules for the NWPP Reserve Sharing Group (RSG) and a possible NWPP Resource Adequacy (RA) program;
- Possible cost savings to BANC members; and

- Aligning BANC’s functions as an EIM Entity with other EIM Entities, as among them today, BANC is an outlier in that it not a TSP. This would increase BANC alignment with other EIM Entities and help advance issues beneficial to BANC members.

However, it must be recognized that there are issues that must be worked through if BANC were to take on additional functions, including startup and other ongoing costs. It is obviously a change to the current institutional paradigm, and a careful transition to minimize disruption would be required.

At the direction of the BANC Commission at the August meeting, the charge was to develop this Concept Paper for further consideration by the Commission. Upon Commission direction, we would propose to develop this Concept Paper further, socialize and get input from members through the Resource Committee, including timing, project schedule, and costs, and bring back a final proposal to the Commission for consideration and possibly approval.

## **I. Introduction**

Change is rapidly occurring within the electric utility industry. This change, largely precipitated by both the shift in the resource mix to variable energy resources and the expansion of organized markets in the Western Interconnection, such as the CAISO real-time EIM and the possible extension of the EIM to the day ahead timeframe through an EDAM, requires the BANC and its members to rethink how to more effectively and efficiently operate in this changing environment. To be most effective, not only should that strategy thoroughly consider the future utility environment, it must also define the functional roles of the entities within that environment to ensure the proper allocation of our increasingly scarce financial and human resources and proceeding with a concerted, unified approach.

As a relatively young agency, BANC’s activities have been largely limited to its evolving functional role, first as a NERC-registered BA, then later as a Planning Coordinator for certain of its members, and now as an EIM Entity. In this latter role as an EIM Entity, BANC serves a direct market interface with the CAISO and other EIM Entities. This role will continue to evolve and grow deeper should BANC participate in EDAM or some form of a forward market.

Should EDAM or some other form of day ahead market proceed, it is expected that BANC, its members and the Western Area Power Administration – Sierra Nevada Region (WAPA) would likely want to participate in such a market. Because EDAM will utilize Day Ahead transmission and therefore some level of Available Transmission Capacity (ATC) to operate, BANC expects coordination among transmission rights holders within the BANC BA Area to be essential for successful and fully optimized participation in this market. This will require focus, expertise, and prioritization of resources among BANC, its members and WAPA.

At the recent 2020 BANC Strategic Planning Session, SMUD proposed a concept whereby BANC would become a TSP and serve as the OASIS administrator for the BANC footprint, requiring BANC to register with NERC as a TSP and both adopt an OATT and associated OASIS platform. This would be done, at least initially, for the administration of COTP

entitlements among BANC members.<sup>1</sup> It is believed that doing so will provide for a more efficient administration and optimization of COTP entitlements. In addition, this will further align BANC members operationally and strategically, which is becoming increasingly important in the evolving market structure. In the interim, SMUD would continue to provide OASIS services for those Transmission Agency of Northern California (TANC) Project Agreement No. Five (PA-5) participants until such time that the BANC OATT and OASIS platform are completed. It is anticipated that such a transition will take at least two years, perhaps longer, but it will need to be in place no later than six-months prior to the implementation of EDAM. Of further note, while EDAM is a key driver for this need of a consolidated BANC OATT and OASIS, such a consolidation will also help better coordinate EIM operations, should BANC members decide to open their COTP entitlements to EIM transfers, something of relevance once the Bonneville Power Administration (BPA) joins EIM. Furthermore, this consolidation would be extremely beneficial in support of BANC's participation in the NWPP RSG, which relies on the COTP to deliver contingency reserves. In addition, this would also have potential benefits with respect to the NWPP RA effort, in which BANC is a participant.

The remainder of this Concept Paper describes the proposal and is organized into the following sections: "Background and Project Overview" (Section II); "The BANC TSP/OASIS Business Proposition" (Section III), "Potential Impacts and Risks" (Section IV), "Benefits of Proposal" (Section V), "Cost Summary" (Section VI), "Project Timelines" (Section VII); and "BANC Staff Recommendation" (Section VIII).

