

AMENDED & RESTATED  
BYLAWS  
OF  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION,  
a California nonprofit public benefit corporation

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## **ARTICLE I: OFFICES**

The principal executive office of the California Independent System Operator Corporation (the "Corporation") shall be located at such place in the State of California as the Governing Board may from time to time designate. Additional offices may be established and maintained at such place or places as the Governing Board may from time to time designate.

## **ARTICLE II: PURPOSES AND OBJECTIVES**

### **Section 1. Purposes.**

The purpose of the Corporation is to ensure efficient use and reliable operation of the electric transmission facilities of those transmission owners that have transferred operational control of those facilities to the Corporation (the "ISO Controlled Grid"), consistent with Chapter 2.3, Part 1, Division 1, of the California Public Utilities Code.

### **Section 2. Authority to Operate Transmission Facilities.**

The Corporation shall have operational control authority over the ISO Controlled Grid pursuant to the ISO's tariffs and contracts.

## **ARTICLE III: BOARD OF GOVERNORS**

### **Section 1. Powers.**

The Corporation shall have powers to the full extent allowed by law, except as otherwise specified in its Articles of Incorporation. All powers and activities of the Corporation shall be exercised and managed by the Governing Board or, if delegated, under the ultimate direction of the Governing Board.

### **Section 2. Number of Governors.**

There shall be five members of the Governing Board.

### **Section 3. Definitions.**

#### **3.1 EIM.**

"EIM" or "Energy Imbalance Market" is a method of resolving imbalance of supply and demand using the ISO's real-time market, including the ISO's operation of the real-time market outside of the ISO's balancing authority area, as defined in Appendix A of the Tariff.

#### **3.2 FERC.**

"FERC" shall mean the Federal Energy Regulatory Commission or any successor entity.

#### **3.3 Participating State.**

"Participating State" shall mean any state in which control of more than twenty-five percent of the MW-circuit miles of transmission capacity within that state has been transferred to the Corporation.

**3.4 State Oversight Authority.**

“State Oversight Authority” shall mean, for such period as California is the only Participating State, that certain Electricity Oversight Board described in Sections 335 to 340 of the California Public Utilities Code, as in effect from time to time; and thereafter, such body or bodies as determined by any applicable law or regulation of Participating States and applicable Federal law or regulation.

**3.5 Tariff.**

“Tariff” shall mean the FERC Electric Tariff filed by the Corporation, as amended from time to time.

**Section 4. Composition and Selection of Governing Board.**

**4.1 Selection and Confirmation Procedures.**

Members of the Governing Board are selected by appointment of the Governor of the State of California and subject to confirmation by the Senate of the State of California.

**4.2 Qualification of Governors.**

No member of the Governing Board shall be affiliated with any actual or potential participant in any market administered by the Corporation.

**4.3 Chair.**

The Chair of the Governing Board shall be elected by the Board from among the members of the Governing Board.

**Section 5. Term of Office of Governors.**

Terms of office of each member of the Governing Board are three years in duration and are staggered in accordance with section 337 subdivision (e) of the California Public Utilities Code. Governors may serve multiple terms, with no maximum number of terms.

**Section 6. Vacancies and Removal.**

A resignation shall be effective upon receipt of written notice by the Chair of the Governing Board, the President or the Secretary, unless the notice specifies a later time of effectiveness. The Governing Board may remove any Governor, with or without cause, if at least two-thirds of the Governors then in office vote in favor of such removal. If a vacancy occurs, a replacement Governor shall be selected to fill the vacancy pursuant to Section 4 of this Article III. A Governor so selected shall serve for the unexpired term of his or her predecessor.

**Section 7. Meetings of the Governing Board.**

**7.1 Quarterly Meetings.**

The Governing Board shall meet at least once during each quarter of the fiscal year at such dates, times and places as the Governing Board shall determine. The Chair shall preside over meetings. The regularly scheduled meetings of the Governing Board shall be established for each fiscal year in advance.

## **7.2 Other Meetings.**

In addition to the quarterly meetings, additional regularly scheduled meetings shall be held at such times as shall from time to time be fixed by the Chair of the Governing Board. Special meetings of the Governing Board for any purpose or purposes may be called at any time by the President, the Chair, or by a majority of Governors then in office.

