



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

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

May 9, 2024

The Balancing Authority of Northern California (BANC) appreciates the opportunity to provide comments on the Straw Proposal released by the Launch Committee on April 10, 2024. In comments submitted today, BANC joined a large and diverse coalition of stakeholders supporting the Pathways Initiative and the recommendations in Step 1. BANC also supports the Launch Committee fleshing out more of the details of what a possible Step 2 would include. In submitting the following comments, BANC's goal is to provide additional perspective and considerations on the options enumerated in Step 2.

As a market participant that has announced its intention to become an Extended Day Ahead Market (EDAM) Entity and has taken concrete steps toward implementation, BANC would like to emphasize the elements of the CAISO market that it finds attractive. First, like the Western EIM, EDAM represents an incremental market evolution. It builds upon the success of EIM and utilizes to the greatest extent possible the existing market systems of the CAISO and the work that BANC and other EIM Entities have put into their own systems and processes. Further, the EDAM builds on the CAISO's existing market footprint. That larger co-optimization and one that includes the load and diversity of the California fleet and transmission system is critical to realizing the benefits of the EDAM.

These core values shape our views on the options in Step 2. BANC's priorities as a planned EDAM Entity are to:

- Preserve the integrity of the market rules and ensure that any organizational structure respects a rational division of functions and authorities.
- Minimize duplication of functions and staff. In addition to maintaining accountability and ensuring consolidation of necessary functions, additional costs due to the formation of the proposed Regional Organization (RO) should be minimized.
- Minimize disruption of existing market mechanisms and stakeholder processes. This would include maintaining, to the extent possible, the contractual and financial relationships between the CAISO and market participants.

The July Letter from the five states that initiated the Pathways Initiative emphasized the need to maximize consumer benefits by creating an independent market inclusive of California, and further maximizing consumer benefit by minimizing duplication and the need for the creation of redundant market systems. Any creation of an RO must honor those foundational principles enunciated by the states.

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



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These considerations lead BANC toward options that are closer to Option 2.0, or even other options that have been surfaced, than to Option 2.5. However, BANC urges the Launch Committee to develop details regarding Step 2 for further consideration, and not to close out options or new ideas that would maintain the integrity of the current successful markets administered by the CAISO while taking constructive steps toward independent governance.

Balancing Authority of Northern California

James R. Shetler
General Manager

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