

Balancing Authority of Northern California

Regular Meeting of the Commissioners of BANC

2:00 P.M.

Wednesday, March 27, 2024

555 Capitol Mall, Suite 570

Sacramento, CA 95814

Balancing Authority of Northern California

NOTICE OF REGULAR MEETING AND AGENDA

Notice is hereby given that a regular meeting of the Commissioners of the Balancing Authority of Northern California (BANC) will be held on **March 27, 2024** at **2:00 p.m.** at **555 Capitol Mall, Suite 570, Sacramento, CA 95814.**

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

Phone: 1-301-715-8592 or 1-305-224-1968 **Meeting ID:** 899 7592 2199 **Passcode:** 316160

Meeting Link: <https://us06web.zoom.us/j/89975922199?pwd=KjF4Fg-GDzQlBglTfpb8HFSVVQmB7Q.INQPq16nMratABpn>

Additional Public Meeting Location(s):

In addition to the primary meeting location listed above, any member of the public may also observe the meeting and offer public comment at the following address(es):

Redding Electric Utility
3611 Avtech Parkway (Executive Conference Room)
Redding, CA 96002

AGENDA

- 1 Call to Order and Verification of Quorum.**
- 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 January 24, 2024.
 - B. BANC Operator Report (January and February).
 - C. Compliance Officer Report (February and March).
 - D. PC Committee Chair Report (February and March).
 - E. General Manager's Report and Strategic Initiatives Update.
- 5 Regular Agenda Items – Discussion and Possible Action.**
 - A. General Manager Updates.
 - i. Market Updates – EIM, EDAM, Markets+, WRAP.
 - ii. BANC Resource Development Update.
 - B. Consider and Possibly Approve Resolution 24-03-01 *Acceptance of BANC 2022 Audited Financials.*
 - C. Consider and Possibly Approve Resolution 24-03-02 *Approval of Revised 2024 Annual Budget for BANC.*
 - D. Consider and Possibly Approve Resolution 24-03-03 *Authorization of Amendment to Extend Percipio Contract for Services Related to EDAM Project Management Support.*
 - E. Consider and Possibly Approve Resolution 24-03-04 *Authorization of Amended Legal Services Agreements with Braun Blasing & Wynne, P.C. and Western Energy Law, P.C.*
 - F. Consider and Possibly Approve BANC Membership in CMUA.
 - G. Member Updates.
- 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.

Balancing Authority of Northern California

Consent Agenda Items

- A. Minutes of the January 24, 2024 BANC Regular Meeting.**
- B. BANC Operator Reports (January and February).**
- C. Compliance Officer Reports (February and March).**
- D. PC Committee Chair Reports (February and March).**
- E. General Manager Report.**

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

January 24, 2024

On this date, a Regular Meeting of the Commissioners of the Balancing Authority of Northern California was held at 555 Capitol Mall, Suite 570, Sacramento, CA 95814.

Representatives:

Member Agency	Commissioner
Modesto Irrigation District (MID)	Martin Caballero, Acting Chair
City of Redding	Nick Zettel (remote)
City of Roseville	Dan Beans (remote)
Sacramento Municipal Utility District (SMUD)	Laura Lewis, Alternate
City of Shasta Lake	James Takehara (remote)
Trinity Public Utilities District (TPUD)	Absent

Other Participants:

Jim Shetler	General Manager
Tony Braun	General Counsel
Kevin Smith	BANC Counsel
Kris Kirkegaard	General Counsel Support
James Leigh-Kendall	BANC Compliance Officer
Maria Veloso-Koenig	BANC Operator
Janice Zewe	BANC Planning Coordinator Chair
Joe Bowers	Alternate Commissioner, Redding
Bryan Griess	WAPA
Jeanne Haas	WAPA

1. Call to Order and Verification of Quorum: Mr. Shetler verified that there was a quorum to proceed; attendance is noted above. Alternate Chair Caballero called the meeting to order at 2:01 p.m.
2. Matters Subsequent to Posting the Agenda: None.
3. Public Comment (any matter on the agenda): None.
4. Consent Agenda: Alternate Chair Caballero invited comments from the Commission and a motion on the Consent Agenda; no comments.

<p>ACTION: M/S (Lewis/Zettel) to approve the Consent Agenda. Motion carried by a unanimous roll call vote. (Absent: Commissioner Hauser).</p>

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

5. Regular Agenda Items.

A. General Manager Updates:

i. Market Updates – EIM, EDAM, Markets+, WRAP.

Mr. Shetler noted that FERC largely approved the CAISO tariff with respect to EDAM in late 2023, with a few exceptions, which he and Mr. Braun overviewed. Mr. Shetler provided a brief overview of ongoing operations; the latest CAISO Benefits Analysis; an EIM Committee oversight update, including subcommittee updates; an EDAM markets update; and an overview of the Pathways Initiative along with updates on SPP Markets+ and WRAP. Comments, questions, and input were accepted and addressed.

B. Member updates.

Mr. Shetler notified the Commission that if no action items arise, the February meeting may be adjourned.

Commissioner Caballero noted the upcoming expiration of their interconnection agreement with PG&E in April and an expectation that PG&E will present a replacement IA. MID counsel, Sean Neal also commented on this topic.

The Commission adjourned at 2:54 p.m.

Minutes approved on March 27, 2024.

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 January 2024

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- Declared BA Energy Emergency Alert Level (EEA): N/A
- RSG Activations
 - 0 Qualifying Events
 - 0 MW Qualifying Event request
 - 0 MW average generation lost
 - 0 MW maximum generation lost
 - Generating unit(s) and date(s) affected: N/A
 - All recoveries within 0 minute(s)
- USF
 - 17 of 31 days with instances of USF mitigation procedure utilized
 - 0 days on Path 66
 - No operational impact on BANC
- BAAL Operation:
 - Maximum duration of BAAL exceedance: 1 Minute
 - Number of BAAL exceedance >10 minutes: None
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2024 Frequency Response Obligation (FRO): -15.8 MW/0.1Hz
 - 2023 Frequency Response Obligation (FRO): -18.8 MW/0.1Hz
 - Q3 Frequency Response Measure (FRM): -52.9 MW/0.1Hz
 - Q3 Number of Under-Performed Events: 0 out of 1
 - Q1~Q3 Frequency Response Measure (FRM): -52.7 MW/0.1Hz
 - Q1~Q3 Number of Under-Performed Events: 0 out of 12

Monthly Notes:

- None

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



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

P.O. BOX 15830 • D109 • SACRAMENTO • CA 95852 -1830

TO: BANC Commission

RE: BANC Operator Report for February 2024

Operations:

- BA Operations: Normal
- Significant BA Issues: None
- Declared BA Energy Emergency Alert Level (EEA): N/A
- RSG Activations
 - 0 Qualifying Events
 - 0 MW Qualifying Event request
 - 0 MW average generation lost
 - 0 MW maximum generation lost
 - Generating unit(s) and date(s) affected: N/A
 - All recoveries within 0 minute(s)
- USF
 - 9 of 29 days with instances of USF mitigation procedure utilized
 - 0 days on Path 66
 - No operational impact on BANC
- BAAL Operation:
 - Maximum duration of BAAL exceedance: 4 Minutes
 - Number of BAAL exceedance >10 minutes: None
 - BAAL violation (BAAL exceedance >30 minutes): None
- Frequency Response (FR) Performance – Quarterly Metric:
 - 2024 Frequency Response Obligation (FRO): -15.8 MW/0.1Hz
 - 2023 Frequency Response Obligation (FRO): -18.8 MW/0.1Hz

Monthly Notes:

- None

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

February 2024

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

BA Compliance Issues:

- No significant operational Balancing Authority compliance events occurred.
- All required BA compliance reports and operating data were submitted to WECC.
- BANC continues to review in-scope standards for the annual WECC Self-Certification on eleven (11) BA/PC-applicable NERC Standard requirements in preparation for the submittal deadline of March 1st. BANC is on track to meet the deadline, and no instances of non-compliance have been identified.
- A mock audit of select standards applicable to the BA/PC functions will be conducted by Archer Energy Group. The mock-audit engagement is scheduled to take place 5/28 – 6/7. The objective of this mock audit is to ensure that BANC/SMUD are well-prepared for the 2025 WECC Audit (currently anticipated in Q2 of 2025).

BANC MCRC:

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

Compliance Officer Report

BANC Commission Meeting

March 2024

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

BA Compliance Issues:

- No significant operational Balancing Authority compliance events occurred.
- All required BA compliance reports and operating data were submitted to WECC.
- BANC completed its review of in-scope standards for the annual WECC Self-Certification on eleven (11) BA/PC-applicable NERC Standard requirements and submitted its response prior to the March 1st deadline. No instances of non-compliance have been identified.
- A mock audit of select standards applicable to the BA/PC functions will be conducted by Archer Energy Group during the last week from May 28th – June 7th. The objective of this mock audit is to ensure that BANC/SMUD are well-prepared for the 2025 WECC Audit (currently anticipated in Q2 of 2025). An initial submittal of information is due April 8th, and early Requests for Information (RFIs) are being accepted.

BANC MCRC:

The next BANC MCRC meeting is scheduled to be held at 10:00 AM on Monday, March 18th via teleconference.

PC Committee Chair Report

BANC Commission Meeting

February 2024

The following summarizes Planning Coordinator-related activities and updates for the Commission's information and consideration. Any major issues or action items will be identified separately on a future Commission agenda for action.

