

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

November 14, 2018

On this date, a Regular Meeting of the Commissioners of the Balancing Authority of Northern California (BANC) was held at 35 Iron Point Circle, Suite 225, Folsom, CA 95630.

Representatives Present:

Member Agency	Commissioner
Modesto Irrigation District	Greg Salyer, Chair
City of Redding	Dan Beans
City of Roseville	Michelle Bertolino
Sacramento Municipal Utility District	Arlen Orchard
City of Shasta Lake	James Takehara
Trinity Public Utilities District	Absent

Agency	Liaison
Western Area Power Administration	Dawn Roth Lindell Sonja Anderson Ray Ward

1. Call to Order: Chair Salyer called the meeting to order at 2:02 p.m.
2. Matters Subsequent to Posting the Agenda: None.
3. Public Comment: Chair Salyer invited comments from the public and none were given.
4. Consent Agenda: Mr. Orchard moved, Mr. Takehara seconded, and the participating Commissioners unanimously approved the Consent Agenda items comprised of: (A) Minutes of the Regular Commission Meeting held on September 19, 2018. (B) BANC Operator's Reports for September and October; (C) Compliance Officer's Reports for October and November; (D) PC Committee Chair's Report for October and November; and (E) General Manager's Report and Strategic Initiatives Update.

5. Regular Agenda Items:

A. EIM Implementation/EDAM Update

Mr. Shetler provided a brief overview of Phase 1 Implementation, a brief discussion on Phase 2, including a budget discussion, and the status of the Extended Day Ahead Market (EDAM) and gearing up for a potential feasibility assessment. With regard to Phase 1, all required software is on site and in final testing. FERC approved the EIM Entity Agreement on October 18, 2018. Joint integration testing with CAISO is complete. Day-in-the-life testing was initiated on November 1st, Market Simulation starts December 3rd, and Parallel Operations begins February 1st. All is on track for the April 3rd go-live.

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Officer Certification is underway, and BANC is in the process of meeting the Minimum Participation requirements, including financial security/collateral requirements.

Mr. Shetler reviewed CAISO Security & Collateral requirements; BANC will provide a combined total of \$1.5 million. The Commission will be asked to amend the 2018 budget and approve this later in the agenda. EIM Phase 1 implementation expenditures are currently projected to come within 3% of plan.

On Phase 2, there is basic agreement with CAISO with regard to how it would be handled. The intent is to schedule a joint meeting with Phase 2 BANC members and CAISO in early 2019. Current BANC thinking and recommendations from the CAISO are that all Phase 2 BANC members implement at the same time, rather than separately. The 2019 BANC budget, which will be discussed later, includes Phase 2 preparation estimates. A gap analysis is planned for early summer, following Phase 1 implementation, with procedure/process development and a Phase 2 implementation estimate to follow. Mr. Shetler plans to have dialogue with Utilicast around continued utilization of the same consultant for Phase 2. A decision on Phase 2 and which entities will participate will need to be made no later than early fall for an April 2021 go-live.

A draft market design for EDAM has been essentially finalized by the EIM Entities, with a planned feasibility assessment (by E3 & the Brattle Group) to occur between December of 2018 and June of 2019. The assessment will include a gross benefits analysis of the market and an optional high-level, non-public gross allocation of benefits to each EDAM participant. Entities also have the option to engage the consultants for a more detailed, individual assessment. CAISO could launch a formal stakeholder process in the second half of 2019, dependent upon the results of the assessment, with an estimated go-live date of late 2021 to early 2022. The Commission will be asked to act on moving forward with the feasibility assessment later in the agenda. Mr. Orchard asked whether it was anticipated that all entities would go live on the same date or whether it would be phased like EIM, and Mr. Shetler responded that the concept is that all would go at once.

