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**on Post-Workshop Comments on Regional Electricity Markets and
Coordination**

Additional submitted attachment is included below.

**THE STATE OF CALIFORNIA
BEFORE THE
CALIFORNIA ENERGY COMMISSION**

In the Matter of:)	Docket No. 24-IEPR-01
)	
2024 Integrated Energy Policy Report Update)	
)	
(2024 IEPR Update))	

**POST-WORKSHOP COMMENTS OF THE
BALANCING AUTHORITY OF NORTHERN CALIFORNIA
ON REGIONAL ELECTRICITY MARKETS AND COORDINATION**

Pursuant to the procedures established by the California Energy Commission (“Commission” or “CEC”) in its Notice of January 14, 2025, the Balancing Authority of Northern California (“BANC”) respectfully submits these Post-Workshop Comments on Regional Electricity Markets and Coordination.

BANC is a joint powers authority established pursuant to Section 6500 et seq. of the California Government Code. BANC operates as a public agency and is governed by the BANC Commission, currently made up of an executive representative from each of its members. BANC’s members include the Cities of Redding, Roseville, and Shasta Lake, the Modesto Irrigation District (“MID”), the Sacramento Municipal Utility District (“SMUD”), and the Trinity Public Utilities District. While the Western Area Power Administration – Sierra Nevada Region (“WAPA-SNR”) is not a formal member of BANC, WAPA operates within the BANC Balancing Authority Area (“BAA”) and participates in BANC processes and projects. BANC is a registered Balancing Authority with the North American Electric Reliability Corporation (“NERC”) and operates as a neighboring BAA to the CAISO BAA. BANC also has direct interconnection to the BAA of the Bonneville Power Administration and the BAA of the Turlock Irrigation District

(“TID”). BANC members provide retail electric service to California customers and purchase, sell, and transmit power in the wholesale power markets. BANC is an existing Energy Imbalance Market (“EIM”) Entity and has executed applicable EIM agreements to enable its participation in the Western Energy Imbalance Market (“WEIM”). BANC has also indicated its intention to participate in the Extended Day Ahead Market (“EDAM”), and executed initial agreements to effectuate this decision, including the EDAM Implementation Agreement recently accepted by the Federal Energy Regulatory Commission (“FERC”). BANC is on target to “go live” in EDAM in the Spring of 2027.

BANC General Manager Jim Shetler moderated the afternoon Market Participant Roundtable during the Workshop. Mr. Shetler was also actively involved in the West-wide Governance Pathways Initiative (“Pathways”) as a member of the Pathways Launch Committee and currently serves on the Pathways Formation Committee.

I. Regional Markets are Critical to Achieving California Energy Goals and Finding Cost Savings for Consumers.

BANC supports the growth of regional markets that include California. It is the diversity, breadth, and interconnectivity of the market footprint that drives consumer benefits. It is these consumer benefits that are the central measuring stick against which all market decisions should be considered. Similar to the presentation of study results by Mr. Tsoukalis and Mr. Wara as part of the “Assessing the Benefits of Pathways for California” panel, BANC undertook a rigorous analysis of the EDAM and the potential effect on BANC and its member agencies. Several transmission, resource portfolio, and market footprint scenarios were run to assess both costs and benefits to BANC and its members. Key takeaways from all these study efforts are: (1) the study results are directionally very similar. Large footprints, connectivity, and resource diversity drive

benefits; (2) BANC likely had benefits under the most realistic scenarios; (3) emissions and renewable resource curtailments are likely reduced; and (4) these market innovations are a *piece* of solving the affordability puzzle, but not a silver bullet. No one should have a reasonable expectation that market solutions alone will result in dramatic retail rate reductions. In the current environment where cost pressures are extreme and rates are rising, it is imperative that we capture savings wherever and whenever we can.

II. The Pathways Proposal is a Reasonable Next Step in Wholesale Market Governance Reform

BANC has supported Pathways beginning with the July 14, 2023 Letter (“Five-State Letter”) to the region from Arizona, California, New Mexico, Oregon, and Washington regulators. We strongly support the consensus driven process of the Pathways Launch Committee and the recommendations for both Step 1 and Step 2 governance reforms. Often overlooked, Step 1 reforms will place primary authority of EDAM and WEIM Market Rules with the WEM Governing Body, while not fully untethering market governance from the CAISO Board of Governors. Step 2 recommendations, adopted by the Launch Committee late last year, will include several additional reforms including the formation of a separate Regional Organization (“RO”) that will have an independently-selected Board. The initial scope of the RO Board authority will be governance of the EDAM and WEM designs, with additional authorities only upon voluntary adoptions by states and market participants. Under Step 2, the CAIOSO retains its Balancing Authority Area functions, transmission planning, resource adequacy, and interconnection queue responsibilities. Nothing in the Step 2 Pathways recommendations diminishes California’s authority over issues such as renewable mandates, decarbonization goals, or resource adequacy requirements.

Echoing the goals in the Five-State Letter, the Pathways process was guided by maximizing consumer benefits. BANC supports this mission, and the inclusion of this language in corporate documents, an increased role for state regulators, express recognition of consumer-advocates offices in RO processes, and a robust and inclusive stakeholder process that allows a diverse set of stakeholders to advise how RO market decisions are made.

BANC firmly believes that the development of EDAM and the realization of the market structure envisioned in the Pathways initiative will bring significant benefits and are critical for California to best serve its consumers reliably, affordably, and cleanly.

Dated: February 7, 2025

Respectfully submitted,



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