BANC PC Committee Updates and/or activities:

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

- MOD-031-2 – Demand and Energy Data – Staff is coordinating the 2024 Loads and Data request cycle. WECC broke up the data request into multiple spreadsheets with two separate due dates. The first set has been completed with the WECC requested load and energy data; it was sent to WECC on the due date of January 31st. The second set is due on February 16th.
- FAC-014-3 Staff has ascertained what is required for the new version of FAC-014-3, which will be effective on April 1st. PC and TP do not need to establish planning Horizon SOLs anymore; it is now the RC's responsibility to establish operation SOLs. Staff will meet with RDNG representatives for a meeting to discuss upcoming changes and compliance responsibilities going forward.
- MOD-032-1 Data for Power System Modeling & Analysis – The annual MOD-032 data request will be sent out February 9th in conjunction with the TPL-001-5 data request.
- TPL-001-5 - Transmission System Planning Performance – Prep work, including base case selection and drafting of the study plan, will be completed in February. The data request for study plan review is expected to be sent out on February 9th.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-4 Interconnection Studies	0%	There are no BES interconnection projects in 2024 for BANC PC Participants per 2023 survey. However, a 2024 survey is planned to ensure no system upgrades meet the new definition of qualified changes for BANC PC for this year.
2	FAC-010-3 SOL Methodology for Planning Horizon	100%	An updated version was sent to external stakeholders and BANC PC Participants on 12/31/2022.
3	FAC-014-3 Establish and Communicate SOLs	N/A	Staff has ascertained what is required for the new version of FAC-014-3, and BANC PC does not need to establish planning horizon SOLs anymore. It is now the RC's responsibility to establish operation SOLs.
4	IRO-017-1 Outage Coordination	0%	Awaiting the acceptance of the 2024 annual assessment to send to the Reliability Coordinator.
5	MOD-031-2 Demand and Energy Data	66%	Staff is coordinating the 2024 Loads and Data request cycle. WECC broke up the data request into multiple spreadsheets with two due dates. The first set of sheets was sent to WECC on 1/31/2024. The second set is due on 02/16/2024.
6	MOD-032-1 Data for Power System Modeling & Analysis	0%	Ongoing activity. Data request to fulfill 13-month cycle for compliance will be sent 02/09/2024.
7	MOD-033-1 System Model Validation	0%	Study will begin in Fall 2024.
8	PRC-006-5 Underfrequency Load Shedding	0%	New BANC PC data request cycle will begin when the WECC OFSPR group data collector sends out a request in April-May 2024 timeframe. Staff has been participating on regular webinars hosted by WECC staff.
9	PRC-010-2 Undervoltage Load Shedding	0%	Another study is due by 12/30/2024.
10	PRC-012-2 Remedial Action Schemes	10%	New Standard effective 01/01/2021. Study Plan finalized 04/10/2020. The R4 assessment is not required until 01/01/2026, which means that the assessment and report must be finalized and published by 01/01/2026.
11	PRC-023-4 Transmission Relay Loadability	10%	A new study plan for the 2024 assessment will be shared with BANC PC participants for review in the upcoming months to kick off this year's assessment cycle.

	PC Standard	Estimated % Complete	Notes
12	PRC-026-1 Relay Performance During Stable Power Swings	10%	A new study plan for the 2024 assessment will be shared with BANC PC Participants for review in the upcoming months to kick off this year's assessment cycle.
13	TPL-001-5 Transmission System Planning Performance	5%	Study plan will be drafted for review in February.
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 was 07/01/2021.</p> <p>Ongoing, NERC has declared a GMD event ($Kp > 7$) for reporting purpose. The GMD event duration was from 11/3 2021 3:00pm to 11/4/2021 11:59pm. Recording data for these two events would be downloaded and saved for reporting prior to the annual due date (06/30/2022).</p> <p>SMUD uploaded all 3 GMD events that were requested by NERC (due 06/30/2022).</p> <p>Completed benchmarking and supplemental GMD Vulnerability Assessment of the Near-Term Transmission Planning Horizon (R4 and R8), provided GIC flow information to the BANC PC members (R5 and R9) – Due 01/01/2023.</p>

PC Committee Chair Report

BANC Commission Meeting

March 2024

The following summarizes Planning Coordinator-related activities and updates 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 Updates and/or activities:

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

- MOD-031-2 – Demand and Energy Data – Staff is coordinating the 2024 Loads and Data request cycle. WECC broke up the data request into multiple spreadsheets with two sets of due dates. The two sets of sheets have been received and filled with WECC requested load and energy data and sent to WECC by the due dates. WECC sent out a narrative request, and that request has been sent to BANC PC Participants for input; it is due back to the BANC PC by March 18th.
- FAC-014-3 - Establish and Communicate SOLs - Staff has ascertained what is required for the revised version of FAC-014-3, which will be effective on April 1st. PC and TP do not need to establish planning Horizon SOLs anymore; it is now the RC's responsibility to establish operation SOLs. Staff is working on a documented process required by R6 of FAC-013-3 to demonstrate that the criteria used for the BANC PC annual assessment of Near-Term Transmission Planning Horizon are as stringent as or more limiting than CAISO RC's SOLs criteria and methodology. The draft process will be sent to BANC PC Participants for review and comment on March 18th. The final version of the process will be posted on the BANC website on April 1st.
- MOD-032-1 Data for Power System Modeling & Analysis – The annual MOD-032 data request was sent out on February 9th in conjunction with the TPL-001-5 data request.
- TPL-001-5 - Transmission System Planning Performance – Second data request for base case, contingency, and document review was sent out with a deadline of March 15th.
- PRC-010-2 - Undervoltage Load Shedding - SMUD sent data request to BANC PC participant, Roseville Electric for updating the UVLS models in preparing for the PRC-010-2 study which is due on 1/1/2025.
- TPL-007-4 – Transmission System Planned Performance for Geomagnetic Disturbance Events – NERC GIC data submittals are required for GMD events ($Kp > 7$) for reporting purposes. Most recently, SMUD uploaded a GMD event from

12/1/23 0:00am to 12/2/2023 11:59pm in response to a NERC request.
Recording data will be downloaded and saved for reporting prior to the annual
due date of 06/30/2024.

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

	PC Standard	Estimated % Complete	Notes
1	FAC-002-4 Interconnection Studies	50%	There are no BES interconnection projects in 2024 for BANC PC Participants per 2023 survey. However, a 2024 survey is underway to ensure no system upgrades meet the new definition of qualified changes for BANC PC for this year.
2	FAC-010-3 SOL Methodology for Planning Horizon	100%	This standard will be inactive as of 03/30/2024.
3	FAC-014-3 Establish and Communicate SOLs	66%	Staff has ascertained what is required for the new version of FAC-014-3 which will be effective on 4/1/2024. PC and TP do not need to establish planning Horizon SOLs anymore. It is now the RC's responsibility to establish operation SOLs. Staff is working on a documented process to show that the criteria used in the BANC PC annual assessment are as stringent as CAISO RC's criteria and methodology, if not more, as required by R6 of FAC-014-3.
4	IRO-017-1 Outage Coordination	0%	Awaiting the acceptance of the 2024 annual assessment to send to the Reliability Coordinator.
5	MOD-031-2 Demand and Energy Data	75%	Staff is coordinating the 2024 Loads and Data request cycle. WECC broke up the data request into multiple spreadsheets with two due dates. The first set of sheets was sent to WECC on 1/31/2024. The second set is due on 02/16/2024.
6	MOD-032-1 Data for Power System Modeling & Analysis	50%	Ongoing activity. Data request to fulfill 13-month cycle for compliance was sent 2/9/2024.
7	MOD-033-1 System Model Validation	10%	Study will begin in Fall 2024.
8	PRC-006-5 Underfrequency Load Shedding	5%	New BANC PC data request cycle will begin when the WECC OFSPR group data collector sends out a request in April-May 2024 timeframe. Staff has been participating on regular webinars hosted by WECC staff.
9	PRC-010-2 Undervoltage Load Shedding	5%	SMUD sent data request to Roseville for its updating UVLS models in preparing for the PRC-010-2 study which is due on 01/01/2025.
10	PRC-012-2 Remedial Action Schemes	10%	New Standard effective on 01/01/2021. Study Plan finalized 04/10/2020. The R4 assessment is not required until 1/1/2026, which means that the assessment and report must be finalized and published by 01/01/2026.

	PC Standard	Estimated % Complete	Notes
11	PRC-023-4 Transmission Relay Loadability	15%	A new study plan for the 2024 assessment will be shared with BANC PC Participants for review in the upcoming months to kick off this year's assessment cycle.
12	PRC-026-1 Relay Performance During Stable Power Swings	15%	A new study plan for the 2024 assessment will be shared with BANC PC Participants for review in the upcoming months to kick off this year's assessment cycle.
13	TPL-001-5 Transmission System Planning Performance	30%	Second data request is due 03/15/2024.
14	TPL-007-4 Transmission System Planned Performance for Geomagnetic Disturbance Events	100%	Ongoing, NERC requires GIC data submissions for reporting purposes when a GMD event ($Kp > 7$) occurs. Most recently, SMUD uploaded the GMD event with a duration from 12/1/23 0:00am to 12/2/2023 11:59pm. Recording data for these events will be downloaded and saved for reporting prior to the annual due date (06/30/2024).

GM Report

BANC Commission Meeting

March 27, 2024

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. We 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. We have also used this forum to discuss POU positions regarding the EDAM development, other market design issues (e.g.- SPP Markets+), and to discuss potential summer heat wave impacts on EIM and EDAM design.

Market Initiatives:

EIM Participation

Staff continues monitoring EIM participation. CAISO quarterly benefit reports show that BANC is seeing benefits from EIM participation, with the 4th Quarter 2023 report showing gross benefits of \$73.12 million for BANC, with a total of \$615.12 millions of gross benefits for BANC since joining in 2019.

With respect to BANC EIM Phase 2 effort, BANC has been passing both the EIM Capacity and Flex Ramp tests with a high success rate. Both the Technical Evaluation Subcommittee and the Settlements Subcommittee are meeting routinely and evaluating EIM operations, with reports out to the EIM Committee. Staff will be providing a minor correction to the 2024 EIM Participation budget for Commission consideration at the 3/27/24 meeting.

EDAM Participation

FERC approved the EDAM/DAME tariff on 12/21/23 with the exception of the Access Charge. In its order, the Commission accepted the overwhelming majority of the proposed market rules and rejected without prejudice one element of the EDAM

proposal related to transmission revenue recovery (TRR) for market participants. FERC's approval of the CAISO tariff is a major step in the development of a broader market for the West. The rejected issue is better known as the EDAM Access Charge. This is significant for the BANC participants as it deals with TRR cost recovery and wheel through revenue make whole payments for certain lost wheeling revenues and includes the concept of no exposure to WAC charges for Day-Ahead transfers. Staff is holding discussions with CAISO and other EDAM entities on how to address the FERC concerns in this area. We anticipate that CAISO will file a revised proposal with FERC in late March.

A group of Western state regulators (AZ, CA, NM, OR, and WA) have sent a letter to CREPC/WIRAB supporting the creation of an independent entity that would leverage the existing CAISO infrastructure for EIM and eventually EDAM to develop a cost-effective West-wide market. This would include a range of market services from EIM to EDAM to an RTO. It also deals with the CAISO governance issue by creating a separate independent entity. BANC views this as a positive development in ensuring a West-wide market that will include CA and supports the effort. The Western Markets Governance Pathways Initiative has proposed the formation of a "launch committee" made up of stakeholders from various groups to organize this effort. One of the stakeholder groups is for POU's. The BANC General Manager has been selected as a representative for the POU Sector and the Launch Committee efforts have been initiated. The Launch Committee held a stakeholder meeting on 12/15/23 where it outlined an initial set of governance options for consideration and evaluation and follow-up stakeholder meetings on 1/19/24, 2/16/24, and 3/15/24.

