Governance Review Committee Charter

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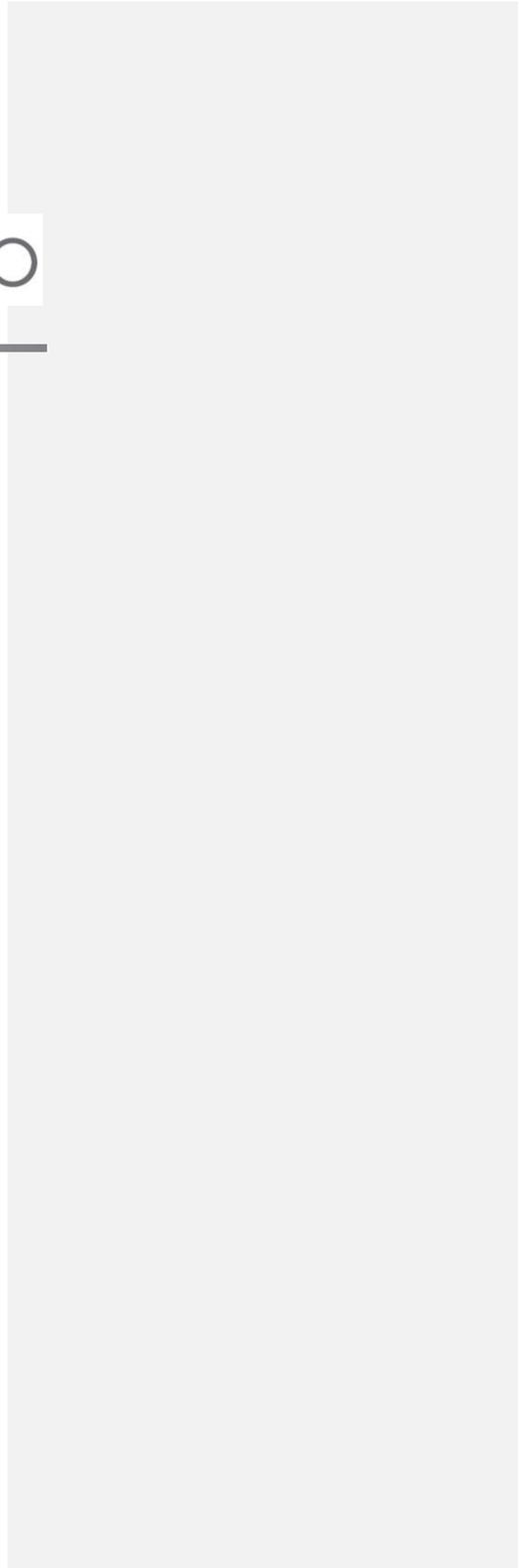
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I. Introduction and Overview

The ISO Board of Governors ("BOG" or "Board") and the EIM Governing Body ("EIM GB" or "Governing Body") have jointly decided to establish a temporary advisory committee called the EIM Governance Review Committee ("GRC" or "Committee"). The GRC will provide input and advice to both bodies on matters relating to the EIM governance review contemplated in Section 2.2.4 of the Charter for Energy Imbalance Market Governance.

This Governance Review Committee Charter sets forth the GRC's responsibilities, the process for establishing its membership, and the procedures the Committee will follow in administering its responsibilities. The GRC will be established as an advisory committee pursuant to Article V, Section 2 of the ISO Amended & Restated Bylaws.

II. Responsibilities of the Governance Review Committee

A. Role of the Committee

The GRC will develop proposed revisions to the EIM governance structure for consideration by the Governing Body and the Board. The GRC will develop its proposal through an iterative public process that involves publicly posting a series of issue papers or straw proposals for stakeholder comment, culminating in a draft final proposal for review by the Governing Body and the Board.

The GRC, either as a committee or through its Chair, will periodically report to the EIM Governing Body and the Board on the progress of the Committee's work. Such reports may occur either in the context of regularly scheduled meetings of the Governing Body or the Board or the context of a specially noticed joint meeting of both bodies.

