

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

July 28, 2021

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

Representatives Present:

Member Agency	Commissioner
Modesto Irrigation District (MID)	James McFall, Chair
City of Redding	Dan Beans
City of Roseville	Michelle Bertolino
Sacramento Municipal Utility District (SMUD)	Paul Lau
City of Shasta Lake	Absent
Trinity Public Utilities District (TPUD)	Paul Hauser

Agency	Liaison(s)
Western Area Power Administration (WAPA)	Sonja Anderson Jeanne Haas Arun Sethi Brian Griess

1. Call to Order: Mr. Jim Shetler, BANC General Manager, reviewed attendance and confirmed that a quorum was present. Chair Beans called the meeting to order at 2:01 p.m.
2. Matters Subsequent to Posting the Agenda: None.
3. Public Comment: Chair Beans invited comments from the public and none were given.
4. Consent Agenda: Commissioner McFall moved, Commissioner Lau seconded, and a roll call vote was taken. The participating Commissioners unanimously approved the Consent Agenda items comprised of: (A) Minutes of the Regular Commission Meeting held on May 26, 2021; (B) BANC Operator Reports for May and June; (C) Compliance Officer Reports for June and July; (D) PC Committee Chair Reports for June and July; and (E) General Manager's Report and Strategic Initiatives Update.
5. Regular Agenda Items – Discussion and Possible Action:
 - A. In accordance with BANC JPA Section 11.4, a Commission Chair may hold the position for no more than two consecutive one-year terms. Three potential candidates were raised to replace Commissioner Beans, who has served two consecutive terms: Commissioner McFall from MID, Commissioner Hauser from TPUD, and Commissioner Bertolino from Roseville. Commissioner Hauser nominated Commissioner McFall, Commissioner Bertolino seconded, and a roll call vote was taken. The participating

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

Commissioners unanimously approved the Commissioner McFall's appointment as BANC Commission Chair.

- B. CEC Commissioners Karen Douglas and Siva Gunda provided an update to the BANC Commission regarding ongoing SB100 efforts. Commissioner Gunda shared a high-level overview of work completed to-date, noting that the first SB100 report was delivered in April, with the next report targeted for January 2025. He reiterated some of the key recommendations received from BANC, which included looking more closely at the reliability analysis, and developing a joint agency process to think about how to make the report recommendations actionable. He stated that the focus of the next 3-4 years would be to utilize that joint agency process and bring the results from that analysis into the next SB100 report. He also said they were hoping to start a reliability analysis in the fall in addition to developing some analyses around the climate-induced gap between demand and supply.

Commissioner Douglas focused her update on the implementation process, including efforts related to the land use and transmission work. She noted the sheer scale of transmission and generation buildout required to meet the trajectory under any of the portfolios included in the report. She stated that creativity, cooperation, and mobilization statewide would be required to overcome obstacles and build toward a common vision. As the CEC has looked at the long-term goals, they have seen a strong need to widen the geographic and resource solution set. Commissioner Douglas encouraged BANC to engage in the CAISO 20-Year transmission outlook stakeholder process, noting that it was an important part of the joint agency work, and that it would provide an opportunity to test and assess some of the larger projects being proposed. She noted that a staff workshop has been targeted for August 12, and the CEC was planning to provide CAISO with a work product by the end of August.

Chair McFall opened the meeting up to questions from the BANC Commissioners. Commissioners Lau and Bertolino engaged the CEC Commissioners on thoughts and questions related to their respective organizations. Mr. Shetler thanked both Commissioners for joining BANC to provide this update and closed out the agenda item by letting the BANC Commissioners know that requests from the CEC related to planning for SB100 would be forthcoming, and his plan was to work those requests and related responses through the BANC Resource Committee.

- C. Mr. Shetler introduced EIM Governing Body members Valerie Fong, Robert Kondziolka, and Anita Decker, who engaged the BANC Commission in a discussion regarding their experiences with EIM implementation and differences between the first and second implementations. The BANC Commissioners shared their largely positive experiences with the 'Phase 2' Implementation, noting the collaborative nature of the experience, the benefits of having SMUD pilot the implementation in the first phase, and using the same consultant for both phases. Mr. Shetler and Commissioner McFall also noted that the CAISO was extremely accommodating in working with BANC and its unique requirements, allowing EIM to work for all of BANC's participating entities. Commissioner Bertolino acknowledged WAPA's supportive role in the implementation. It was suggested that partnerships with larger entities could be a possible way to allow other smaller entities to enter the market going forward. Ms. Decker noted the open conversation around an EIM Governing Body market expert and stated that they would be using the CAISO's stakeholder platform to ask for guidance regarding how that market expert could be used. Ms. Fong clarified that the input they would be looking for included the qualifications of the market expert and scoping of the work to be performed. A brief

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

conversation around the proposal for a 'joint authority' followed, with BANC supporting that direction. Finally, the topic of EDAM vs. RTO(s) in the West was touched on, as well as acknowledgements of the potential challenges ahead as discussion resumes in the fall. Mr. Kondziolka requested feedback on the wheel-through issue, and it was acknowledged that a timely resolution was critical to EDAM moving forward. The BANC Commissioners and EIM Governing Body members expressed appreciation for the exchange and a desire to look forward to longer-term solutions going forward.

