

SECTION BY SECTION ANALYSIS OF JANUARY 2000
AMENDED AND RESTATED ISO BYLAWS

ARTICLE III – BOARD OF DIRECTORS

SECTION 3 – DEFINITIONS

- 3.1 – “*Affiliate*” – Provides that members of a joint powers authority, as well as the authority itself, should not be considered affiliates; sets a 10% voting interest as “control”
- 3.2 – “*FERC*” – moved from elsewhere in bylaws
- 3.3 – “*ISO Control Area*” – new definition
- 3.4 – “*ISO Controlled Grid*” – new definition
- 3.5 – “*Participating Generator Agreement*” – new definition
- 3.6 – “*Participating State*” – reestablishes percentage from current 50% to 25%
- 3.7 – “*Public Proceeding*” – expansion of “rate-related proceeding” – used for Public Interest class
- 3.8 – “*Record Date*” – moved from elsewhere in bylaws
- 3.9 – “*Regulatory Proceeding*” – expansion of “rate-related proceeding” – used for end-user classes
- 3.10 – “*Scheduling Coordinator*” – new definition
- 3.11 – “*State Oversight Authority*” – new definition and substitute for Oversight Board. Nothing in the Bylaws requires a Participating State to establish a State Oversight Authority
- 3.12 – “*Tariff*” – definition moved from elsewhere in bylaws

SECTION 4 – COMPOSITION AND SELECTION OF THE GOVERNING BOARD

- 4.1 – *Classes in General* – eliminates California residency requirement for Governors
- 4.2 – *Nomination of Governors* – (formerly Selection of Governors) clerical changes
- 4.2(a) – *IOU's* – cleans up references to fourth IOU selection of a Governor; changes the voting mechanism if there are 5 or more contributing IOU's to prevent the contributor of the largest transmission system from selecting all Governors for the Class
- 4.2(b) – *Municipal Utilities* – changes qualifications to any Muni whose service area is within the ISO Control Area or a Participating State; alters election procedures to be whatever the class determines (without requiring an annual meeting)
- 4.2(c) – *Governmental Entities* – changes qualification to entities owning generation or transmission in the ISO Control Area (formerly ISO Controlled Grid)
- 4.2(d) – *Non-Utility Generators* – renames class from non-utility electricity sellers; limits participation to entities that generate electricity and have either sold electricity

- in ISO Control Area or are parties to a Participating Generator Agreement; sets new standard election procedures
- 4.2(e) – *Public Buyers and Sellers* – adds definition of “Public Entities” and sets new standard election procedures
 - 4.2(f) – *Private Buyers and Sellers* – specifically refers to Scheduling Coordinators; restricts participation to entities buying or selling electricity over the ISO Controlled Grid; sets new standard election procedures
 - 4.2(g) – *Designated End-User Classes* – collects Agricultural, Industrial, Commercial and Residential end-users in one section; permits organizations to petition the State Oversight Authority to participate if they don’t meet the express standards; expands qualifications to require participation in “Regulatory Proceedings”; sets new standard election procedures
 - 4.2(h) – *Public Interest Groups* – expands qualification to require participation in “Public Proceedings”; permits qualification petitions (see above); sets new standard election procedures
 - 4.2(i) – *End-Users at Large* – provides for the Secretary’s solicitation of nominees; Secretary may resolicit for more nominations if not twice as many nominations as vacant seats; submission of nominee list to State Oversight Authority; State Oversight Authority may appoint a Governor from the nomination list or request additional nominations, using the new qualification standards in Section 4.6
 - 4.2(j) – *Non-Market Participants* – provides for the Secretary’s solicitation of nominees; Secretary may resolicit for more nominations if not twice as many nominations as vacant seats; submission of nominee list to State Oversight Authority; State Oversight Authority may appoint a Governor from the nomination list or request additional nominations, using the new qualification standards in Section 4.6
 - 4.3 – *Chairperson* – vests selection power in Governing Board; establishes a two year term; permits multiple terms; permits Governing Board to appoint Chairperson who is not already a member of the Governing Board
 - 4.4 – *Selection and Nominating Procedures in General* – moves provisions for the Governing Board to develop additional procedures to ensure that entities having a right to participate in the nomination of Governors or submission of nominees to the State Oversight Authority are aware of such right from 4.3 – *Self Certification* to new 4.4
 - 4.4(a) – *Self-Certification* – see 4.4; changes “selection of Governors” to “nomination of Governors”; changes review of rejected participation by an entity from the to the Governing Board and the State Oversight Authority to the Secretary and the Governing Board respectively
 - 4.4(b) – *List of Eligible Entities by Class* – changes “selection” to “nomination”
 - 4.4(c) – *Other Procedures* – allows for voting by facsimile
 - 4.4(d) – *Limit on Affiliates and Participation in More than One Class* – deletes definition of “affiliate” and changes “selection of Governors” to the “nomination of Governors”
 - 4.5 – *Nominating and Selection Procedures for Specific Classes* – sets forth new standard voting procedures (sequential ballots distributed at discretion of the Secretary)
 - 4.5(c) – *Confirmation and Recommendation* – adds language requiring the Governing Board to take affirmative action by two-thirds vote in order to “not” seat a