The GRC shall strive to develop a consensus proposal that has the support of all members of the Committee. If, however, full consensus is not possible, then the GRC may develop a main proposal that is supported by a majority of the Committee, along with one or more alternatives supported by a minority of the Committee members. Any minority proposal that has the support of at least two Committee members will be included along with the majority proposal for submission to the Governing Body and the Board.

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The draft final proposal or proposals developed by the Committee shall be publicly posted and submitted to the Governing Body and the Board for their review and consideration.

B. Scope of Work

The GRC will focus exclusively on issues relating to governance and will not address other topics such as market design or revisions to existing market rules.

The GRC will identify and develop proposed refinements to the current EIM governance structure in light of experience and the evolution of the EIM since its inception. The Committee's work also may include considering potential governance enhancements in the event that a day-ahead market is added to the current EIM market structure – i.e., an extended day-ahead market (EDAM). This latter issue will be included within the GRC's scope of work if the current feasibility assessment for an EDAM market produces a positive outcome, resulting in the commencement of a separate stakeholder process to develop an EDAM design.

In developing its proposal, the GRC should generally seek, where possible, to build upon and refine the current structure, rather than adopting a completely new model. The GRC should in any event undertake a broad review of that structure that considers the scope and nature of the delegation of decisional authority to the Governing Body, the process and criteria for selecting Governing Body members, and any other potential changes to how the Governing Body currently performs its duties.

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The GRC also may consider whether any changes should be made with regards to how the ISO interacts with the Body of State Regulators (BOSR) or to the composition or role of the BOSR. In this area, the GRC must be mindful, however, of the fact that the BOSR is an autonomous body of governmental officials that is self-governed with its own processes and procedures.

III. Membership and Formation

A. Qualifications

The GRC will be a diverse and sophisticated committee comprised of stakeholders that are collectively capable of addressing all governance issues within the Committee's purview. Its members will have proven leadership skills, a strong understanding of the regional political landscape, and will collectively possess knowledge and experience in electricity markets, corporate governance, legal and regulatory matters. The GRC membership also will be geographically diverse and will collectively reflect the broad range of stakeholder and industry sectors that are involved in EIM. All of the members of the Committee should be committed to the success of the EIM and, if applicable, the implementation of an extended day-ahead market, and to the successful completion of the EIM governance review process.

Qualities that should be considered in identifying and considering potential

nominees should include:

- Proven leadership skills with respect to a wide range of complex issues
- Understanding of regional issues
- Ability and willingness to consider and represent a broad range of perspectives and to work collaboratively to build consensus
- General industry experience
- Support for the success of EIM and, if applicable, the EDAM
- Availability to actively participate in the GRC on an ongoing basis for the duration of its existence

B. Number and Term

The Committee will be have a total of 11 to 13 members, selected through a process described in Section III.C below.

Each Committee member will serve a term that begins upon appointment to the Committee and lasts until the Committee's governance proposal is completed and submitted to the EIM Governing Body and the Board. The Committee shall establish a draft schedule for its work upon establishment. The period needed for this work is expected to last approximately six to twelve months.

If a member is unable to continue serving on the Committee for the duration of the term, the Board and the EIM Governing Body may, in their discretion, jointly appoint a new member as a replacement.

C. Process for Nomination and Appointment

The EIM Governing Body and the Board will each designate one member from their respective bodies to serve as a non-voting, advisory member of the Committee. The Body of State Regulators also will be invited to designate one of its members to serve as a non-voting, advisory member of the Committee.

The remaining eight to ten members of the Committee will be voting members. These members will be selected through the following nomination, ranking and appointment process.

1. Nomination and Ranking of Nominees

The nomination and nominee ranking process will be organized through five stakeholder sectors collectively charged with developing a list of nominees and then ranking the nominees.

