



Memorandum

To: ISO Board of Governors

From: Roger E. Collanton, Vice President, General Counsel and Corporate Secretary

Date: July 7, 2021

Re: Decision on Implementing EIM Governance Review Committee Part One Proposal

This memorandum requires Board action.

EXECUTIVE SUMMARY

On May 6, 2021, the EIM Governing Body and the Board of Governors jointly approved the “part one proposal” of the EIM Governance Review Committee, which recommends refinements to the ISO’s EIM governance. In this memorandum we outline Management’s proposal to implement these recommendations through specific changes to ISO governance documents, as detailed below.

Management presented the proposed changes to the Selection Policy for the EIM Governing Body and the Charter for EIM Governance (Charter), to the Governing Body at their June 30 meeting, and the Governing Body voted to exercise its advisory authority to advise the Board that it supports approval of the proposed changes.

Management now seeks the Board’s approval for these proposed changes to implement the Governance Review Committee’s part one proposal, and in addition proposes a conforming change to the Board’s Charter of the DMM Oversight Committee. Further, as specified in Section 8 of the current Charter, the proposed changes to the sections of the Charter for EIM Governance relating to Body of State Regulators and the Regional Issues Forum have been placed on the consent agenda for this meeting. The other proposed changes to the Charter and the EIM Governing Body Selection Policy, as well as the Charter of the DMM Oversight Committee, are subject to review on the Board’s regular agenda.

Management proposes the following motion:

Moved, that Board of Governors approves the proposed revisions to the Charter for EIM Governance, the Selection Policy for the EIM Governing Body, and the Charter of the DMM Oversight Committee, as discussed in and attached to the memorandum dated July 7, 2021.

RECOMMENDED CHANGES

The changes recommended in the EIM Governance Review Committee's Part One Draft Final Proposal, as captured in a table on pages 25-27 of that proposal, require revisions to the Selection Policy for the EIM Governing Body and the Charter for EIM Governance, as well as one conforming change to the Charter of the DMM Oversight Committee. These revisions are reflected on the attached redline documents, as follows.

Selection Policy for the EIM Governing Body

Change the role of the representative of the public interest and consumer advocate groups from advisory to a voting membership. (See proposed redline, Section 3.4, p.5.)

Emphasize obtaining diverse perspectives through the selection process. (See proposed redline Section 3.4, pp. 5-6.) These redlines match those specified by the EIM Governance Review Committee in its Part One Draft Final Proposal, pp. 9-10.

Authorize the Nominating Committee to recommend extending the term of a sitting member for up to 60 days after it would otherwise expire to avoid a vacancy if the Nominating Committee needs additional time. (See proposed redline Section 3.4, p. 6.)

In addition, Management is proposing cleanup changes to the Selection Policy, primarily on pages 2 and 4 of the redline.

Charter for EIM Governance

At the request of the Nominating Committee, authorize the Governing Body to extend the term of a sitting member by up to 60 days after it would otherwise expire. (See proposed redline Section 1.3, page 2.)

Provide for a further re-evaluation of EIM governance within five years. (See proposed redline Section 2.3, page 7.)

Provide the Governing Body with joint authority, together with the Board of Governors, to approve or reject prospective members of the Market Surveillance Committee. (See proposed redline Section 3.1, p. 7.)

Include a member of the Governing Body as a non-voting participant at the meetings of the DMM Oversight Committee, subject to confidentiality restrictions. (See proposed redline Section 3.2, p. 8.)

Authorize the Governing Body to retain a market expert that it can direct. The market expert's role should be consistent with the Governing Body's mission, which is to promote the success of the EIM for the benefit of all market participants. (See proposed redline Section 3.3, p. 8.)

The Charter provides that any proposed changes to the provisions of the Charter addressing the composition and role of the Body of State Regulators or Regional Issues Forum (current Sections 5 and 6 of the Charter) will be placed on the Board's consent agenda for approval if the Governing Body has provided advisory input in support of the proposed changes. Consistent with that provision, the following changes to the Charter are on the Board's consent agenda for this meeting:

Remove a limitation stating that the Regional Issues Forum should not address or offer opinions on issues that are part of an ongoing ISO stakeholder process. (See proposed redline of current Section 6.1.1, p. 9.)

Adjust the definitions of the stakeholder sectors that select the liaisons who organize meetings of the Regional Issues Forum, and through those changes increase these total number of sector liaisons from ten to eleven. (See proposed redline of current Section 6.2, p. 10.)

Specify that there will be a standing item on the agenda for Governing Body meetings regarding activities of the Regional Issues Forum. (See proposed redline creating new Section 7.3, p. 11.)

Charter of the DMM Oversight Committee

Management proposes an addition to conform the Charter of the DMM Oversight Committee to reflect the new provision in the Charter for EIM Governance authorizing a member of the Governing Body to attend meetings of the DMM Oversight Committee as a non-voting participant. (See proposed redline adding a new Section 4.3, p. 6.)

CONCLUSION

Management recommends that the Board approve both the item on its consent agenda for this meeting, and the proposed amendments to the Selection Policy for the EIM Governing Body, the additional proposed amendments to the Charter for EIM Governance, and the proposed conforming amendment to the Charter for the DMM Oversight Committee.

Attachments

- A – Proposed amendments to the Selection Policy for the EIM Governing Body
- B – Proposed amendments to the Charter for EIM Governance
- C – Proposed amendments to the Charter of the DMM Oversight Committee
- D – April 12, 2021 EIM Governance Review Part One Draft Final Proposal (as approved by the EIM Governing Body and Board on May 6, 2021)