## **II. Background and Project Overview**

Over the past year, SMUD conducted an internal review of its Ancillary Services (A/S) provided under its OATT and BA Area services it provides to TANC and WAPA per existing contracts with both entities since 2005. TANC's OATT references the SMUD's OATT for A/S charges applicable to TANC's sales of transmission service. BANC is the provider of A/S in the BANC BA Area, and SMUD is the BA Operator for BANC. BANC provides BA services and A/S through SMUD, but the terms of services and contracts has led to discussions among SMUD, TANC, and TANC members of exploring a different approach. In addition, BANC members with COTP rights who are becoming participants in the CAISO EIM and potentially EDAM have interests in new opportunities to market their available COTP capacity. With this background, SMUD and BANC leadership have discussed the option of BANC becoming a TSP for the BANC members with COTP rights and operating under a common BANC OATT and OASIS.

Creating a BANC TSP and SMUD TSP/OASIS Services provider to BANC will, among other benefits:

1. Leverage existing SMUD tools and experience from performing both the SMUD and TANC OASIS Administration.
2. Provide for greater alignment in the marketing and optimization of COTP entitlements.

<sup>1</sup> This is not limited to BANC members. This could also include the Turlock Irrigation District (TID), which will also be an EIM Entity in March of 2021 and a possible EDAM participant. Besides TID, SMUD staff can also consider providing services to other non-BANC members COTP Entitlement holders.

3. Provide for greater efficiencies, including regulatory advocacy, among COTP entitlement holders.
4. Better position BANC in the market as an EIM and potential future EDAM Entity by aligning its role as both BA and TSP with other EIM and potential future EDAM Entities under the CAISO Tariff.
5. Further solidify BANC among its members and participants.
6. Require TANC to pursue arranging for a new OASIS Administrator (OA), either through BANC or another provider, or to self-perform and require development and implementation costs for TANC members that choose not to utilize BANC as their OA.
  - a. As noted previously, however, BANC is willing to provide these services to those outside of BANC. Terms and conditions would need to be agreed upon among BANC, SMUD (as the services provider) and those, such as TID and Silicon Valley Power (SVP), outside of BANC.

Some of the work needed for creating the BANC OATT and OASIS – such as updating SMUD’s A/S rates and terms of BA and OA services will be needed regardless of which alternative is pursued, or even if no action is taken in the near term.

### **III. The BANC TSP/OASIS Business Proposition**

Attachment A to this Concept Paper provides a detailed listing of the expected contractual or business arrangements, documents and processes that will need to be established for BANC to perform as a registered TSP. The goal is for BANC to perform the TSP function in an efficient and well-structured operation for the BANC members and other COTP rights holders who choose to market their entitlements through the BANC TSP. As described further in this document, BANC will have to develop an OATT and enter into various arrangements to secure its ability to perform this task, such as a project agreement with the participants. BANC will also need to acquire the services of an administrator as well as an arrangement for Balancing Authority Area A/S. The development and implementation processes are expected to take two years or more depending on staff availability and vendor negotiations.

SMUD would agree to act as the BANC OASIS Administrator under a services agreement, much as SMUD performs as the TANC OASIS Administrator function, and recover its costs associated with performing this service under an agreement with BANC. While the cost recovery structure is not presented here, one potential scenario is that the A/S charges would be developed to adequately recover SMUD’s fully allocated costs, primarily consisting of costs associated with/stemming from the Grid Operations Department. SMUD currently acts as its own TSP and as the TANC OASIS Administrator under the October 29, 2005 TANC Letter of Agreement. The consolidation of TANC and SMUD TSP roles in one office provides certain efficiencies, such as a common OATT, business practices, OASIS, vendor costs, etc. which could be lost if the TANC OASIS Administration function went to an outside party. It is anticipated that the combination of consolidation of operations, common marketing of COTP entitlements, NWPP RSG participation efficiencies, and the consolidation of regulatory and legal costs would result in enhanced value of BANC to its members. While we list some cost/benefit estimates herein, a detailed cost/benefit analysis would need to be performed should the Commission decide to move forward, pending a demonstration of a net benefit from this analysis.