The sectors are as follows:

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a) **EIM Entities Sector:** This sector includes every EIM Entity (as defined in the ISO Tariff) and any entity that has executed an EIM Implementation Agreement to become an EIM Entity.

b) **Participating Transmission Owners Sector**: This sector includes every Participating Transmission Owner (as defined in the ISO Tariff).

c) **Pending New EIM Participants Sector:** This sector includes any balancing authority that has entered into a formal public process to consider joining EIM and any publicly-owned utility, other load-serving entity, or supplier of generation within such a balancing authority that may participate in EIM if the balancing authority becomes an EIM Entity.

d) **Publicly-Owned Utilities Sector**: This sector includes every publicly-owned utility that is located within the balancing authority of the ISO, within the balancing authority of an EIM Entity, or within the balancing authority of an entity that has executed an EIM Implementation Agreement to become an EIM Entity. A publicly-owned utility is any utility that is excluded from certain provisions of the Federal Power Act by virtue of Section 201(f) of the Act. By way of illustration, this includes, without limitation, municipally owned utilities, power cooperatives, and federal power marketing agencies. A publicly-owned utility that also falls within the EIM Entity sector, the Participating Transmission Owner sector, or the Pending New EIM Participants sector shall instead participate in that sector.

e) **Suppliers and Marketers of Generation and Energy Service Providers Sector**: This sector includes every entity that is party to a Scheduling Coordinator Agreement or a Participating Generator Agreement (as defined in the ISO tariff) with the ISO, provided that it does not qualify for the EIM Entities sector, the Participating Transmission Owners sector, the Publicly-Owned Utilities sector, or the Pending New EIM Participants sector. If the entity qualifies for one of those four sectors, then it shall instead participate in that sector.

f) **Public Interest or Consumer Advocate Sector**: This sector includes all public interest or consumer advocate groups that are actively involved in energy issues within the balancing authority of the ISO, an EIM Entity, an entity that has executed an EIM Implementation Agreement to become an EIM Entity, or a balancing authority that falls within the Pending New EIM Participants sector.

If an entity may properly be classified as falling into more than one of the identified sectors, the entity may participate in only one sector, following the provisions above for determining the appropriate sector.

The sector definitions set forth above are essentially the same as those currently used for nominating candidates for the EIM Governing Body, with the exception that one new sector has been created for balancing authorities that have entered

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into a formal public process to consider joining the EIM and entities within such a balancing authority. As a result, there are current sector liaisons in place for all but one of the sectors.

To facilitate the commencement of the sector nominating process, the ISO will identify and publish contact information for the current liaisons, who will be responsible for coordinating sector meetings to identify and rank nominees.

The ISO will designate a staff person who will be available to provide logistical support and assistance to the sectors, as needed, in connection with their work.

Each stakeholder sector will proceed to compile a list of at least three nominees for consideration by all of the stakeholder sectors.   Sectors may nominate only individuals who have confirmed a willingness to serve on the GRC if appointed. Nominees do not need to be affiliated with an EIM stakeholder to be eligible. The sectors may nominate individuals from entities within their sector, but are not required to limit their nominations to such individuals and are encouraged to actively consider nominating individuals from beyond their sector. An individual may be nominated by more than one sector.

To receive consideration for appointment, all initial nominations must be submitted by the sector liaison to the ISO Corporate Secretary by no later than [***date to be inserted***]. Each nominee should submit a resume and/or statement of interest that describes the nominee's relevant background, experience and supporting information. Individuals or companies who wish to self-nominate a candidate should do so within the context of their participation in their applicable sector.

The nominations identified by each stakeholder sector will be aggregated into an overall list of nominees. Each stakeholder sector will then numerically rank at least their top 12 nominees, including nominees identified by other sectors, in order of preference, with number 1 being the most preferred. While sectors are encouraged to establish individual rankings for all nominees, they will not be required to do so beyond the top 12 and instead will be permitted to rank the remaining individuals in tiers or other groupings if the sector does not believe it has a sufficient basis to make distinctions at the individual level. Ultimately, six separate rankings (one per sector) of all nominees will be created for joint consideration by the EIM Governing Body and the Board. Stakeholder sector liaisons will determine, by general consensus of their sector, the process used by their sector to rank the nominees.