## **7.3 Participation Electronically.**

Governors may participate in a meeting through the use of conference telephone, electronic video screen communication, or other communications equipment, so long as all Governors participating in such meeting can hear one another and arrangements are made for public participation at regularly scheduled meetings and, where time permits, any special meetings. Participation in a meeting pursuant to this paragraph constitutes presence in person at that meeting if all of the following apply:

(a) Each Governor participating in the meeting can communicate with all of the other Governors.

(b) Each Governor is provided the means of participating in all matters before the Governing Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Governing Board.

(c) The Governing Board adopts and implements some means of verifying both of the following:

(i) A person representing himself or herself to be a Governor communicating by telephone, electronic video screen, or other communications equipment is a Governor entitled to participate in such meeting.

(ii) All votes were made by such Governor and not by another person.

## **Section 8. Notice of Governing Board Meetings.**

### **8.1 Notice to Governors.**

Notice of regularly scheduled and special meetings shall be given to the Governors not less than six days prior to the meeting if delivered by first-class mail or not less than four days prior to the meeting if the notice is delivered personally, by telephone, by facsimile or by electronic mail; provided, however, that notice of special meetings shall not be sent solely by electronic mail. If mailed, such notice shall be deemed given when deposited in the United States mail, with first-class postage thereon prepaid, addressed to the Governor.

### **8.2 Public Notice.**

Public notice of each meeting of the Governing Board shall be placed on the Corporation's website at least four days before such meeting. The notice shall include an agenda that makes it clear which items are for purposes of discussion, which are for purposes of taking action and, to the extent practicable, which are to be considered in a closed session. Changes to that agenda may be made by any Governor up until two days before the meeting. In addition, notice of each meeting shall be sent by first-class mail, telegram, charges prepaid, by facsimile or by electronic mail, by the Secretary to each member of the public that so requests and that has provided the Secretary with complete information regarding such person's name and address.

**Section 9. Open Meetings.**

**9.1 Meetings to Be Open to Public.**

Except as provided in Section 9.2 below, any member of the public may attend and observe the proceedings of any meeting of the Governing Board.

**9.2 Executive Sessions.**

The Governing Board may hold executive sessions for discussion of matters consistent with the Open Meeting Policy adopted by the Governing Board. Only Governors, up to two advisors for each Governor and certain officers and employees of the Corporation, as designated or otherwise permitted by the Governors, may be present during any executive session; provided, however, that to the extent deemed necessary by the Chair, any other person or persons having business before the Governing Board that relates specifically to the matter or matters to be discussed during any portion of an executive session may be present during such portion of an executive session. The Governing Board may, at any time during any meeting, vote to adjourn the open meeting and reconvene in an executive session if consistent with the Open Meeting Policy and at least a majority of the Governors present at such meeting vote in favor of such adjournment and reconvening.

**9.3 Public Comment.**

Consistent with the Open Meeting Policy, at each regularly scheduled meeting, the Governing Board shall provide an opportunity for members of the public to comment on matters being considered by the Governing Board at such time as the Governing Board shall specify on the agenda.

**Section 10. Waivers of Notice.**

The notice requirements contained in Article III, Section 8 of these bylaws may be waived in writing by any Governor with respect to that Governor, either before or after the meeting. The attendance of any Governor at a meeting without, as soon as reasonably practicable, protesting the lack of notice of such meeting shall constitute a waiver of notice by him or her. All waivers shall be made part of the minutes of the meetings. Waivers of notice for emergency meetings shall be governed by the provisions of Section 17 of this Article III.

**Section 11. Quorum of Governors.**

A quorum for any meeting of the Governing Board shall be two-thirds of the Governors then in office. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Governors, provided that any action taken is approved by the required number of Governors, as specified in these bylaws. Two-thirds of the Governors then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

**Section 12. Voting of Governors.**

**12.1 General.**

Except where a greater vote is required by the Articles of Incorporation, by applicable law or by these bylaws, and except as provided in Article IV, Section 1, the affirmative vote of a majority of the Governors then in office shall, subject to Sections 12.2 and 12.4, be the act of the Governing Board. Each Governor shall have one vote.



