

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

February 24, 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
City of Redding	Dan Beans, Chair
City of Roseville	Michelle Bertolino
Sacramento Municipal Utility District (SMUD)	Laura Lewis, Alternate
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 Brian Griess

1. Call to Order: Mr. Jim Shetler reviewed attendance and confirmed that a quorum was present. Chair Beans called the meeting to order at 2:00 p.m.
2. Matters Subsequent to Posting the Agenda: None.
3. Public Comment: Chair Beans invited comments from the public and none were given.
4. Consent Agenda: Commissioner Bertolino moved, Commissioner McFall seconded, and the participating Commissioners unanimously approved the Consent Agenda items comprised of: (A) Minutes of the Regular Commission Meeting held on January 27, 2021; (B) BANC Operator Report for January; (C) Compliance Officer Report for February; (D) PC Committee Chair Report for February; and (E) General Manager's Report and Strategic Initiatives Update.
5. Regular Agenda Items – Discussion and Possible Action:
  - A. Mr. Shetler provided an EIM update, reporting that operations were generally normal with no major issues other than heatwave impacts. The CAISO fourth quarter 2020 Benefits Analysis showed BANC/SMUD with a \$5.42 million benefit. CAISO will be conducting Summer Readiness Stakeholder workshops on EIM RS Test Improvements, CAISO Export Priorities, Wheel-throughs, and System Market Power Mitigation. EIM Phase 2 go-live is March 25<sup>th</sup>; all major activities are on track. As of February 23<sup>rd</sup>, EIM Readiness Certification was filed at FERC.

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Mr. Shetler provided an overview of the updated BANC/SMUD EIM Services Agreement, which incorporates Phase 2 services that will be provided by SMUD, including, but not limited to, settlements support software and special services for certain members related to that software. The 2021 budget appropriately reflects the dollars included in this agreement, and the EIM Committee has reviewed the agreement. Commissioner McFall moved, Commissioner Bertolino seconded, and a roll call vote was taken. All participating Commissioners voted unanimously in favor of Resolution 21-02-15 *Authorization to Execute First Amended and Restated EIM Services Agreement between BANC and SMUD.*

Mr. Shetler discussed the revised EIM Phase 2 proposal for assignment of participant Unsecured Credit. After discussions with CAISO, it was agreed that BANC member participants would be allowed to assign their share of BANC collateral requirements from their excess Unsecured Credit with CAISO. Because WAPA is not a BANC member and due to other unique organizational attributes, additional conversations are required between WAPA, BANC, and CAISO on this subject before determining a path forward for WAPA. The preference of BANC and CAISO is that the collateral assignment arrangement initially apply to only one BANC member participant, so SMUD has volunteered. Commissioner Bertolino offered her thanks to SMUD for doing so. Mr. Shetler stated that the initial assignment of excess Unsecured Credit from SMUD to BANC would be in the amount of \$5 million. BANC will coordinate with CAISO and the other BANC member participants to move toward assigning their proportionate share by June 1<sup>st</sup>. Mr. Shetler then shared the tentative plan to move the current \$1 million BANC has in collateral funding to the newly-created BANC Reserve Fund and evaluate over the next year whether those funds could be returned to the participating members.

These initial plans have been memorialized in the resolution, but a longer-term approach may result in amendments to other existing BANC agreements or other mechanisms to allow for the expanded participation of other EIM Participants by summer of 2021. Mr. Shetler introduced the Resolution 21-02-16 and stated that BANC had concurrence from the EIM Committee on this approach. Chair Beans asked if there were any questions from the Commission, and Ms. Anderson asked for clarification on the \$1 million collateral funding. Mr. Shetler responded that Unsecured Credit was not an option available to BANC in Phase 1, so the \$1 million was the collateral funding initially provided by BANC to CAISO for Phase 1, and as Phase 2 was being set up, a portion of that \$1 million was requested from Phase 2 participants. Now that the Unsecured Credit option has become available, it should be determined whether those monies can be returned to Phase 2 participants, and that determination will be made over the coming year. Mr. Shetler committed to working offline with Ms. Anderson on how the approach will apply to WAPA. Commissioner Mc Fall asked about the June 1 date in the resolution vs. the April 1 date for determination of participation; is April 1 a target date? Mr. Shetler responded that it was, and Mr. Smith noted that, in speaking with SMUD Treasury, the intent was to have a goal for each member participant to determine what they had available in terms of Unsecured Credit. It is most likely that if any additional Unsecured Credit is required, it would be during the summer months. Commissioner Lau moved, Commissioner McFall seconded, and a roll call vote was taken. All participating Commissioners voted unanimously in favor of Resolution 21-02-16 *Authorization of BANC EIM Phase 2 Collateral Approach.*

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Mr. Shetler noted, related to EIM, that BANC Risk Policies would be brought forth to the Commission at the March meeting, wrapping up all outstanding requirements related to EIM Phase 2.


Mr. Shetler thanked all BANC members for their data submittals related to the 2021 Summer Assessment. This is likely the most extensive set of information ever requested from members and the most extensive analysis completed to-date for a summer assessment. Analysis is still underway, but the *preliminary* base case summary at the BA level appears to indicate sufficient resources to meet load; however, without non-firm imports secured, the 1:10 forecast sensitivity appears 'marginal.' Several Commissioners raised questions regarding issues such as the dependability of non-firm imports and MW quantities. BANC and Mr. Willis committed to come back with an update to address those issues at the next Commission meeting.

6. Closed Session: The Commission retired to closed session at 2:44 p.m. for conference with legal counsel in anticipation of litigation pursuant to subdivision (c) of Cal. Gov't Code § 54956.9; one matter.

The Commission adjourned from closed session at 3:28 p.m., where no formal action was taken.

Minutes approved on March 24, 2021.

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C. Anthony Braun, Secretary