Based upon the Commission's unanimous approval at its 8/23/23 meeting, BANC staff have initiated the project efforts for EDAM Implementation, which includes starting dialogue with the CAISO project management group for EDAM and establishing the internal BANC project team. Initial kick-off of the BANC EDAM project team was held on 12/13/23. BANC met with Pacificorp on January 11, 2024, to start discussing joint EDAM implementation issues and has initiated project discussions with the CAISO. Staff will be providing an update to the EDAM Implementation budget for discussion and possible action by the Commission at the 3/27/24 meeting.

Other Market Developments

In parallel with the EDAM process, SPP has announced its "Markets +" effort to support utilities in the West with a range of market options from EIM to full RTO services. SPP is currently forecasting a Markets+ tariff ready for filing at FERC by the end of March 2024. They are seeking additional funding for the next phase of market development as well; however, it is expected that this will be done in phases for 2024. Staff views Markets+ as a fallback option for BANC and will continue to monitor this market option but does not plan on seeking funding for participation in this next phase of their efforts.

WAPA:

Market Engagement

WAPA-SNR continues to be an active participant in the EIM.

We have also held several discussions with WAPA-SNR to assist in their decision-making on EDAM participation. This has included more detailed discussions with the Brattle Group on the benefits study, joint discussions with the CAISO, and making the Utilicast consultant available for assistance. WAPA-SNR requested that the BANC contract with Utilicast be used as the mechanism for their EDAM “gap” analysis. The Commission approved this request at its 9/27/23 meeting. Utilicast provided a draft “gap” analysis report in January 2024 and a final report in February 2024. Staff is working with CAISO to assist with resolving WAPA-SNR concerns with EDAM participation. Progress on resolution is being made.

WECC

WECC Board Meetings

The last set of Board and committee meetings were held on March 12-13, 2024, in Salt Lake City, UT. The next set of meetings will be June 11-12, 2024, in Salt Lake City, UT.

Western Power Pool (WPP)

Western Resource Adequacy Program (WRAP)

As agreed previously, BANC has informed WPP that it will not be participating in the Western Resource Adequacy Program (WRAP) due to our lack of ability to have firm, long-term transfer capability at Mid-C, which is the hub for the WRAP interchanges. BANC continues to monitor development of the WRAP and hold periodic discussions with WPP regarding our ability to participate in the future. WRAP continues to evaluate when it can move to a “binding” program with imposed penalties. Their preference is to be at the “binding” stage by 2026, but it could be as late as 2028. The WRAP program has also been working with the CAISO to ensure that there is interoperability between the WRAP and the proposed EDAM.

RSG and FRSG Participation

BANC continues to participate in the Reserve Sharing Group and the Frequency Response Sharing Group through the WPP and receive benefits in doing so.

WPP Strategic Planning Effort

WPP initiated a strategic planning effort in the fall of 2023 to determine member interest in the future direction of the power pool. WPP staff stated that they view one of their roles as providing services to its members that are not currently available since there is no West-wide RTO in place. An example would be integrated transmission planning.

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. SMUD reported that CDWR has approached them regarding the revised environmental review and updated project schedule and SMUD is initiating updated studies. The current schedule for the project is to initiate construction in 2033 with operations initiated in 2040's.

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, facilitated by CMUA. The final, initial report was issued on 3/15/21. The CEC did reach out to the POU BAAs in early March 2021 seeking more engagement with the BAAs for the next round of analysis for the SB100 effort. Based upon recent discussions, the POU BAAs have hired a consultant via CMUA to assist in this effort. The Joint Agencies have also indicated that they will be initiating the next cycle of the SB100 effort to support issuing an update report by the required date of 1/1/25. BANC is working with IID, LADWP, and TID to coordinate our response to this effort.

Western Electricity Industry Leaders (WEIL) Group

The WEIL CEOs last met on February 2, 2024, in San Diego, CA. The next meeting of the WEIL group is planned for May 31, 2024, in Salt Lake City, UT.

Strategic Initiatives

The 2023/2024 Strategic Initiatives are attached to this report.

BANC 2023/2024 Strategic Plan - Routine Initiatives - March 2024 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	No update planned for 2024
3 Medium		Develop appropriate policies, procedures, & action tracking	Jim Shetler/BB&W	4th Qtr. 2024	Initial policies & procedures approved at 11/15/23 mtg.
4 Medium	OUTREACH	Engage in industry forums (WECC, RC West, NWPPA, etc.)	Jim Shetler	Ongoing	Attend RC West, WECC Board, WEIL, & WPP mtgs.
5 Medium		Coordinate with other POU BAs (Ca and regionally)	Jim Shetler	Ongoing	Coordinating with SCL/SRP/LA/TP/TID on EIM/EDAM & SB100
6 Medium		Outreach to regulatory and legislative bodies on key issues	Jim Shetler/BB&W/WEL	Ongoing as Necessary	Pathways Initiative
7 Medium		More formal engagement with TID on BA/EIM/EDAM issues	Jim Shetler/BB&W/WEL	Ongoing	Continue periodic discussions on areas of collaboration
8 Medium	ASSETS	Monitor RA development in WI	Jim S./BB&W/Res. Com.	4th Qtr. 2024	
9 Low	MEMBER SERVICES	Identify and outreach to potential new BANC members	Jim Shetler	Ongoing as Appropriate	

BANC 2023/2024 Strategic Plan - Focused Initiatives - March 2024 Update

No./Priority	Focus Area	Initiative	Responsibility	Target Due Date	Status
10 High	INDEPENDENCE	Manage EIM Phase 2 Going Forward	Jim Shetler/SMUD	Ongoing	Manage Phase 2 operations including EIM, Tech Anal. & Settlements committees
11 High		EDAM evaluation effort ~ Engage Stakeholder Processes ~ Participate in CAISO Tariff Process ~ Manage BANC EDAM implementation	Jim Shetler/BB&W/WEL Jim Shetler/BB&W/WEL Jim Shetler/BB&W/WEL/ Utilicast	Ongoing 1st Qtr. 2024 Apr-26	Tariff approved 12/21/23. Engaging on Access Charge Project kick-off 12/13/23
12 Medium	OUTREACH	Evaluate opportunities to engage other entities in market development	Jim Shetler	Ongoing	Coordinating with SCL, SRP, LADWP, TID, Tacoma, Idaho, PAC, & PGE
13 Medium		Regional Policy Issues: Monitor/ weigh-in where appropriate	Jim Shetler/Commission	Ongoing	Spoke at SRP Market Symposium - 3/13
14 High		Market Regionalization: ~Monitor ongoing discussions at WEIL, WWGPI, & etc.	Jim Shetler/BB&W/WEL	Ongoing	Pathways Initiative LC
15 High		Coordinate with CA BAs on SB100 effort	Jim Shetler/BB&W	Ongoing	
16 Medium	ASSETS	~ Develop agreements for Sutter CS Project	Jim S./BB&W/Res. Com.	6/30/24	Calpine obtained DOE grant
		~ Develop agreements for GSCE project participation	Jim S./BB&W/Res. Com.	6/30/24	Draft Term Sheet from GSCE
17 Medium	MEMBER SERVICES	Evaluate possible support to participants for EIM operations	Jim S.	Ongoing	

Balancing Authority of Northern California

Agenda Item 5B

1. **Resolution 24-03-01 Acceptance of BANC 2023 Audited Financials.**
2. **BANC Audited Financials.**
 - a. **Reporting and insights from the 2023 audit: Balancing Authority of Northern California.**
 - b. **Financial Statements and Independent Auditors' Report: December 31, 2023 and 2022.**

**Balancing Authority of Northern California
Resolution 24-03-01**

Acceptance of BANC 2023 Audited Financials

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, JPA Section 19 provides that the Controller of BANC shall cause to be performed an annual audit of the accounts and records of BANC; and

WHEREAS, the minimum requirements of that audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards; and

WHEREAS, the JPA specifies that a report of that audit shall be filed with each Member and also with the County Auditor of the County of Sacramento within twelve (12) months of the end of the fiscal year under examination; and

WHEREAS, BANC has contracted with Baker Tilly US, LLP to provide these audit services; and

WHEREAS, Baker Tilly US, LLP has provided its audit report, which is included in the Commission packet as BANC 2023 Audited Financials.

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby acknowledge and accept the BANC 2023 Audited Financials.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of March 2024, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	Martin Caballero				
City of Redding	Nick Zettel				
City of Roseville	Dan Beans				
City of Shasta Lake	James Takehara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Paul Hauser
Chair

Attest by: C. Anthony Braun
Secretary



Reporting and insights from the 2023 audit:

Balancing Authority of North California

December 31, 2023

Executive summary

February 23, 2024

The Commissioners
Balancing Agency of Northern California
6201 S Street
Sacramento, CA 95817

We have completed our audit of the financial statements of the Balancing Authority of Northern California (the Agency) for the year ended December 31, 2023, and have issued our report thereon dated February 23, 2024. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of the Agency's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas the Agency should be aware of in your strategic planning. We are available to discuss these risks as they relate to the Agency's financial stability and future planning.

If you have questions at any point, please connect with us:

- Aaron Worthman, Partner: Aaron.Worthman@bakertilly.com or +1 (512) 975 7281
- Ryan O'Donnell, Senior Manager: Ryan.Odonnell@bakertilly.com or +1 (608) 240 2606

Sincerely,

Baker Tilly US, LLP



Aaron Worthman, CPA



Ryan O'Donnell, CPA

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Agency's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Commissioners:
 - Are free from material misstatement.
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Commissioners of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Commissioners, including:

- Internal control matters
- Qualitative aspects of the Agency's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Agency and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Agency's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditors' professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and Cash Equivalents	Revenues and Receivables	Collateral Deposits
General Disbursements	Financial Reporting and Required Disclosures	Information Technology
Accounts Payable	Due to/from Members	

Internal control matters

We considered the Agency's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Agency are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2023. We noted no transactions entered into by the Agency during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates identified.
- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Agency or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the financial statements. While the misstatement is not material, in our judgment, it may not have been detected except through our auditing procedures. In our judgment, the misstatement that management has corrected does not indicate matters that could have had a significant effect on the Authority's financial reporting process.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Agency's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Agency that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Agency's related parties.