class nominee in a class not subject to State Oversight Authority confirmation; provides for the Governing Board to confirm Members from nominees for all Classes except for the Designated End-User Classes, Public Interest Groups, End-Users at Large, and Non-Market Participants; State Oversight Authority will confirm Members for the Board from nominees for those Classes

- 4.6 – *Qualification of Governors* – establishes new minimum qualification requirements for Governors; new qualification substitute for residency requirement for Governors to be confirmed by the State Oversight Authority

SECTION 6 – TERM OF OFFICE OF GOVERNORS

- Initial terms to end March 31, 2000; Staggered terms to be determined by Governing Board under policy

SECTION 7 – VACANIES AND REMOVAL

- Eliminates required Oversight Board approval for removal of a Governor

SECTION 8 – MEETINGS OF THE GOVERNING BOARD

- 8.3 – *Participation Electronically* – clerical change

SECTION 10 – OPEN MEETINGS

- 10.2 – *Executive Sessions* – alters requirement that Governors specifically designate members of ISO staff permitted to attend executive sessions

SECTION 13 – VOTING OF GOVERNORS

- 13.3 – *Dissolution* – dissolution to be permitted only with requisite approval of any applicable governmental authority (changed from Oversight Board)
- 13.4 – *Governor's Right to Appeal Certain State-Jurisdictional Matters* – reworks appeal right to State Oversight Authority to permit appeal of matters within state jurisdiction set forth in SB 96; clarifies that ISO may make any filing or take any position at FERC notwithstanding an appeal

SECTION 17 – COMPENSATION

- 17.1 – *Retainers and Fees* – clerical change
- 17.2 – *Expense Reimbursement* – clarifies that Governors may be reimbursed for attendance at any Committee meeting, whether or not they are members of the particular committee.

SECTION 18 – INTERESTED PERSONS LIMIT

- 18.2 – *Specific Limitation on Balance of Interests* – renames subsection; eliminates specific reference to California law

SECTION 19 – EMERGENCY MEETINGS

- 19.1 – *In General* – permits the Chairperson to call an emergency meeting; clerical change from “Chief Executive Officer” to “President”

ARTICLE IV – COMMITTEES

SECTION 3 – ADR COMMITTEE

- Clerical change (ISO to Corporation)

SECTION 4 – TECHNICAL ADVISORY COMMITTEE

- Deletes section, in accordance with prior Board determinations

SECTION 5 – AUDIT COMMITTEE

- Now Section 4

SECTION 6 – COMMITTEE MEETINGS

- Now Section 5

ARTICLE V – APPOINTED ADVISORY REPRESENTATIVES

SECTION 1 – ADVISORY REPRESENTATIVES

- Provides appointment authority in the State Oversight Authority for representatives representing state governmental interests; provides appointment authority in the Governing Board (formerly Oversight Board) for any other advisory representatives

ARTICLE VI – OFFICERS

SECTION 6 – SECRETARY

- Clerical charge

ARTICLE IX – MISCELLANEOUS

SECTION 3 – AMENDMENT OF BYLAWS

- 3.1 – *Approval by Governing Board* – provides that State Oversight Authority be given thirty (30) day notice of bylaw changes
- 3.2 – *Ratification of Nominating Procedures by Affected Class* – clerical; clarifies that changes mandated by SB 96 do not require stakeholder Class approval
- 3.3 – *Review by State Oversight Authority* – new subsection; requires approval of the State Oversight Authority of amendments to certain sections of the Bylaws, including election procedures for changes subject to State Oversight Authority confirmation, qualifications for Governors, right to appeal State jurisdictional issues, appointment of advisory representatives. and State Oversight Authority review of such amendments

SECTION 6 – FERC GOVERNANCE REVIEW FILING

- Sets date for delivery of governance recommendation to FERC