Prior to the transition to SMUD providing TSP/OASIS Administration services to BANC, SMUD has committed to continue to perform this function for its own COTP rights (SMUD's share of TANC-owned COTP rights) and perform these services for TANC for those participating in PA-5. Once the transition/cutover can be made at the BANC level, BANC will serve as the TSP for those who desire to come under the BANC OATT and post their ATC on the BANC OASIS. BANC can also make the BANC OASIS administration services available to non-BANC members, such as TID, as well as the other TANC COTP entitlement holders, should they desire this service through BANC. In other words, all participants under TANC PA-5 could also obtain these services through BANC. In addition, as the BANC BA Operator, SMUD will still process all COTP schedules and consolidate the schedules from a successor TANC OASIS Administrator.

#### **IV. Potential Impacts and Risks**

We do not believe that there are any significant risks associated with BANC becoming a TSP; however, as in any change, there can be potential challenges during the transition, and there will be initial set up costs. That noted, should SMUD cease to provide OASIS administration to TANC, many of these transitional costs will be incurred by the current PA-5 participants to set up a successor arrangement. Moreover, we would anticipate that the proposed consolidation will lead to overall lower costs due to the further alignment of activities related to OATT/OASIS administration. Nevertheless, a few potential matters are listed below for discussion.

##### *NERC Compliance*

As part of this transition, BANC would be required to register as a TSP with NERC. While this provides a new compliance risk for BANC, the TSP function poses a minimal liability risk. For one, TANC is currently the TSP for those participating under the TANC OASIS (PA-5) and SMUD is the TSP for its shares of the COTP. This would simply shift the role from SMUD and TANC to BANC (for some or all of the PA-5 entities). However, the entity serving the functional TSP role, SMUD, would remain the same. If anything, this simplifies compliance obligations for SMUD staff by providing a single service to BANC – as opposed to both TANC and SMUD. Additionally, there would be no operational changes, since WAPA would still continue to operate and maintain the COTP, as it does today under its agreement with TANC.<sup>2</sup>

##### *Economic Conflicts*

While the creation of a single consolidated OATT and OASIS with SMUD as the operator might raise concerns regarding economic conflicts, this is even less so than today, where TANC and SMUD essentially compete for non-firm sales through separate OASIS sites. Under BANC, there will be a single plan for marketing the entitlements. As will be discussed further under Section V (Benefits of Proposal) below, SMUD has a proven track record in making significant sales of surplus COTP firm and non-firm transmission. All surplus will be marketed and sold or

<sup>2</sup> We do not anticipate a new agreement with WAPA will be necessary, but this will require further discussions with TANC and WAPA.

optimized in the market under the same set of rules without any preferences among BANC members or others who choose to participate.

### *LTLA Impact*

It has been asked whether the use of COTP entitlements in EIM or eventually EDAM could result in termination of the existing long-term layoffs under either the 2009 or 2014 long term layoff agreements (LTLA).<sup>3</sup> The short answer is “no”. Indeed, nothing in the LTLAs prohibits the short term use (less than one year) of entitlements in any way. Neither participation in EIM (real-time) or even EDAM (day-ahead) would constitute a long term lay off of the entitlements (greater than one-year) and require that the shares be re-offered to TANC members (i.e., the Right of First Refusal requirement). Nor would such CAISO participation activities trigger any other form of breach of the LTLAs.

### *Potential Impact to TANC*

It is not unreasonable to assume that this proposal could cause impacts within TANC, given that BANC would be assuming one of TANC’s existing functions. However, the business benefits, economic and operational efficiencies, and the fact that most of the COTP entitlements, with the exception of TID and SVP, are held by BANC members, outweighs this impact. This is a change-driven, business-based realignment of the joint powers agencies. Given the significant industry changes which have and will continue to occur, this change is justified. Indeed, TANC and BANC members have had to make numerous adjustments to address market changes over the years, including when SMUD became a control area in 2002, when WAPA and TANC moved to the SMUD control area in 2004, through the formalization of the BANC BA in 2011, BANC becoming a member of the NWPP, a Planning Coordinator for several of its members in 2018, and when BANC became an EIM Entity in 2019. All of these actions were deemed appropriate due to changing circumstances, although they certainly had impacts on many of the TANC and BANC members. Moreover, SMUD and BANC are willing to work through any issues related to the potential stranding of non-BANC members. To the extent some may choose

<sup>3</sup> The 2009 LTLA constituted layoffs from the City of Palo Alto (Palo Alto) (3.6815 Participation Percentage) and the City of Roseville (Roseville) (2.1119 Participation Percentage) to the Modesto Irrigation District (MID), the SMUD and Turlock Irrigation District (TID). Palo Alto and Roseville were the only two Northern California Power Agency (NCPA) participants in the 2009 LTLA to MID, SMUD and TID. The term of the 2009 LTLA is 15 years (February 1, 2024).