Other matter

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Audit committee resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.

Management Representation Letter



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

RELIABILITY • COLLABORATION • SUSTAINABILITY

February 23, 2024

Baker Tilly US, LLP
4807 Innovate Ln
P.O. Box 7398
Madison, WI 53707-7398

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audits of the financial statements of the Balancing Authority of Northern California (the Agency) as of December 31, 2023 and 2022 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Agency and the respective changes in financial position and cash flows of the Agency in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 3, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all financial information required by accounting principles generally accepted in the United States of America.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

A JOINT POWERS AUTHORITY BETWEEN

Modesto Irrigation District, City of Redding, City of Roseville, Trinity Public Utilities District,
City of Shasta Lake and Sacramento Municipal Utility District

6201 S STREET, MS B356, SACRAMENTO, CA 95852-0830
WWW.THEBANC.ORG

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We are not aware of any known actual, possible, pending, or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with accounting principles generally accepted in the United States of America, and we have not consulted a lawyer concerning litigation, claims, or assessments.

Information Provided

9. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
10. We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
11. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
12. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
13. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
14. We have disclosed to you the names of our related parties and all the related party relationships and transactions, including any side agreements, of which we are aware.

Other

15. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
16. We have a process to track the status of audit findings and recommendations.
17. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
18. There are no:
 - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
19. The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
20. The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
21. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
22. The Agency has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
23. Deposits are properly classified, valued and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
24. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

- 25. The auditing standards define an annual report as "a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditor's report thereon. We do not prepare an annual report.
- 26. We have reviewed existing contracts and determined there are no items requiring accounting or reporting as leases in accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements.
- 27. There have been no changes to our assessment or applicability with regard to all previously effective GASB Statements that were deemed immaterial or did not impact the Agency at the time the statements went into effect.

Sincerely,

Balancing Authority of Northern California

Signed: **Jim Shetler**

Jim Shetler, General Manager

Signed: **Russell Mills**

Russell Mills, Treasurer

Digitally signed by Russell Mills
Date: 2024.02.23 10:09:55 -08'00'


Signed: **Lisa Limcaco**

Lisa Limcaco, Controller

Digitally signed by Lisa Limcaco
Date: 2024.02.23 08:57:19 -08'00'

Accounting changes relevant to the Agency

Future accounting standards update.

GASB Statement Number	Description	Potentially Impacts you	Effective Date
100	Accounting Changes and Error Corrections		12/31/2024
101	Compensated Absences		12/31/2024
102	Certain Risk Disclosures		12/31/2025

Further information on upcoming [GASB pronouncements](#).

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the Agency. Management has the responsibility for achieving the objectives of the Agency.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the Agency will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The Agency's internal control and its importance in the Agency, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early in January. Our final financial fieldwork is scheduled during January and/or February to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 4-6 weeks after final fieldwork but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means or wish to provide other feedback. We welcome the opportunity to hear from you.

Balancing Authority of Northern California Sacramento, CA

Financial Statements

and Independent Auditors' Report

December 31, 2023 and 2022

BALANCING AUTHORITY OF NORTHERN CALIFORNIA
TABLE OF CONTENTS
As of and for the Years Ended December 31, 2023 and 2022

Independent Auditors' Report	1
Required Supplementary Information - Unaudited	
Management's Discussion and Analysis	3
Basic Financial Statements	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	
Note 1. Organization and Operations	11
Note 2. Summary of Significant Accounting Policies	11
Note 3. Contingencies	12

Independent Auditors' Report

To the Commissioners of
Balancing Authority of Northern California

Opinion

We have audited the accompanying financial statements of the Balancing Authority of Northern California (Agency), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly US, LLP

Madison, Wisconsin
February 23, 2024

**BALANCING AUTHORITY OF NORTHERN CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
As of and for the Years Ended December 31, 2023 and 2022**

Using this Financial Report

This annual financial report for Balancing Authority of Northern California (Agency) consists of management's discussion and analysis and the financial statements, including notes to the financial statements. The basic Financial Statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows.

The Agency's accounting records are maintained in accordance with Generally Accepted Accounting Principles for proprietary funds as prescribed by the Governmental Accounting Standards Board. The Agency's accounting records generally follow the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC).

Overview of the Financial Statements

The following discussion and analysis of the financial performance of the Agency provides an overview of the financial activities for the years ended December 31, 2023 and 2022. This discussion and analysis should be read in conjunction with the Agency's financial statements and accompanying notes, which follow this section.

The Statements of Net Position provide information about the nature and amount of resources and obligations at a specific point in time.

The Statements of Revenues, Expenses and Changes in Net Position report all of the Agency's revenues and expenses during the periods indicated.

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and debt financing, and other cash uses such as payments for debt service and capital additions.

The Notes to Financial Statements provide additional detailed information to support the financial statements.

Nature of Operations

The Agency is a joint powers authority consisting of the following California publicly owned utilities: the Sacramento Municipal Utility District (SMUD), the Modesto Irrigation District, the City of Redding, the City of Roseville, the Trinity Public Utilities District, and the City of Shasta Lake (collectively, Members). The Agency performs FERC approved Balancing Authority Area (BAA) and Planning Coordinator (PC) reliability functions that are overseen by North American Electric Reliability Corporation, nationally, and by Western Electricity Coordinating Council (WECC) in the West. The Agency also has the ability to acquire, construct, maintain, operate and finance projects for the Agency and for the benefit of any one or more of the Members. The Agency has no employees. The Agency has a contract with an industry professional to serve as the general manager. The Agency also has a contract with a legal firm to provide legal services for the Agency. An Agency Member, SMUD, serves as the Treasurer and Controller, Compliance Officer, BAA Operator, Energy Imbalance Market (EIM) and PC services provider.

Operational Highlights

The Agency continues to support the Members' desire to have the BAA provide a strong base for maintaining their independence and ability for self-determination. In 2023, the Agency's Commission continued to reinforce its strategic direction for this goal with a focus on initiatives in the areas of:

- *Independence*
- *Assets*
- *Outreach*
- *Customer Services*

In the area of Independence, the Agency has been proactive at ensuring BAA operations are maintained in full compliance with industry standards. This has been accomplished through the proactive use of the Agency's Operations Committee, Member Compliance Review Committee, Resource Committee, and EIM Committee. The Agency, through its compliance group, has been proactive in taking a risk-based approach to evaluating operational incidents, including near miss lessons-learned. This proactive approach has proven to be beneficial as it resulted in BANC receiving no non-compliance issues in its 2022 WECC triennial audit and no reportable issues in 2023.

The Agency has been actively engaged in evaluating market alternatives for its Members, as well as the Western Area Power Administration – Sierra Nevada Region (WAPA-SNR), which is a contract participant in BANC. This evaluation resulted in a decision for the Agency to become an EIM Entity as part of the California Independent System Operator (CAISO) Western Energy Imbalance Market (WEIM) and allow phased-in participation by Members and WAPA-SNR. SMUD was the first BANC Member to become an EIM Participating Resource and BANC was the first public power entity to participate in the EIM, with go-live in April 2019, referred to as BANC EIM Phase 1. In addition, three other Members (Modesto Irrigation District, City of Redding, and City of Roseville) and WAPA-SNR decided to participate in EIM and went live in late March 2021, which was referred to as BANC EIM Phase 2.

The Agency was also an active participant with other EIM Entities and stakeholders in evaluating the Extended Day Ahead Market (EDAM) with the CAISO. As proposed, EDAM allows an expansion of CAISO participation for EIM entities into the Day Ahead Market. Like EIM, EDAM participation is proposed to be voluntary, maintain the independence of the EDAM participant's BAA, and will not require participants to turn over operational control of their transmission or generation facilities to the CAISO. In December 2022, the CAISO completed its stakeholder process and produced a final EDAM market design document. The CAISO received approval of the market design from its board in early 2023.

BANC was an active participant in this effort, starting as a member of the small subgroup that was organized in the summer of 2021, through the stakeholder process yielding the final design proposal. With completion of the EDAM design, the CAISO pivoted to detailed tariff development. The final EDAM tariff was submitted to FERC in August 2023 and the CAISO received approval of most of the tariff in December 2023.

BANC actively evaluated participation in EDAM, including an assessment of the final tariff design and its implications for BANC and its Members, costs, benefits, and systems gap analysis. The result was a recommendation to the BANC Commission in August 2023 to participate in EDAM. The BANC Commission approved this recommendation and the budget necessary for BANC to engage in EDAM implementation starting in 2024 with a goal of EDAM go-live in spring 2026. BANC continues to monitor other potential West-wide efforts, including the Southwest Power Pool (SPP) Markets+ initiative and the Western Power Pool (WPP) Western Resource Adequacy Program (WRAP).

Regarding Assets, the Agency has an arrangement with its BAA Operator, which is also a registered transmission operator, to determine relative responsibilities for funding facility assets. The Agency funds its fair share of these assets. The Agency also worked with the BAA Operator and WECC to finalize compliance responsibilities for any joint violations that might be imposed on the Agency and the BAA Operator. The Agency worked with its Members to understand how the implementation of Senate Bill (SB)100 requirements for "zero" carbon emissions from electric generation will impact future BA operations. This includes active collaboration with the oversight agencies

(California Public Utilities Commission, California Energy Commission, and California Air Resources Board) and other California BAAs to support the development of the first assessment report on implementation of SB100 and ongoing discussions on implementation of SB100 goals. BANC is actively engaged with the other California BAAs and the state agencies as the next version of the SB100 report is developed, with an expected emphasis on reliability metrics for decarbonization portfolios. As a result of the resource adequacy concerns raised in the summers of 2020 and 2021, the BANC Members directed the Agency to issue a request for proposals for new, renewable resources that could be interconnected to the BANC grid. The evaluation of proposals in early 2022 resulted in a decision to not pursue any new resources at that time. BANC continues to consider additional resources and potential opportunities will be evaluated in 2024. The BANC members also directed the Agency to develop more formalized resource adequacy guidelines which were approved in 2023.

In the area of Outreach, the Agency has been reaching out to the appropriate state and federal agencies regarding its BAA role. The Agency has been proactive in its engagement with WECC and the reliability coordinator (formerly Peak Reliability [Peak], now RC West). The Agency has also been proactive in reaching out to other Publicly Owned Utility BAAs in the West, engaging in the EIM Regional Issues Forum, and in CAISO regionalization discussions. BANC General Counsel served as a member of the Governance Review Committee that finalized recommendations for EDAM governance in 2023. BANC General Counsel also serves as one of two public power liaisons on the Body of State Regulators, which is the advisory committee of state representatives to the EIM Governing Body. The Agency is also an active participant in the Western Electricity Industry Leaders (WEIL) group. BANC is also actively participating on the West-wide Governance Pathways Initiative (WWGPI) Launch Committee to evaluate potential governance changes to the CAISO that could incentivize broader participation in CAISO markets by entities in the Western Interconnection.

