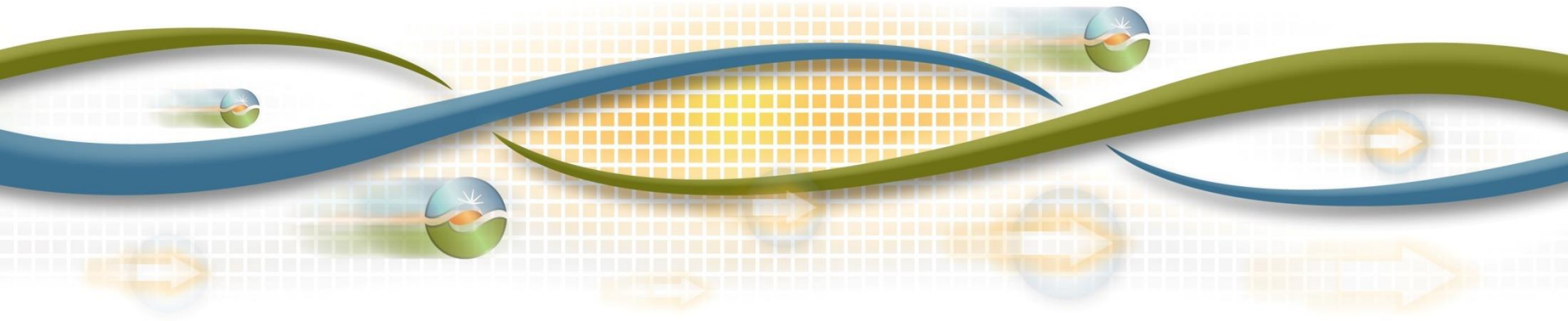




Revisions to Energy Imbalance Market Governance Documents

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October 25, 2017



Agenda

- Schedule for stakeholder engagement and decision
- Proposed revisions to the Selection Policy
- Questions
- Proposed revisions to the Guidance Document
- Questions
- Next step for stakeholders

Schedule for stakeholder engagement and decision

Date	Event
October 17	Issue paper posted
October 25	Stakeholder call
November 8	Comments due
November 29	Brief EIM Governing Body for advisory input
December 13-14	Decision by ISO Board of Governors

The Selection Policy governs how the Nominating Committee will select candidates for confirmation by the EIM Governing Body

- Currently specifies that
 - Nominating Committee will use executive search firm to identify qualified candidates
 - When a sitting member seeks re-appointment, the Nominating Committee may decide not to interview other candidates

The proposed changes to the Selection Policy would

- Make use of the executive search firm discretionary
 - Nominating Committee have contacts with many qualified candidates
 - Can avoid cost of search firm
- State that the Nominating Committee should normally consider other candidates, with or without a search firm, when a sitting member seeks re-appointment

Proposed revisions to the Selection Policy

3.4 Operation of the Nominating Committee

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If a Governing Body member whose term is scheduled to expire has expressed a desire to be nominated for a new term, the Nominating Committee ~~should~~ shall ~~determine whether it wants to re-nominate the departing member without interviewing other candidates. If the Nominating Committee does not decide to proceed in this manner, then it should ask the Executive Search Firm to identify at least two~~ interview and consider that individual for the position. The Nominating Committee should also normally consider additional qualified candidates ~~to interview, in addition to the sitting member~~....

Proposed revisions to the Selection Policy (cont.)

The Nominating Committee has discretion to decide whether or not to have the ISO engage an Executive Search Firm to identify additional candidates. If the Nominating Committee decides that an Executive Search Firm will not be engaged, then the Nominating Committee shall itself identify the additional candidates, following the same criteria set forth in this Section and Section 3.5 of this policy.

Proposed revisions to the Selection Policy (cont.)

With or without the assistance from ~~the~~-an Executive Search Firm, the Nominating Committee shall identify and select the best qualified candidates available in the United States. Optimally, the Committee's selections should ensure that the overall composition of the Governing Body reflects diversity of expertise so that there is not a predominance of Members who specialize in one subject area, such as operations or utility regulation. Similarly, no one state or sub-region in the West should have excessive representation — meaning members whose place of residence or work history tends to associate them with a particular Western state. The Committee should strive to ensure that the Governing Body includes at least one member with expertise in Western electric systems and markets. If the Nominating Committee can identify a qualified candidate with a Western background who has as strong overall experience and knowledge as the other candidates, and all other factors being equal, the Committee should prefer the candidate with a Western background. The Nominating Committee should interview and consider at least two candidates for each position that it is seeking to fill, in the situation where a sitting member is not seeking renomination.

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Proposed revisions to the Selection Policy (cont.)

3.5 Executive Search Criteria

Not less than 90 days prior to the scheduled expiration of any Member's term and as necessary to fill other vacancies, the ISO will, if requested by the Nominating Committee, engage an independent Executive Search Firm to identify qualified candidates for consideration by the Nominating Committee.

Questions about revisions to the *Selection Policy*?

Background about the *Guidance for Handling Policy Initiatives within the Decisional Authority or Advisory Role of the EIM Governing Body*

- The Guidance Document explains
 - scope of the EIM Governing Body's delegated authority
 - process Management should follow with policy initiatives
 - process for resolving disagreements, culminating with joint meeting

The proposed changes to the Guidance Document concern the dispute resolution process

- Remove the descriptor “initial” from the term “initial decisional classification”
 - i.e., term describing Management’s proposed classification
- Clarify that Management may work with the Chairs to resolve disagreements before proceeding to the dispute resolution process

Proposed revisions to the Guidance Document

IV. Decisional Phase: ~~Initial~~ Decisional Classification, Dispute Resolution and Presentations to the EIM Governing Body

~~A. Initial~~ Decisional Classification

After stakeholder comments are due on the draft final proposal, Management will reach its conclusion about the ~~initial~~ decisional classification and its plans to seek approval for the initiative. Management will notify the Chair of the ISO Board and the Chair of the EIM Governing Body of this ~~initial~~ decisional classification and provide links to the relevant papers about the initiative. If any stakeholders have submitted written comments on the draft final proposal disagreeing with Management's proposed decisional classification, the notice will also include a link to the relevant written comments from stakeholders regarding the initial classification. The notice, which will be posted on the ISO website, should also include a date when any responses from the Chairs are due back to Management. Under ordinary circumstances, the Chairs will have at least one week to review the notice before any response is due.

Proposed revisions to the Guidance Document (cont.)

Unless Management receives an objection from either the Chair of the EIM Governing Body or the Chair of the Board, Management should proceed to present the initiative for approval as proposed in its notification. If an objection is submitted from either Chair, Management may consult with the objecting Chair in an effort to address and, if possible, resolve the matter. This may include, where appropriate, a revision to the classification, with notification of the change made to both Chairs, at which point either Chair again has the option to object. If Management cannot resolve the matter, the Chairs of the two bodies shall confer on the matter in an attempt to do so. UnlessIf the Chairs cannot agree on the proper decisional classification after having conferred on the matter, then the following dispute resolution process will be triggered.

Questions about revisions to the *Guidance Document*?

Next step for stakeholders

- Written comments are due November 8
 - Stakeholders may submit written comments to initiativecomments@caiso.com