By no later than [***date to be inserted***], each sector liaison will submit to the ISO Corporate Secretary the ranked list of nominees, which will be compiled and submitted to the EIM Governing Body and the Board for consideration.

2. Appointment of Committee Members

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The EIM Governing Body and the Board will jointly appoint all members of the GRC pursuant to a joint motion approved by both bodies. The Governing Body and the Board will give careful consideration to the membership qualifications detailed within the charter and to the rankings provided by the stakeholder sectors in establishing the membership of the Committee. The Governing Body and Board must appoint all of the eight to ten stakeholder members of the Committee from the ranked lists of nominees provided by the stakeholder sectors.

D. ISO Liaison

An ISO staff person, designated by ISO Management, will serve as a liaison to the Committee, attend Committee meetings, and facilitate the provision of ISO support to the Committee. The ISO liaison will not vote on any matters considered by the Committee, and instead will participate only in an advisory capacity.

E. Chair

The members of the GRC will select a Chair, who will have the following duties:

- Preside over meetings;
- Manage and facilitate the Committee's work load and schedule;
- Ensure the quality and timely completion of any deliverables of the Committee, including but not limited to any majority and minority opinions; and
- Serve as the ISO's primary contact for the Committee.

F. Compensation and Reimbursement

Members of the GRC will serve without compensation or reimbursement by the ISO. All costs associated with travel to and attendance at Committee meetings, or otherwise related to Committee membership is the responsibility of the members or their affiliated entities.

G. Confidentiality

Non-public information developed by the Committee (or its members in their capacity as committee members) or received from the ISO may not be disclosed outside of the Committee and the ISO without authorization of the Governing Body and the Board. The Committee will not disclose information that it has received subject to a specific disclosure restriction except after consultation with the ISO General Counsel and in accordance with applicable legal requirements.

H. Removal of Members Prior to Expiration of Term

The Board and the Governing Body may jointly remove a member of the Committee for failure to perform his or her duties or comply with the applicable provisions of this Charter.

IV. Meetings of the Governance Review Committee

A. Time and Place

The Governance Review Committee will fix its own time and place of meetings and may prescribe its own meeting processes, consistent with the requirements of the ISO's Open Meeting Policy and this Charter.

The ISO will make its Folsom offices available for Committee meetings, as desired by the Committee. The Committee also may meet by phone or web conference, or at any other location geographically located in the Western Interconnection where there is public access to the meetings as required by the ISO's Open Meeting Policy.

B. Voting

A quorum is two-thirds of the voting Committee members then seated, and is required for the Committee to vote or conduct its business. An affirmative vote of a majority of the voting members then seated is necessary for any formal action or decision of the Committee other than the decision to submit a minority opinion of the Committee to the Governing Body and the Board. A minority opinion may be submitted to the Governing Body and Board if at least two of the voting Committee members vote in support of the minority opinion.

C. Meeting Procedures

All meetings of the Committee will be held in conformance with the ISO bylaws and Open Meeting Policy then in effect with regard to notice and waiver thereof, public access to the meetings and formal actions of the Committee. Materials submitted to the Committee, and written minutes of each meeting, will be duly filed in ISO records and published on the Western EIM website.

D. Secretary

Unless otherwise directed by the Committee, the Corporate Secretary of the ISO or his or her designee shall serve as secretary to the Committee. The Corporate Secretary will advise and assist the Committee to help ensure it satisfies its Open Meeting Policy obligations.

E. Public Comment

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With the exception of meetings held in closed executive session, opportunities for public comment will be provided at each meeting.

F.   Administrative and Other Support

At the request of the Committee, to the extent practicable, the ISO will provide administrative support for the Committee so that it may conduct its business and fulfill its responsibilities, which will include general office and communications support.   The ISO will also, to the extent practicable, provide any legal or technical support necessary for the Committee to fulfill its responsibilities.