Regarding Customer Services, the Agency has worked with its Members to take on the role of Planning Coordinator (PC) for a part of the Agency's footprint. The Agency has contracted with SMUD to provide the PC services for participating Members. The initial study work was completed in 2017 and the Agency was fully compliant as a PC by January 1, 2018, for those Members that have elected to take PC service. In addition, the agency has assisted members with software needs for implementation of EIM Phase 2 in 2021. Also, as noted above, the Agency assisted the Members with evaluating resource adequacy requirements for BANC.

FINANCIAL POSITION

The following table summarizes the financial position as of December 31 (in thousands).

	Condensed Statements of Net Position		
	2023	2022	2021
Assets			
Current assets	\$ 7,573	\$ 14,520	\$ 6,596
Noncurrent assets	520	508	500
Total Assets	<u>\$ 8,093</u>	<u>\$ 15,028</u>	<u>\$ 7,096</u>
Liabilities			
Current liabilities	\$ 7,573	\$ 14,520	\$ 6,596
Noncurrent liabilities	520	508	500
Total Liabilities	<u>8,093</u>	<u>15,028</u>	<u>7,096</u>
Net position			
Unrestricted	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total net position	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and net position	<u>\$ 8,093</u>	<u>\$ 15,028</u>	<u>\$ 7,096</u>

2023 Compared to 2022

ASSETS

Current Assets decreased by \$6.9 million due to lower unrestricted cash, offset by higher receivables from Members for WEIM related activities.

LIABILITIES

Current Liabilities decreased by \$6.9 million primarily due to lower Due to Members, offset by higher accruals for WEIM related activities.

2022 Compared to 2021

ASSETS

Current Assets increased by \$7.9 million due to higher unrestricted cash, offset by lower receivables from Members for WEIM related activities.

LIABILITIES

Current Liabilities increased by \$7.9 million primarily due to higher Due to Members, offset by lower accruals for WEIM related activities

RESULTS OF OPERATIONS

The following table summarizes the operating results for the years ended December 31 (in thousands).

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2023	2022	2021
Operating revenues	\$ 6,677	\$ 6,170	\$ 6,063
Operating expenses	(6,677)	(6,170)	(6,063)
Operating income	-0-	-0-	-0-
Change in net position	-0-	-0-	-0-
Net position - beginning of year	-0-	-0-	-0-
Net position - end of year	\$ -0-	\$ -0-	\$ -0-

2023 Compared to 2022

Operating Revenues and Operating Expenses increased by \$0.5 million primarily due to higher billings to Members and higher payments for WEIM expenses.

2022 Compared to 2021

Operating Revenues and Operating Expenses increased by \$0.1 million primarily due to higher billings to Members and higher payments for WEIM expenses.

Requests for Information

For more information about the Balancing Authority of Northern California, visit our website at www.thebanc.org or contact us at JimShetler@thebanc.org.

**BALANCING AUTHORITY OF NORTHERN CALIFORNIA
STATEMENTS OF NET POSITION**

	December 31,	
	2023	2022
ASSETS		
CURRENT ASSETS		
Unrestricted cash	\$ 4,900,985	\$ 13,350,174
Receivable from Members	2,671,700	1,169,361
Total current assets	7,572,685	14,519,535
NONCURRENT ASSETS		
Credit support collateral deposits	519,916	508,429
Total noncurrent assets	519,916	508,429
TOTAL ASSETS	\$ 8,092,601	\$ 15,027,964
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 1,678,062	\$ 1,321,679
Advances from Members	2,636,261	2,394,142
Due to Members	3,257,469	10,803,187
Other	893	527
Total current liabilities	7,572,685	14,519,535
NONCURRENT LIABILITIES		
Due to Members	519,916	508,429
Total noncurrent liabilities	519,916	508,429
TOTAL LIABILITIES	8,092,601	15,027,964
NET POSITION		
Unrestricted	-0-	-0-
Total net position	-0-	-0-
TOTAL LIABILITIES AND NET POSITION	\$ 8,092,601	\$ 15,027,964

The accompanying notes are an integral part of these financial statements.

BALANCING AUTHORITY OF NORTHERN CALIFORNIA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended December 31,	
	2023	2022
OPERATING REVENUES		
Member revenues	\$ 6,345,659	\$ 5,829,592
Other	331,156	340,224
Total operating revenues	6,676,815	6,169,816
OPERATING EXPENSES		
Operations	4,790,827	4,244,291
Administrative and general	1,885,988	1,925,525
Total operating expenses	6,676,815	6,169,816
OPERATING INCOME	-0-	-0-
CHANGE IN NET POSITION	-0-	-0-
NET POSITION - BEGINNING OF YEAR	-0-	-0-
NET POSITION - END OF YEAR	\$ -0-	\$ -0-

The accompanying notes are an integral part of these financial statements.

**BALANCING AUTHORITY OF NORTHERN CALIFORNIA
STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Members for operating activities	\$ 5,416,595	\$ 8,242,316
(Payments to)/receipt from Members for WEIM activities	(7,534,231)	8,415,958
Payments to credit support collateral deposit	(11,487)	(8,347)
Payments to vendors	(6,320,066)	(6,882,671)
Net cash (used in) provided by operating activities	(8,449,189)	9,767,256
Net (decrease) increase in cash	(8,449,189)	9,767,256
Cash - beginning of the year	13,350,174	3,582,918
Cash - end of the year	\$ 4,900,985	\$ 13,350,174
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ -0-	\$ -0-
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Receivable from Members	(1,502,339)	1,844,152
Credit support collateral deposit	(11,487)	(8,347)
Accounts payable	356,383	(709,800)
Other payable	366	(3,055)
Advances from Members	242,119	228,348
Due to Members	(7,534,231)	8,415,958
Net cash (used in) provided by operating activities	\$ (8,449,189)	\$ 9,767,256

The accompanying notes are an integral part of these financial statements.

BALANCING AUTHORITY OF NORTHERN CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2023 and 2022

NOTE 1. ORGANIZATION AND OPERATIONS

The Balancing Authority of Northern California (Agency) is a joint powers authority (JPA) consisting of the following California publicly owned utilities: the Sacramento Municipal Utility District (SMUD), the Modesto Irrigation District, the City of Redding, the City of Roseville, the Trinity Public Utilities District, and the City of Shasta Lake (collectively, Members). The Agency performs Federal Energy Regulatory Commission approved Balancing Authority Area (BAA) and Planning Coordinator (PC) reliability functions that are overseen by the North American Electric Reliability Corporation, nationally, and by the Western Electricity Coordinating Council in the West. The Agency also has the ability to acquire, construct, maintain, operate and finance projects for the Agency and for the benefit of any one or more of the Members.

The Agency has no employees. The Agency has a contract with an industry professional to serve as the general manager. An Agency Member, SMUD, serves as the Treasurer and Controller, Compliance Officer, BAA Operator and PC service provider.

The Agency's Commission is comprised of one commissioner from each Member. The Members pay its participation percentage share of the costs associated with the operation of the Agency, with a minimum cost share of \$25.0 thousand per calendar year. The participation percentage of each Member is based on their proportional share of the annual retail load from the previous calendar year.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting. The accounting records of the Agency are maintained in accordance with Generally Accepted Accounting Principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The Agency's accounting records generally follow the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents. Cash and cash equivalents include all debt instruments purchased with an original maturity of 90 days or less.

Custodial Credit Risk. This is the risk that in the event of the failure of a depository financial institution or counterparty to a transaction, the Agency's deposits may not be returned or the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of another party. The Agency does not have a deposit policy for custodial credit risk. At December 31, 2023 and 2022, \$4.7 million and \$13.1 million of the Agency's bank balance were uninsured, respectively.

Credit Support Collateral Deposits. The Agency entered into a Western Energy Imbalance Market (WEIM) participation agreement with the California Independent System Operator (CAISO), which allows participants to buy and sell power close to the time electricity is consumed. In 2023 and 2022, the Agency contributed \$0.5 million for the collateral deposit to cover the WEIM settlement activity credit requirements. These deposits are recorded as noncurrent assets.

Receivable from Members. The Agency records as a Receivable from Members the costs incurred related to the WEIM activities.

Advances from Members. Members provide cash to the Agency in advance for operations costs. These advances are recognized as operating revenue as expenses are incurred.

Due From (To) Members. The Due from Members represents proceeds from CAISO for Members WEIM power trading activities. The Due to Members represents amounts posted by Members for the Credit Support Collateral Deposits to CAISO, cash reserves posted by Members to cover market uncertainties, and amounts owed to CAISO for Members WEIM power trading activities.

Net Position. The Agency classifies its net position as unrestricted.

Operating Revenues. The Agency invoices its Members for their respective participation percentage in accordance with the JPA agreement.

Operating Expenses. Operating expenses include the operations and administrative expenses of the Agency.

Subsequent Events. Subsequent events for the Agency have been evaluated through February 23, 2024, which is the date that the financial statements were available to be issued.

Recent Accounting Pronouncements, not yet adopted. In June 2022, GASB issued SGAS No. 100, “*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*” (GASB No. 100), to enhance accounting and financial reporting requirements for accounting changes and error corrections. The statement defines accounting changes and sets forth requirements for reporting changes and error corrections in the financial statements. In addition, the statement contains requirements for disclosure in notes to financial statements of information about accounting changes and error corrections. Furthermore, for periods that are earlier than those included in the financial statements, information presented in required supplementary information and supplementary information should be restated for error corrections, but not for changes in accounting principles. This statement is effective for the Agency in fiscal year 2024. The Agency is currently assessing the financial statement impact of adopting this statement.

NOTE 3. CONTINGENCIES

General Contingencies. In the normal course of operations, the Agency may be party to various claims, disputes and litigation. There are no such matters pending. Thus, there are no such actions that could have a material adverse impact on the Agency's financial position or results of operations.

