

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

January 22, 2020

On this date, a Regular Meeting of the Commissioners of the Balancing Authority of Northern California (BANC) was held at 555 Capitol Mall, 3rd Floor Board Room, Sacramento, CA 95814.

Representatives Present:

| Member Agency | Commissioner |
|---------------------------------------|----------------------------|
| Modesto Irrigation District | James McFall, Acting Chair |
| City of Redding | Nick Zettel |
| City of Roseville | Michelle Bertolino |
| Sacramento Municipal Utility District | Paul Lau |
| City of Shasta Lake | James Takehara |
| Trinity Public Utilities District | Paul Hauser |

| Agency | Liaison |
|-----------------------------------|----------------|
| Western Area Power Administration | Absent |

1. Call to Order: Acting Chair McFall called the meeting to order at 2:00 p.m.
2. Matters Subsequent to Posting the Agenda: None.
3. Public Comment: Acting Chair McFall invited comments from the public and none were given.
4. Consent Agenda: Ms. Bertolino moved, Mr. Hauser seconded, and the participating Commissioners unanimously approved the Consent Agenda items comprised of: (A) Minutes of the Regular Commission Meeting held on October 23, 2019; (B) BANC Operator Reports for October, November & December; (C) Compliance Officer Reports for November, December, & January; (D) PC Committee Chair Reports for November, December, & January; and (E) General Manager’s Report and Strategic Initiatives Update.
5. Regular Agenda Items – Discussion and Possible Action:
 - A. Mr. Shetler introduced a resolution to thank Greg Salyer for his service as a BANC Commissioner following his December retirement. Mr. Lau moved, Mr. Hauser seconded, and the participating Commissioners unanimously approved Resolution 20-01-14 *Resolution Commending and Thanking Greg Salyer for His Service to the Balancing Authority of Northern California*.
 - B. Mr. Shetler provided an update on EIM Phase 2 and EDAM. With respect to EDAM, CAISO is planning to hold the first workshops on February 11-12th, covering two primary tranches: first, Transmission/Resource Sufficiency (RS)/Convergence Bidding; and second, Greenhouse Gas/Price Formation/Grid Management Charge. The EIM Entities

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are engaging with other involved entities through outreach efforts and continuing routine EDAM Steering Committee meetings.

Mr. Shetler reminded the Commission that the 2020 budget included provisions for an EDAM evaluation that included assistance with monitoring EDAM developments and providing real-time assessments as well as evaluating the impacts to BANC members from specific EDAM market designs. In support of these efforts, proposals were solicited from consultants. The evaluated costs included both fixed retainer and variable hourly support. There are approved dollars in the current budget plus contingency and dollars for other consultant support; as a result, no change to the current approved budget is requested at this time. The Commission is being asked to authorize the General Manager to enter into a contract with Customized Energy Solutions (CES) starting February 1, 2020.

Mr. Zettel asked whether CES had production cost modeling capability, and Mr. Shetler indicated that they would be reviewing a specific proposal around RS and evaluating its impacts to BANC, not performing a full quantitative analysis at this time. Mr. Shetler clarified that Brattle had been engaged for that purpose, but he was not recommending pursuing further analysis from Brattle until the full market design was better defined. The expectation is that Brattle will do a shared cost analysis for all EIM entities, including BANC.

Ms. Bertolino moved, Mr. Lau seconded, and a roll call vote was taken. All Commissioners voted in favor of Resolution 20-01-15 *Authorization of Contract for Services Related to EDAM Market Support*.

- C. Mr. Shetler reviewed BANC's SB 100 approach with the Commission. He stated that BANC supports the aspirational goals of SB100 and the position that the near-term goal has to be net zero (while revisiting that goal on a periodic basis.) BANC's approach is similar to that of other BAs. The implementation plan must respect the goals of safety, reliability, and affordability. In addition, a well thought out transition plan that does not abandon existing dispatchable resources until viable alternatives are proven and in place is important. The next SB100 workshop in February will deal with assumptions and inputs. BANC will coordinate its efforts through the Resources Committee (RC.)
- D. Mr. Shetler reviewed the ongoing Sutter Energy Center (SEC) effort. SMUD has contracted with SEC through 2023 and has brought forward a proposal where BANC might become the contracting agent for SEC on behalf of its members in the 2024-30 timeframe. The Resource Committee meeting on February 6th will focus on taking a closer look at this proposal. Mr. Shetler noted that Resource Committee participants were asked what capacity/energy needs members may have in this timeframe to get a sense for the potential broader interest. Assuming there is interest, authority may be sought from Commission to seek further dialogue on this topic. Mr. Smith clarified that member participation would not occur until the 2024 and beyond timeframe.
- E. Mr. Shetler introduced Mr. James Leigh-Kendall, the BANC Compliance Officer, who reviewed the results of the 2019 NERC/WECC BANC Audit with the Commission. The Internal Controls Evaluation (ICE) was conducted by a separate team from WECC. Going forward, WECC plans on integrating the ICE effort into the audit process itself. BANC/SMUD's ICE participation resulted in a recommendation to reduce future compliance oversight within two BANC-applicable reliability standard areas. Overall, the 2019 audit focused on a narrower scope with a much deeper dive into the standards

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reviewed. BANC's results were very positive, with zero findings of potential noncompliance.

- F. Mr. Braun provided a BANC general counsel report and discussed the applicability of AB5 to BANC, among other general topics.
- 6. Closed Session: The Commission retired to closed session for conference with legal counsel in anticipation of litigation pursuant to subdivision (c) of Cal. Gov't Code § 54956.9; one case. After returning to open session, Mr. Braun reported that no action was taken in closed session.

The meeting was adjourned at 3:19 p.m.

Minutes approved on February 19, 2020.

A handwritten signature in black ink, appearing to read 'C. Anthony Braun', written over a horizontal line.

C. Anthony Braun, Secretary