The 2014 LTLA involved layoffs from the remaining NCPA members, including the City of Santa Clara. With the exception of a partial hold back of approximately 130 MW by SVP, all the entitlements held by the other non-direct connect NCPA members (i.e., the Cities Alameda, Healdsburg, Lodi, Lompoc, Ukiah and the Plumas Sierra Rural Electric Cooperative) were transferred to MID, SMUD and TID under the 2014 LTLA. The term of the 2014 LTLA is 25 years, commencing on July 1, 2014 (June 30, 2039).

In 2014, Roseville also entered into an agreement with MID, SMUD and TID to take back Roseville’s shares (2.1119 Participation Percentage) it had transferred under the 2009 LTLA. As a result, Palo Alto is now the sole entity with transferred shares under the 2009 LTLA. The remainder of NCPA members have their entitlements subject to the 2014 LTLA. This transfer also resulted in “Amendment 1” to the 2009 LTLA to remove Roseville.

to not participate with BANC related to OATT and OASIS, their costs would likely increase. In that way, this could be an unintended consequence. However, this is a business choice of their own.

## **V. Benefits of Proposal**

Although we have described the benefits of this change elsewhere in this memo, we are providing additional description below. These benefits include:

*First*, a consolidated OASIS allows for the best leveraging of the existing SMUD tools and experience from performing both the SMUD and TANC OASIS administration. Moreover, there will be an efficiency gain by consolidating the TANC and SMUD OATT and OASIS administration. Because SMUD provides these services today, the institutional knowledge and experiences of performing these tasks will not be lost and will instead be even further focused and directly for the benefit of all participants.

*Second*, we believe this will also provide for a greater alignment in the marketing and optimization of COTP entitlements. Since the beginning of the year, SMUD has made significantly higher sales of COTP surplus than any other entity. SMUD has developed a targeted outreach to its transmission customers and has worked to provide both services and a product that meets their customers' needs and expectations.

*Third*, this will consolidate and provide for greater efficiencies among COTP entitlement holders. As we move more into regional markets, it becomes even more essential. BANC, largely due to its leadership, has developed a strong voice and credibility among BAs within the Western Interconnection, regulators, other stakeholders and with the CAISO. We believe this move will only strengthen BANC, and a stronger, more unified BANC is better for all BANC BA participants.

*Fourth*, such an action would arguably better position BANC in the market as an EIM and potential future EDAM Entity by aligning its role as both BA and TSP with other EIM and potential future EDAM Entities under the CAISO Tariff and business practices. One of the key differences for BANC among EIM Entities is that it is not a TSP. This has required BANC to bifurcate TSP and BA EIM functions under the CAISO Tariff and business practices. This becomes a greater issue in a forward market context with multiple TSPs within BANC once we begin to utilize COTP.

*Fifth*, as BANC, both in EIM and in EDAM, begins to release transfers on COTP at Captain Jack, coordination and a single calculation of ATC value<sup>4</sup> will make transfers easier to optimize and more efficient. Moreover, having a single tariff and price will eliminate an additional market seam between BANC and the Pacific Northwest.

<sup>4</sup> This is simplified, since WAPA, which operates its own OASIS and has its own OATT, may also have exchanges at Captain Jack.

*Sixth*, BANC's ability to participate in the NWPP RSG will ensure continued benefits to the BANC BA participants. BANC's lifeline to the RSG is its COTP transmission. This proposal will allow for better coordination in the NWPP RSG and future NWPP RA.

*Finally*, this consolidation will serve to further solidify BANC among its members and participants. One of the main concerns among the non-SMUD members of BANC expressed during strategic planning is the value of BANC and concerns that SMUD may choose another path. In discussions with SMUD, SMUD clearly expressed its commitment to BANC and how this proposal would only serve to further bind the relationships in BANC and enhance BANC's stature as a market entity.