Balancing Authority of Northern California

Agenda Item 5C

1. **Resolution 24-03-02 Approval of Revised 2024 Annual Budget for BANC.**
2. **Attachment A to Resolution 24-03-02: BANC 2024 Budget - Amended 3/27/24.**



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

P.O. Box 15830 • D109 • SACRAMENTO • CA 95852 -1830

03/19/24

To: BANC Commission
From: BANC General Manager
RE: 2024 BANC Budget Amendment

Staff is requesting consideration and possible approval of two amendments to the 2024 BANC Budget as follows:

Under PA-5: EIM Participation, staff discovered an error in the allocation of TPUD Load Charges in that the allocation included WAPA-SNR. WAPA-SNR does not participate in this line item and the \$1,850.00 allocated to WAPA-SNR needs to be reallocated to the other four participants. This amendment will not affect the total budget for PA-5. The reallocated charges for TPUD Load Charges will be as follows:

	Initial 2024 Budget	As Amended
SMUD	\$16,150.00	\$17,425.00
MID	\$3,875.00	\$4,175.00
WAPA-SNR	\$1,850.00	\$0
Roseville	\$1,725.00	\$1,850.00
Redding	\$1,425.00	\$1,550.00

Under PA-8: EDAM Implementation, staff is recommending an amendment to the budget to cover two items. The first issue is to include the initial installment of the CAISO EDAM Implementation Fee of \$300,000.00 (out of the total estimate of \$1.2 million). This was included in the overall estimate for EDAM Implementation but was not included in the 2024 Budget due to uncertainty of when it would be required. We now have feedback from the CAISO that initial installment will be due when we sign the EDAM Implementation Agreement, which is now forecasted for mid-2024. The second issue deals with a request for more funding for Project Management support. The change in Project Management support is described in detail under the action item for the amendment to the Percipio contract. The result is an increase in the Project Management support efforts for the 2024 Budget from \$116,667.00 to \$284,474.00 for a

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



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

P.O. Box 15830 • D109 • SACRAMENTO • CA 95852 -1830

\$167,807.00 increase before contingency. This reflects the concept of using the same contract to cover Project Management support for both SMUD individually and BANC as a whole. As noted, this effort will be split equally between SMUD and BANC.

The reallocated charges for PA-8, including 10% contingency, for these two items will be as follows:

	Initial 2024 Budget	As Amended
SMUD	\$366,397.44	\$754,208.18
MID	\$87,912.70	\$143,422.38
WAPA-SNR	\$41,404.05	\$67,547.32
Roseville	\$39,135.33	\$63,846.09
Redding	\$32,329.19	\$52,742.42

This results in a total increase in PA-8 of \$514,587.70 as well as the total 2024 BANC Budget from \$8,747,673.70 to \$9,262,261.40.

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

**Balancing Authority of Northern California
Resolution 24-03-02**

APPROVAL OF REVISED 2024 ANNUAL BUDGET FOR BANC

WHEREAS, the Balancing Authority of Northern California (“BANC”) Joint Powers Agreement (“JPA”) Section 11.4 describes both the responsibilities and the non-delegable duties of the BANC Commission which include approving an annual budget and approving assessments to each Member; and

WHEREAS, JPA Section 12 provides that the BANC Commission may assess each Member for its respective Participation Percentage share of funds required to carry out BANC’s purposes as specified in the annual budget; and

WHEREAS, BANC Resolution 12-02-03 established a process whereby Member assessments shall be required no less than two times per year; and

WHEREAS, an error in the budget for PA-5: EIM Participation with respect to the allocation of TPUD Load Charges, which should not include WAPA-SNR, was corrected; and

WHEREAS, the budget for PA-8: EDAM Implementation has been updated to include the initial installment of the CAISO EDAM Implementation Fee and consultant project management support; and

WHEREAS, the 2024 budget has been amended to include these changes as well as an update to the 2024 BANC Member Assessments resulting from these changes; and

WHEREAS, the General Manager has prepared a revised budget incorporating these revisions for consideration and possible adoption by the Commission.

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

1. Approve the Amended 2024 Annual Budget for BANC in the form attached hereto as Attachment A.
2. Direct the BANC Treasurer to assess each BANC Member in accordance with Resolution 12-02-03 and WAPA in accordance with the agreement (20-SNR-02422) between BANC and WAPA, and further direct the General Manager to work with WAPA to effectuate any amendments to the agreement.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of March, 2024, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	Martin Caballero				
City of Redding	Nick Zettel				
City of Roseville	Dan Beans				
City of Shasta Lake	James Takehara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Paul Hauser
Chair

Attest by: C. Anthony Braun
Secretary

BANC 2024 Budget

Amended 3/27/2024

1. Base Budget

- a. General Manager Expenses = **\$388,800**
 - i. Scope: General Manager retainer (@\$30,900/mo.) and expenses (@\$1,500/mo.)
 - ii. Assumptions: Assumes 3% increase in retainer and no increase in expenses from 2023

- b. Legal Services = **\$597,470**
 - i. Assumptions: Increase in base legal services from 2023 of 3% for BB&W and 6% for WEL, with the notation that additional legal services may be required based on the level of activity in overall engagement. The proposed increase reflects several factors, including salary and other business cost pressures, expected policy and delegation matters for the agency, and increased activity in such areas as ongoing state legislation, summer reliability initiatives, and similar matters, it seems reasonable to anticipate considerable non-project specific work. Allowance for travel expenses @\$1,500/mo. split 2/3 BB&W; 1/3 WEL
 - ii. BB&W = \$375,950 (retainer) + \$12,000 (expenses) = \$387,950
 - iii. WEL = \$203,520 (retainer) + \$6,000 (expenses) = \$209,520

- c. WPP Membership Payments = **\$105,000**
 - i. Scope: Covers NWPP charges to BANC as an NWPP member, including RSG, FRSG, and Executive Forum.

- d. Resource Committee Support = **\$150,000**
 - i. Scope: Potential consultant support for evaluating IRP recommendations and coordination with members, potential resource evaluation, and potential consultant support for SB100 report engagement at \$100,000. BANC is currently engaged with the POU BAAs to support SB 100 activities, including legal and administrative support and a contract with The Brattle Group on grid modeling and reliability assessment. We expect the SB 100 activities to ramp up in 2023 through 2024, and that the POU BAAs to continue engagement through working groups with the joint energy agencies and the CAISO. While a rough estimate, historical expenditures would support a \$120,000 administrative and legal support budget, and the BANC NEL share of that is approximately \$50,000.

- e. Asset Valuation = **\$1,025,908**
 - i. Energy Management System
 - 1. Assumptions:
 - a. Amortized capital cost, excluding EIM module (BANC share) = \$517,238
 - b. Annual Siemens support cost (BANC share) = \$113,470
 - c. Revised to reflect latest capitalization amount for Siemens EMS upgrade (\$5,508,835) and annual support services (\$263,883) both excluding EIM module. Assumes capital investment is amortized over 5 years @ 3%/year. BANC share of EMS capital and support services costs is 43%.
 - 2. Total = \$630,708
 - ii. Energy Management Center/Backup Control Center
 - 1. Assumptions:
 - a. Total estimated amount for EMC+BCC= \$~1,300,000/year
 - b. TOP/BA share is 76% = \$988,000
 - 2. BANC share of TOP/BA= 40% = \$395,200
- f. Administrative Expenses = **\$10,500**
 - i. Annual Audit Fees = \$8,500
 - ii. Bank Charges = \$2,000
- g. Sub-total = **\$2,277,678**
- h. Contingency: **\$100,000**

Total = **\$2,377,678**

Member Breakdown Comparison of 2023 vs. 2024 Base Budgets (based upon 2022 Retail Sales for 2024):

MEMBER ALLOCATION (2024 %s)	2023	2024
SMUD (68.95%)	\$ 1,605,030.34	\$ 1,622,171.48
MID (17.14%)	\$ 391,979.95	\$ 403,249.01
ROSEVILLE (7.66%)	\$ 178,594.42	\$ 180,215.13
REDDING (4.84%)	\$ 113,650.99	\$ 113,869.62
SHASTA LAKE (1.41%)	\$ 30,152.30	\$ 33,172.76
Subtotal	\$ 2,319,408.00	\$ 2,352,678.00
TPUD (fixed)	\$ 25,000.00	\$ 25,000.00
TOTAL	\$ 2,344,408.00	\$ 2,377,678.00

2. Participation Agreement #1 (PA-1) – PC Services

a. Assumptions:

- i. SMUD to provide contract PC services to BANC
- ii. Total Base Cost to BANC = \$319,175
 - 1. Main PC evaluation labor = \$279,978
 - 2. \$39,197 for labor to perform an overview assessment of full BANC footprint
 - 3. Includes a 3.0% labor rate adjustment for 2024
- iii. WAPA-SNR does not participate, TPUD and Shasta Lake embedded within WAPA-SNR; all other members participate
- iv. Cost to be allocated based upon 50% to SMUD and 50% to remaining members prorated by share of generation/60kV and above buses among the remaining members:
 - 1. SMUD = (50%)
 - 2. MID = (30%)
 - 3. Roseville = (10.5%)
 - 4. Redding = (9.5%)

b. Estimated costs by member:

MEMBER	PA-1 ASSESMENT
SMUD (50%)	\$ 159,587.50
MID (30%)	\$ 95,752.50
ROSEVILLE (10.5%)	\$ 33,513.38
REDDING (9.5%)	\$ 30,321.63
TOTAL	\$ 319,175.00

3. Participation Agreement #2 (PA-2) – RC Funding

a. Assumptions

- i. BANC transitioned from Peak RC to RC West (CAISO) for RC services on 7/1/19 and going forward.
- ii. RC West Funding
 - 1. TPUD and Shasta Lake embedded within WAPA-SNR, which becomes a TOP Funding Party under CAISO RC West tariff.
 - 2. MID, Redding, and SMUD become TOP Funding Parties under CAISO tariff.
 - 3. BANC pays the remaining amount allocated to the BA footprint per CAISO tariff for Roseville.
 - 4. Assumed RC West 2024 charge-out rates = \$0.03/MWH
 - 5. 2022 NEL for remaining BANC footprint:
 - a. Roseville = 1,207,800 MWH

b. Estimated costs under PA-2 based upon RC West proposed rates for Roseville:

MEMBER	2022 NEL - MWH	2024 ASSESSMENT
ROSEVILLE	1,207,800	\$ 36,234.00
TOTAL	1,207,800	\$ 36,234.00

4. Participation Agreement #3 (PA-3) – EIM Implementation (Phase 1) - CLOSED

5. Participation Agreement #4 (PA-4) –Market Alternatives Evaluation

a. Assumptions

- i. BANC EIM Participants elect to move forward with participation in CAISO EDAM. EDAM implementation will be transitioned to a separate PA in 2024. We believe that continued monitoring of SPP Markets+ and WPP WRAP is warranted. This likely will include FERC filings and also possible FERC meetings and technical conferences. Also, RTO discussions will likely ramp up as reflected in recent Studies performed by various advocacy groups. We assume in this budget estimate the current legal resource commitment rate through the end of 2023. Total monthly legal services budget would be \$16,105, allocated \$7,625/month BB&W, \$8,480/month WEL.
- ii. It is assumed that all Participating Resources (SMUD, MID, WAPA-SNR, Roseville, and Redding) participate in this effort. (NOTE: Shasta Lake loads assumed part of Redding load for this allocation). Cost allocation based upon 2024 3-year rolling average NEL as follows:
 - 1. SMUD – 64.6%
 - 2. MID – 15.5%
 - 3. WAPA-SNR – 7.3%
 - 4. Roseville – 6.9%
 - 5. Redding – 5.7%

b. Estimated costs for monitoring day-ahead market development reflect that, while the character of the engagement will change, focus and extensive effort will continue through the year. Consultant support will be limited to part of the contract support from CES.