- i. Mr. Shetler reviewed the proposed budget adjustment to the 2018 BANC budget, which did not originally include the minimum security and collateral deposits for EIM Phase 1. Other minor adjustments were made, but this is the primary driver for the change; overall, the total budget is minimally impacted. Mr. Braun asked whether any additional any additional discussion was required before voting on Resolutions 18-11-03, 18-11-05, and 18-11-06 prior to voting on them; none was required. Mr. Beans moved, Ms. Bertolino seconded, and the participating Commissioners unanimously approved Resolution 18-11-03 *Approval of Revised 2018 Annual Budget for BANC*.
 - ii. Mr. Beans moved, Ms. Bertolino seconded, and the participating Commissioners unanimously approved 18-11-05 *Authorization for CAISO Financial Security and Collateral Posting in Furtherance of the EIM Entity SC Certification*.
- B. Mr. Beans moved, Ms. Bertolino seconded, and the participating Commissioners unanimously approved Resolution 18-11-06 *Authorization of Contract for Services Related to EDAM Feasibility Assessment*.
- C. Mr. Braun reminded the Commission of the action taken in the last closed session with regard to the General Manager's review and provided an overview of proposed changes to the attached agreement. Mr. Orchard moved, Ms. Bertolino seconded, and the participating Commissioners unanimously approved Resolution 18-11-02 *Approval of*

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Amended Management Services Agreement Between BANC and Adirondack Power Consulting, LLC.

- D. Mr. Shetler presented an overview of the proposed 2019 BANC budget as outlined in the packet. Representatives from WAPA asked about how any changes that they would need to make related to Phase 2 would be addressed. Mr. Shetler indicated that this would be addressed within the gap analysis. It was agreed previously that Phase 2 implementation costs would be addressed through a future budget adjustment. Mr. Orchard moved, Mr. Beans seconded, and the participating Commissioners unanimously approved Resolution 18-11-04 *Approval of 2019 Annual Budget for BANC*.
- E. Chair Salyer requested that the Commission consider moving up to five meetings to Sacramento, as there are only three currently scheduled in Folsom (Iron Point Circle) with both TANC and MSR meetings preceding the BANC Commission meeting. Mr. Orchard suggested settling on six in Folsom and six at 915 L Street. Mr. Shetler then suggested moving January and October from Folsom to 915 L Street to achieve the even split. Mr. Braun restated the list of meetings that would be held in Folsom at Iron Point Circle and those that would be held at 915 L Street with the suggested changes. Mr. Beans then moved, Mr. Orchard seconded, and the participating Commissioners unanimously approved Resolution 18-11-01 *Resolution Setting the Regular Meeting Dates for 2019*.
- F. Mr. Joseph Gillette presented on the BANC PC Area 2018 Ten-Year Transmission Planning Assessment, including the PC participants, an overview of the reliability standard, study inputs, analyses performed, performance criteria, and study results. Ms. Bertolino moved, Mr. Beans seconded, and the participating Commissioners unanimously approved Resolution 18-11-07 *Acknowledgement and Acceptance of BANC PC Area 2018 Transmission Planning Assessment*.
- G. Mr. Shetler provided an RC Services transition update, including information regarding the two RC Transition Coordination Group tracks (Track 1 is RC-RC-Transition & Track 2 is Peak Wind-down) and BANC's transition to CAISO RC services. In Track 1, RC footprints have essentially been defined, allowing RCs to make decisions on the transfer of processes and tools and defining seams issues. Issues for follow-up include multiple go-live dates and the possibility for consolidation, long-term vs. short-term responsibility for tools, and identification of seams issues. In Track 2, the 2019 budget and staff retention plan was approved, with a noted concern about staff retention & unplanned reductions. The wind-down plan is being finalized, and the technology transition, including the identification of tools to be retired or transitioned (and to which RC). BANC is active in the CAISO RC Steering Committee, for which procedures and a charter have been approved. The CAISO RC tariff has been submitted, with an expected mid-November approval. BANC is preparing to submit the RCSA Information Request, and RCSA execution is currently forecasted for December. BANC is expected to go live with CAISO as their RC on July 1, 2019.

6. Closed Session:

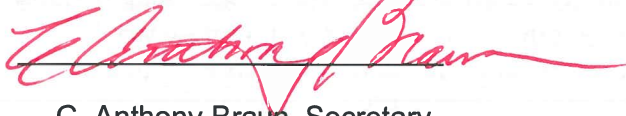
- A. The Commission retired to closed session for conference with legal counsel in anticipation of litigation pursuant to subdivision (c) of Cal. Gov't Code § 54956.9; one case.

After returning to open session, Mr. Braun reported that no action was taken in closed session.

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The meeting was adjourned at 4:00 p.m.

Minutes approved on January 23, 2019.



C. Anthony Braun, Secretary