## **VI. Cost Summary**

At this point we have not conducted a detailed cost itemization. Attachment A to this Concept Paper provides some details to show the potential scope of changes. We have provided an initial summary of these costs below.

### *Software Vendor and Staffing*

Costs to outside vendors would be required for software changes which could reach in excess of \$100,000. Additional staffing costs would be required for design, software modeling, testing and implementation which could also reach in excess of one full time equivalent (FTE) for one year, regardless whether performed by internal staff or by a contractor. However, ongoing costs would reflect the consolidation of operating and administrating the TANC and SMUD OASIS.

### *Legal and Regulatory*

The project will also require some additional legal costs for the development of a BANC OATT and other documentation; however, some of this will be developed and vetted through the BANC Legal Committee. Additionally, once set up has been completed, we do not believe the ongoing regulatory and/or legal support will require a budget increase (i.e., we believe it can be performed within the existing legal retainer with BBSW, with the possible exception for unanticipated legal matters).

Should the Commission decide to move forward, a more detailed cost estimate can be developed as part of an overall cost-benefit assessment for the project.

## **VII. Project Timelines**

Firm timelines would need to be developed. However, given the EIM Phase 2 implementation and other matters, it is expected to take at least two years to transition. As an extreme bookend, it is certain that this can be in place in advance of EDAM go-live, which is likely no earlier than Spring of 2024. If the Commission decides to further pursue this course, staff would then initiate the development of detailed project plan, which would include a more precise estimate. This proposal will be beneficial even if EDAM does not move forward or is further delayed. Having this consolidated OATT and OASIS will be a great benefit even in an EIM only market, once



BANC determines to add the COTP to its EIM model. As noted previously, this will be very important when BPA joins EIM.

### **VIII. BANC Staff Recommendation**

BANC staff believes this initial analysis indicates there is a strong business case to operate a consolidated OATT and OASIS under BANC, at a minimum among the BANC members. We recommend authorizing the General Manager to develop a more detailed scope of work, schedule, and cost estimate, including a cost benefit assessment, and to coordinate with TANC on the details of this proposal.

# Attachment A

The following attachment provides a more detailed listing of tasks needed to perform the transition. This list is preliminary and may change should a more detailed scope and project document be developed upon approval by the Commission.

## TSP Checklist:

1. BANC NERC Registration as TSP
  - a. Secure rights to market transmission rights from participants
    - i. SMUD plus Others
  - b. Establish BANC Transmission Customer Agreements
  - c. Obtain TSP Administrator Services
    - i. SMUD to determine costing based on TSP Administrative services performed for others and results of SMUD's internal cost of service assessment performed for its Grid Operations services.
  - d. Obtain A/S services.
    - i. Scheduling and Dispatch – SMUD
      1. Review Scheduling and Dispatch rate design – SMUD Cost of Service info to inform rate design
    - ii. Voltage Support – SMUD and WAPA
      1. Review reactive rate design for potential BA wide application
  - e. Develop/Implement BANC OATT
  - f. Develop BANC OATT Business Practices, post on OASIS
    - i. Pricing Practices, Discounting – Delegated to TSP Administrator
  - g. Develop associated ATCID/Interconnection process/Usage reporting/OASIS Notices/FERC Order 884 ACE posting/Outage/Rates/Standards of Conduct
  - h. Obtain OATI ID and OATI support services for BANC
  - i. Make CAISO Scheduling Coordinator arrangements (if needed to trade CRR options into/out of CAISO with transacting parties using CAISO grid)
    - i. Obtain SCID
    - ii. Security Deposit
    - iii. CAISO SC contract
    - iv. Settlements (NOTE: the on-going cost quoted by SMUD Settlements to TANC for this service was in excess of \$250k/yr)
  - j. Contract with OATI for BANC OASIS Services on westTTrans
  - k. Develop and implement OATI/OASIS tools used to curtail/allocate rights among BANC OATT/TSP participants (Change Order required, and additional costs as described above)
  - l. Settlements/Accounting implementation
  - m. Develop/Implement/Transition Compliance Processes
  - n. FERC/NERC/WECC/NAESB interchange, transmission reservation processes and standards implementation
2. SMUD TSP Administration Role Changes