IMPLEMENTATION CATEGORY	COST ESTIMATE	SMUD	MID	WAPA-SNR	ROSEVILLE	REDDING
Legal Support						
~ BB&W Retainer	\$ 91,500.00					
~ WEL Retainer	\$ 101,760.00					
Legal Support Total	\$ 193,260.00	\$ 124,845.96	\$ 29,955.30	\$ 14,107.98	\$ 13,334.94	\$ 11,015.82
Consultant Support						
~ Market Dev, Spt. (CES)	\$ 24,000.00	\$ 15,504.00	\$ 3,720.00	\$ 1,752.00	\$ 1,656.00	\$ 1,368.00
~ Consultant Support Total	\$ 24,000.00	\$ 15,504.00	\$ 3,720.00	\$ 1,752.00	\$ 1,656.00	\$ 1,368.00
Total Estimate	\$ 217,260.00	\$ 140,349.96	\$ 33,675.30	\$ 15,859.98	\$ 14,990.94	\$ 12,383.82
Contingency (~5%)	\$ 10,863.00	\$ 7,017.50	\$ 1,683.77	\$ 793.00	\$ 749.55	\$ 619.19
TOTAL for 2024	\$ 228,123.00	\$ 147,367.46	\$ 35,359.07	\$ 16,652.98	\$ 15,740.49	\$ 13,003.01

6. Participation Agreement #5 (PA-5) – EIM Participation

- a. Assumptions
 - i. BANC serves as EIM Entity
 - ii. SMUD/MID/Roseville/Redding/WAPA-SNR participate as PRSCs for full year
 - iii. Costs allocated in accordance with 2024 3-year rolling average NEL for all five participants as follows:
 - 1. SMUD – 64.6%
 - 2. MID – 15.5%
 - 3. WAPA-SNR – 7.3%
 - 4. Roseville – 6.9%
 - 5. Redding – 5.7%
- b. Cost estimates based on EIM Services Agreement, and latest estimates, including software charges per contracts. Includes 3% adjustment for SMUD labor and 3% adjustment for software contracts. SMUD labor for EIM Desk, SME/Oversight, and Settlements will be charged out based upon actual hours expended. Charges for all other SMUD labor will be allocated based upon the estimate provided.
- c. Allocation of TPUD load settlement charges assigned to SMUD/MID/Redding/Roseville per original agreement. Load based settlement charges assumed at \$25,000 for EIM operation in 2024.

Participation Agreement #5 (PA-5) – EIM Participation (cont.)

IMPLEMENTATION CATEGORY	ESTIMATE	Participant			Cost		Allocations		TOTAL
		SMUD	MID	WAPA-SNR	ROSEVILLE	REDDING			
Personnel - EIM Desk (5)	\$ 1,889,335.00								
Personnel - Settlements (1.5)	\$ 670,968.00								
Personnel - Outage Mgmt (0.4)	\$ 144,299.00								
Personnel - Netwk Model (1)	\$ 304,394.00								
Personnel - Meter Data Mgmt (0.5)	\$ 45,058.00								
Personnel - SME/Oversight (0.4)	\$ 194,539.00								
Personnel - IT Support (0.25)	\$ 63,475.00								
Personnel Total (9.05)	\$ 3,312,068.00								
EIM Software Support									
- OATI	\$ 98,344.00								
- Power Settlements	\$ 483,969.00		\$ 54,636.00			\$ 54,636.00		\$ 593,241.00	
- ITOA	\$ 21,218.00								
- Allowance for SW Upgrades	\$ 50,000.00								
- WebEIM	\$ 42,436.00								
EIM Software Support Total	\$ 695,967.00								
EMS EIM Module									
- Amortized Capital	\$ 52,978.00								
- O&M Support	\$ 10,000.00								
EMS EIM Module Total	\$ 62,978.00								
EIM OPERATOR TOTAL	\$ 4,071,013.00	\$ 2,629,874.40	\$ 685,643.02	\$ 297,183.95	\$ 280,899.90	\$ 286,683.74	\$ 4,180,285.00		
Miscellaneous Support									
- Legal Support	\$ 30,000.00								
- EIM Stakeholder Support (CES)	\$ 24,000.00								
- Utilicast Support	\$ -								
Miscellaneous Support Total	\$ 54,000.00								
CAISO Charges									
- Fees	\$ 250,000.00								
- Uplifts	\$ 500,000.00								
CAISO Charges Total	\$ 750,000.00								
TOTAL EIM Operations for 2024	\$ 4,875,013.00	\$ 3,149,258.40	\$ 810,263.02	\$ 355,875.95	\$ 336,375.90	\$ 332,511.74	\$ 4,984,285.00		
TPUD Load Charges	\$ 25,000.00	\$ 17,425.00	\$ 4,175.00	\$ -	\$ 1,850.00	\$ 1,550.00	\$ 25,000.00		
TOTAL EIM FOR 2024	\$ 4,900,013.00	\$ 3,166,683.40	\$ 814,438.02	\$ 355,875.95	\$ 338,225.90	\$ 334,061.74	\$ 5,009,285.00		

7. Participation Agreement #6 (PA-6) – EIM Phase 2 Preparation (Revision 1 – 5/15/19)
– CLOSED
8. Participation Agreement # 7 (PA-7) – EIM Phase 2 Implementation – CLOSED

9. Participation Agreement # 8 (PA-8) – EDAM Implementation

a. Assumptions

- i. BANC serves as EDAM Entity
- ii. SMUD/MID/Roseville/Redding/WAPA-SNR intend to participate in EDAM
- iii. Target is for 4/1/26 go-live date for EDAM participation
- iv. Costs allocated in accordance with 2024 3-year rolling average NEL for all five participants as follows:
 1. SMUD – 64.6%
 2. MID – 15.5%
 3. WAPA-SNR – 7.3%
 4. Roseville – 6.9%
 5. Redding – 5.7%

b. Cost estimates based upon Utilicast EDAM “Gap Analysis”; Utilicast EDAM Effort proposal; discussions with SMUD, BB&W, and WEL; and the EDAM implementation options developed by BANC staff. Based upon a Spring 2026 go-live, activity levels are as follows:

- i. Advisory support from 8/23 – 8/24
- ii. Pre-implementation support from 9/24 – 3/25
- iii. Implementation support from 4/25 – 3/26
- iv. Go-live – April 2026
- v. Post go-live support from 4/26 – 5/26

c. Due to staffing constraints, project management support is being updated from SMUD support to a contract consultant (Percipio). For efficiency purposes, and at SMUD’s request, we are proposing a single contract that will provide EDAM project management support for both the BANC and SMUD implementation efforts. These costs will be split evenly, with half being solely funded by SMUD and the other half funded in accordance with the allocation percentages noted in Section a.iv above. This impacts both the total implementation budget for EDAM as well as the 2024 budget.

d. Based upon discussions with the CAISO, the initial installment (\$300,000) of the CAISO EDAM Implementation fee will be due upon execution of the EDAM Implementation Agreement, which is forecasted to be mid-2024. This was factored into the total estimate for EDAM Implementation but was not included in the original 2024 Budget.

e. 8 months of Advisory support and 4 months of Pre-implementation support

Participation Agreement #8 (PA-8) – EDAM Implementation (cont.)

IMPLEMENTATION CATEGORY	Option 2 Spring 2026 Go-Live	SMUD 64.6%	MID 15.5%	WAPA-SNR 7.3%	ROSEVILLE 6.9%	REDDING 5.7%
Advisory Effort (8 months)	\$ 647,112.00	\$ 448,719.43	\$ 86,866.81	\$ 40,911.46	\$ 38,669.74	\$ 31,944.57
~Utilicast Support	\$ 89,250.00					
~Legal Support	\$ 84,500.00					
~BBW Retainer	\$ 32,500.00					
~WEL Retainer	\$ 52,000.00					
~ Project Mgmt. (Percipio)	\$ 173,362.00					
~BANC	\$ 86,681.00					
~SMUD	\$ 86,681.00					
~CAISO Impl. Fee	\$ 300,000.00					
Pre-Impl. Effort (4 months)	\$ 336,312.00	\$ 236,924.38	\$ 43,517.18	\$ 20,495.19	\$ 19,372.16	\$ 16,003.09
~Utilicast Support	\$ 163,200.00					
~Legal Support	\$ 62,000.00					
~BBW Retainer	\$ 30,000.00					
~WEL Retainer	\$ 32,000.00					
~ Project Mgmt. (Percipio)	\$ 111,112.00					
~BANC	\$ 55,556.00					
~SMUD	\$ 55,556.00					
Total Estimate	\$ 983,424.00	\$ 685,643.80	\$ 130,383.99	\$ 61,406.65	\$ 58,041.90	\$ 47,947.66
Contingency @~10%	\$ 98,342.40	\$ 68,564.38	\$ 13,038.40	\$ 6,140.67	\$ 5,804.19	\$ 4,794.77
TOTAL	\$ 1,081,766.40	\$ 754,208.18	\$ 143,422.38	\$ 67,547.32	\$ 63,846.09	\$ 52,742.42