- D. Mr. Shetler provided General Manager updates on several topics. Starting with a Heat Wave Update, he reviewed the events to-date and thanked the BA Operator for their proactive efforts and timely communications. He also confirmed that no load reductions had been required, and CAISO exports to BANC had generally been maintained, with one potential irregularity under review.

With respect to EIM Phase 2, the EIM Committee has transitioned to operations oversight. BAL and Flex Ramp Test Performance are being tracked, and a recommendation to the EIM Committee and Commission regarding the Flex Ramp approach is expected in September. An update regarding the Phase 2 Collateral Approach was also provided, with all participating Phase 2 entities either having completed or working to complete the final stages of executing their guarantees in short order. WAPA will not be able to participate in this process, and Mr. Shetler suggested that no changes be made to account for this; other participating entities have agreed to continue to cover WAPA's share.

Mr. Shetler provided a brief EDAM update, noting that the stakeholder process would likely be restarted by CAISO mid-to-late fall. Ongoing discussions with EDAM entities continue. Mr. Braun followed with a brief GRC update, focusing on the upcoming August 2nd meeting on Joint Authority, which expands the number of issues on which the EIM Governing Body will have a decisional role. He noted that another EIM Governing Body meeting was expected to take place on August 20th. Mr. Shetler then touched on the latest status of various CAISO summer enhancements, including: EIM Resource Sufficiency Test Improvements, CAISO Export Priorities, Generation Derates, Wheel-throughs, and System Market Power Mitigation.

Regarding the Northwest Power Pool RA Program, Mr. Shetler shared that Phase 2B of the effort was now complete, and the design document had just been posted. Decisions on continuing to participate will be needed by the end of September. He clarified that the point of compliance for the Program is the Load Responsible Entity, which is defined as an LSE or a representative of the LSE(s). After conversations with the BANC Resource Committee, the current belief was that it was in BANC's interest to remain engaged, at least through the next phase, but there is an open question as to where the LRE will reside for the BANC footprint, and there is also a need to better understand costs, benefits, and limitations on participation. No decision is expected to be requested of the Commission prior to the September Commission meeting; meanwhile, discussions will continue at upcoming Resource Committee meetings.

Mr. Shetler gave an update on EIM Phase 2 Implementation costs, which came in within budget, and walked through proposed 2022 BANC budget updates. Commissioner Hauser asked whether it would be prudent to review the budget and add adjustments for any potential inflationary increases related to general manager and legal expenses. Commissioners Bertolino, Lau, and McFall weighed in and expressed appreciation for the work begin done on behalf of BANC and a potential willingness on behalf of the

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

Commission to consider increases, should they be deemed appropriate or necessary. Mr. Shetler stated that he would review these items and come back to the Commission with recommendations, as appropriate.

The BANC Strategic Planning Meeting has been scheduled for August 11th, and Mr. Shetler clarified that this meeting would be in place of the previously scheduled August meeting date. The meeting is currently scheduled to run from noon until 5 p.m., with topics including: GHG reduction efforts, including SMUD's Zero Carbon Plan and SB100 efforts, and Market Development in the West. Mark Rothleder of the CAISO and Lanny Nickell of SPP have been invited to participate in the latter discussion. The hope is that the meeting will be able to be held in person, but public health directives will continue to be monitored and a determination made prior to the meeting.

- E. Mr. Shetler recommended to the Commission that BANC renew and extend its contract with CES on a proposed annual payment plan.

Commissioner Hauser moved, Commissioner Beans seconded, and a roll call vote was taken. All participating Commissioners voted unanimously in favor of Resolution 21-07-22 *Authorization of Market Support Services Contract Extension*.

6. Closed Session: General Counsel and the General Manager conferenced and offered the Commission the option as to whether to commence closed session, and the Commission agreed to forgo closed session and adjourn the meeting.

The Commission adjourned at 4:09 p.m.

Minutes approved on August 11, 2021.

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C. Anthony Braun, Secretary