- a. Transition SMUD TSP 3<sup>rd</sup> party COTP sales under the SMUD OATT to BANC (closeout existing as of cutoff date)
  - b. Terminate SMUD Transmission Customer Agreements
  - c. Review SMUD OATT to direct COTP User to BANC
  - d. Post OASIS Notice of cutover
  - e. SMUD terminates TANC OASIS Administrator
    - i. Possible significant workload to transition to a successor TANC TSP services provider.
  - f. TANC Members that wish to use the BANC TSP terminate their rights committed to participation in the TANC PA5 contract, or reduce their participation percentage to reflect the amount of rights to be marketed by the BANC TSP.
  - g. Remodel OATI systems, and other internal software systems, to remove SMUD TSP from software.
  - h. Terminate OATI OASIS wesTTrans agreements
3. TANC OASIS Administrator Services Transition to Successor TSP
- a. Notice of termination/transition terms (90-day notice per contract)
    - i. Likely to need much longer period to transition successfully
  - b. Terminate TANC Transmission Customer Agreements
  - c. Assess transition of SMUD Intellectual Property (not owned by TANC)
    - i. JOTS – Allocations of Joint Owned Transmission System rights - determines shares based on real-time COI scheduling limits set by CAISO
    - ii. Curtailment Manager – automated process to implement schedule cuts needed when schedules exceed available rights.
    - iii. Tools and Features of these systems that address complex determinations:
      - 1. COTP Rank rounding and tie-breaker rules (unique feature)
      - 2. “Max-Utilization” feature to permit intra-period use of other’s rights to avoid curtailments
    - iv. Setup of Point of Receipt and Point of Delivery options
    - v. Available Transmission Capacity (ATC) Modeling
    - vi. User Set-A-Side amounts for LSE use
    - vii. Transmission Service Request setup – service products, service timing, and pricing modeling
    - viii. Transmission Customer modeling and setup
    - ix. COTP Shared path summary redesign
    - x. AUDI (Advanced User Data Interface) remodeling –the internal formula calculations within OATI webTrans) that generate the summarized tag data which is then used internally in OATI webTrans to calculate real-time WASN/SMUD net-scheduled interchange amounts, the COTP Shared Path Summary (which compares COTP Member rights to COTP Member usage), and Interchange Summary. PSO operators use these tools and the values are sent to downstream systems in real-time and after-the-fact to the EMS, BA Spreadsheet, and Settlements.
  - d. Perform remodel of OATI systems, and other internal software systems, to remove TANC TSP from software.
  - e. Terminate OATI OASIS wesTTrans agreements

#### 4. Other Considerations

- a. An update of related Operating Procedures and Standard Practices used by operators will also be required as part of the transition.
- b. TANC members that transition to a successor TANC OASIS Administrator will likely face comparable development costs and timing as setting up the new OASIS services provider, unless they accept simplifying some processes and functions. They will need additional services from OATI.
- c. The OATI modeling work time could be shortened if the contractor performs this service with its staff. However, SMUD staff highly prefers to do development in-house as much as possible to maintain in-house expertise and to build in flexibility for maintenance, debugging and facilitating future changes and updates without the need to rely on the contractor.

BANC 2020/2021 Strategic Plan - Routine Initiatives DRAFT

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	
3 Medium	OUTREACH	Engage in industry forums (WECC, Peak, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & NWPP Exec. Forum meetings
4 Medium		Coordinate with other POU BAs (Ca and regionally)	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LA, TP, & TID on EIM/EDAM
5 Medium		Outreach to regulatory and legislative bodies on key issues	Jim Shetler/BBSW	Ongoing as Necessary	Participating in WEIL group outreach to West governors
6 Medium		More formal engagement with TID on BA/EIM/EDAM issues	Jim Shetler/BBSW	Ongoing	
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 DRAFT

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	
10 High		Manage EIM Phase 1 & 2	Jim Shetler/SMUD	Ongoing	
11 High		EDAM evaluation effort ~ CAISO Stakeholder Process ~ CAISO Tariff Development	Jim Shetler/BBSW Jim Shetler/BBSW	3rd Qtr. 2021 1st Qtr. 2022	
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	
14 High		Regionalization: ~Monitor CAISO GRC effort	Jim Shetler/BBSW	4th Qtr. 2021	
15 High		Coordinate with CA BAs on SB100 effort	Jim Shetler/BBSW	12/31/21	
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	