10. Participation Agreement # 9 (PA-9): Resource Projects Development

- a. BANC will develop appropriate project agreements for the following projects in 2024:
 - i. Indicative Template PPA and Template BANC Participation Agreement with GSCE for a solar/battery storage project to be located in the Westland’s area. Forecast agreements prepared by mid-2024. This will include review of existing similar arrangements, drafting, coordination with member and member counsel, and negotiations with GSCE.
 - ii. PPA and Participation Agreement with Calpine for taking energy and capacity from the Sutter Power Plant under its Carbon Sequestration Project, with exact form to be determined. This includes transfer or assignment of the current SMUD/Calpine MOA to BANC. Forecast agreements to be prepared by mid-2024.
- b. Support is currently envisioned to be required from BB&W and WEL for legal support in negotiating agreements. There is also a placeholder for additional consultant support as the project negotiations develop.
- c. Assume participation from MID, Redding, Roseville, and SMUD for these projects in the following percentages:
 - i. SMUD – 77.8%
 - ii. MID – 11.0%
 - iii. Redding – 5.6%
 - iv. Roseville – 5.6%

IMPLEMENTATION CATEGORY	COST ESTIMATE	SMUD	MID	ROSEVILLE	REDDING
Legal Support					
~ BB&W Retainer	\$ 100,000.00				
~ WEL Retainer	\$ 50,000.00				
Legal Support Total	\$ 150,000.00	\$ 116,700.00	\$ 16,500.00	\$ 8,400.00	\$ 8,400.00
Consultant Support					
~ Agreement Dev. Support	\$ 50,000.00	\$ 38,900.00	\$ 5,500.00	\$ 2,800.00	\$ 2,800.00
~ Consultant Support Total	\$ 50,000.00	\$ 38,900.00	\$ 5,500.00	\$ 2,800.00	\$ 2,800.00
Total Estimate	\$ 200,000.00	\$ 155,600.00	\$ 22,000.00	\$ 11,200.00	\$ 11,200.00
Contingency (~5%)	\$ 10,000.00	\$ 7,780.00	\$ 1,100.00	\$ 560.00	\$ 560.00
TOTAL for 2024	\$ 210,000.00	\$ 163,380.00	\$ 23,100.00	\$ 11,760.00	\$ 11,760.00

11. 2024 BANC Member Assessments

MEMBER	BASE BUDGET	PA-1: PA/PC	PA-2: RC West	PA-4: MKT MONITORING	PA-5: EIM Part.	PA-8: EDAM Imp.	PA-9: Resource Projects Dvlpmt	Proposed 2024 TOTAL	Amended 2023 TOTAL (9/27/23)
SMUD	\$ 1,622,171.48	\$ 159,587.50	\$ -	\$ 147,367.46	\$ 3,166,683.40	\$ 754,208.18	\$ 163,380.00	\$ 6,013,398.02	\$ 5,154,058.08
MID	\$ 403,249.01	\$ 95,752.50	\$ -	\$ 35,359.07	\$ 814,438.02	\$ 143,422.38	\$ 23,100.00	\$ 1,515,320.97	\$ 1,344,427.51
ROSEVILLE	\$ 180,215.13	\$ 33,513.38	\$ 36,234.00	\$ 15,740.49	\$ 338,225.90	\$ 63,846.09	\$ 11,760.00	\$ 679,534.99	\$ 605,250.79
REDDING	\$ 113,869.62	\$ 30,321.63	\$ -	\$ 13,003.01	\$ 334,061.74	\$ 52,742.42	\$ 11,760.00	\$ 555,758.42	\$ 496,554.85
SHASTA LAKE	\$ 33,172.76	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,172.76	\$ 30,152.30
TPUD	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00
BANC TOTAL	\$ 2,377,678.00	\$ 319,175.00	\$ 36,234.00	\$ 211,470.02	\$ 4,653,409.05	\$ 1,014,219.08	\$ 210,000.00	\$ 8,822,185.16	\$ 7,655,443.53
WAPA-SNR	\$ -	\$ -	\$ -	\$ 16,652.98	\$ 355,875.95	\$ 67,547.32	\$ -	\$ 440,076.24	\$ 458,956.28
GRAND TOTAL	\$ 2,377,678.00	\$ 319,175.00	\$ 36,234.00	\$ 228,123.00	\$ 5,009,285.00	\$ 1,081,766.40	\$ 210,000.00	\$ 9,262,261.40	\$ 8,114,399.81

Balancing Authority of Northern California

Agenda Item 5D

1. ***Resolution 24-03-03 Authorization of Amendment to Extend Percipio Contract for Services Related to EDAM Project Management Support.***



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

P.O. Box 15830 • D109 • SACRAMENTO • CA 95852 -1830

03/19/24

To: BANC Commission

From: BANC General Manager

RE: Proposed Amendment to Percipio Contract for EDAM Project Management Support

Staff is recommending an amendment to the Percipio contract to allow for increased Project Management support for the EDAM Implementation effort. As the Commission will remember, BANC was able to rely on Project Management support from SMUD for the implementation of both Phase 1 and Phase 2 of EIM. However, the person who provided this support from SMUD has retired and SMUD has several other major projects that it is implementing. In addition, SMUD is also finding a need for increased Project Management support to assist in its internal implementation of EDAM. Last fall, the General Manager, under his approved delegations, entered into a contract with the consulting firm Percipio for an initial task to evaluate Project Management support for BANC and SMUD for the EDAM effort in an amount not to exceed \$45,000. Percipio was identified as the best fit for this effort based upon its work with others in this space, including Pacificorp.

Now that Percipio, SMUD, and BANC staff have been able to evaluate the Project Management support more fully for EDAM Implementation, we believe there are benefits in having a single contract with Percipio to assist in the EDAM project. We are estimating that this support will be split 50/50 between SMUD's efforts and the broader BANC efforts. SMUD would therefore pay for half of the contract price for supporting its needs and BANC the other half, which would be allocated to the EDAM participants including SMUD.

Therefore, staff is recommending that the Commission approve an amendment to the Percipio contract that would extend the contract performance through 12/31/24 and increase the contract price to \$325,000, which would include ~10% contingency. Staff will return as part of the 2025 Budget process with a recommendation regarding the Percipio contract for the remainder of the EDAM Implementation effort.

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

**Balancing Authority of Northern California
Resolution 24-03-03**

**AUTHORIZATION OF AMENDMENT TO EXTEND PERCIPIO CONTRACT FOR SERVICES RELATED
TO EDAM PROJECT MANAGEMENT SUPPORT**

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, in August of 2023, the BANC Commission concurred with the recommendation of BANC Staff and authorized BANC Staff to take all steps in furtherance of CAISO’s Extended Day Ahead Market (“EDAM”) participation by BANC; and

WHEREAS, the Sacramento Municipal Utilities District (“SMUD”) previously provided project management support for implementation of both phases of the Energy Imbalance Market (“EIM”); and

WHEREAS, BANC recognizes that staffing changes and increased project demands will not allow SMUD to provide a similar level of support for EDAM; and

WHEREAS, BANC, under the General Manager’s approved delegations, previously entered into a contract with Percipio evaluate project management support for BANC and SMUD for the EDAM effort; and

WHEREAS, that evaluation suggests that a single contract with Percipio by both BANC and SMUD to assist in the implementation of EDAM will be beneficial to both entities; and

WHEREAS the addition of these services is accommodated in the 2024 budget; and

WHEREAS the General Manager’s delegated contracting authority is limited to \$250,000.

NOW THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby authorize the General Manager to enter into an amended contract with Percipio to include as-needed support, in an amount not to exceed \$325,000, and to extend the contract through December 31, 2024.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of March 2024, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	Martin Caballero				
City of Redding	Nick Zettel				
City of Roseville	Dan Beans				
City of Shasta Lake	James Takehara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Paul Hauser
Chair

Attest by: C. Anthony Braun
Secretary

Balancing Authority of Northern California

Agenda Item 5E

1. *Resolution 24-03-04 Authorization of Amended Legal Services Agreements with Braun Blaising & Wynne, P.C. and Western Energy Law, P.C.*



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

P.O. Box 15830 • D109 • SACRAMENTO • CA 95852 -1830

03/21/24

To: BANC Commission
From: BANC General Manager
RE: Legal Services Agreements

The BANC General Manager requests approval of agreements for legal services with Braun Blaising & Wynne, P.C. (BB&W) and Western Energy Law, P.C. (WEL).

These firms, or the attorneys in them, have provided legal services to BANC from the time of BANC formation. The BANC budget provides for continuation of services in the areas of general agency support, Market Alternatives Evaluation (PA-4), EIM Participation (PA-5), EDAM Implementation (PA-8), and Resource Projects Development (PA-9).

The General Manager asks for authority to execute agreements with BB&W and WEL up to the total legal services expenditures contained in the budget, as may be modified by the Commission. The contracts are not provided here to avoid details of scope that may contain attorney-client privileged or other confidential information. The resolution requests that the Commission authorize the General Manager to approve the contracts in a form acceptable to the General Manager and General Counsel. For BB&W, since BB&W is General Counsel to BANC, we plan to also reach out to member counsel for an independent review of terms.

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

**Balancing Authority of Northern California
Resolution 24-03-04**

**AUTHORIZATION OF AMENDED LEGAL SERVICES AGREEMENTS
WITH BRAUN BLAISING & WYNNE, P.C. AND WESTERN ENERGY LAW, P.C.**

WHEREAS, the Balancing Authority of Northern California (“BANC”) was created by a Joint Powers Agreement (“JPA”) to, among other things, acquire, construct, maintain, operate, and finance Projects; and

WHEREAS, BANC has worked with Braun Blasing & Wynne, P.C. (“BB&W”) since BANC’s formation; and

WHEREAS, BANC has worked with Western Energy Law, P.C.’s (“WEL”) founder, Kevin Smith, also since BANC’s formation; and

WHEREAS, BB&W currently serves as General Counsel and also provides other market and project services, while WEL also provides market and project services; and

WHEREAS, the approved and Revised 2024 BANC Budget includes budgeted amounts for legal services; and

WHEREAS, the BANC General Manager’s delegated contracting authority is limited to \$250,000, which may be exceeded by authorized amounts for legal services to both firms.

NOW THEREFORE, BE IT RESOLVED that the Commissioners of the Balancing Authority of Northern California hereby authorize the General Manager to enter into amended agreements with both firms, up to the total budgeted amounts for legal services, effective January 1, 2024.

PASSED AND ADOPTED by the Commissioners of the Balancing Authority of Northern California this 27th day of March 2024, by the following vote:

		Aye	No	Abstain	Absent
Modesto ID	Martin Caballero				
City of Redding	Nick Zettel				
City of Roseville	Dan Beans				
City of Shasta Lake	James Takahara				
SMUD	Paul Lau				
TPUD	Paul Hauser				

Paul Hauser
Chair

Attest by: C. Anthony Braun
Secretary