## **12.2 Recusals.**

Governors who have recused themselves on a particular matter will not be counted for purposes of determining whether a sufficient vote exists for purposes of actions taken by the Governing Board on that matter.

## **12.3 Dissolution.**

At least two-thirds of the Governors then in office must vote in favor of any resolution approving the dissolution of the Corporation for such resolution to be effective. In addition to any other required regulatory approvals, any resolution approving the dissolution of the corporation shall not take effect without requisite approval of any applicable governmental authority.

## **12.4 No Conflict with Corporation's Duties as a Public Utility.**

Nothing shall prevent the Corporation from making any filing or taking any position at FERC, notwithstanding any appeal to a State Oversight Authority made pursuant to Section 339 of the California Public Utilities Code.

## **Section 13. Standard of Care.**

### **13.1 General.**

A Governor shall perform the duties of a Governor, including duties as a member of any committee of the Governing Board on which the Governor may serve, in good faith, in a manner that such Governor believes to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

### **13.2 Reliance.**

In performing the duties of a Governor, a Governor shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) One or more officers or employees of the Corporation whom the Governor believes to be reliable and competent in the matters presented;
- (b) Counsel, independent accountants or other persons as to matters that the Governor believes to be within such person's professional or expert competence; or
- (c) A committee of the Governing Board upon which the Governor does not serve, as to matters within its designated authority, which committee the Governor believes to merit confidence, so long as, in any such case, the Governor acts in good faith, makes any reasonable inquiry when the need therefor is indicated by the circumstances and acts without knowledge that would cause such reliance to be unwarranted.

### **13.3 No Liability.**

A person who performs the duties of a Governor in accordance with Sections 13.1 and 13.2 above shall have no liability to the Corporation, any other Governor or any other person based upon any failure or alleged failure to discharge that person's obligations as a Governor, including, without limiting the generality of the foregoing, any actions or omissions that exceed or defeat a public or charitable purpose to which the Corporation, or assets held by it, are dedicated.

### **13.4 Investments.**

Except with respect to assets held for use or used directly in carrying out the Corporation's public benefit activities, in investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the Corporation's investments, the Governing Board shall avoid unwarranted speculation, looking instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the Corporation's capital. The provisions of Sections 13.1 through 13.3 of this Article III shall apply to this Section 13.4.

### **13.5 Ethical Conduct.**

The members of the Governing Board shall on a periodic basis certify their review and understanding of the Governors Code of Conduct and Ethical Principles.

## **Section 14. Loans and Self-Dealing Transactions.**

### **14.1 Loans.**

The Corporation shall not make any loan of money or property to, or guarantee the obligation of, any individual Governor, officer or employee except where the loan is necessary, in the judgment of the Governing Board, to provide financing for the purchase of the principal residence of an officer or employee in order to secure the services or continued services of such officer or employee and the loan is secured by real property to the extent required by law; provided, however, that the Corporation may advance money to a Governor, officer or employee of the Corporation or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such Governor, officer or employee so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

### **14.2 Self-Dealing Transactions.**

The Governing Board shall not approve a transaction to which the Corporation is a party and in which one or more of the Governors or their employers has a material financial interest and that does not meet the requirements of Section 14.3 below.

### **14.3 Exempt Transactions.**

The following transactions are exempted from the prohibition of Section 14.2 above; provided, however, that any transaction described in paragraph (d) below must be included on the agenda of a regularly scheduled Governing Board meeting:

(a) A transaction that is part of a public or charitable program approved by the Governing Board and that results in a benefit to one or more Governors or their families only because they are members of a substantial class of unrelated persons intended to be benefited by the program.

(b) A transaction of which the Governor with a material financial interest has no actual knowledge of the financial interest, and that does not exceed the lesser of one (1) percent of the gross receipts of the Corporation for the preceding fiscal year or one hundred thousand dollars. However, a series of related transactions aggregating more than one hundred thousand dollars during a fiscal year will not be exempted pursuant to this provision.

(c) A transaction that has been approved in writing by the California Attorney General before or after it was consummated.

(d) A transaction that the Governing Board, having knowledge of the material facts concerning the transaction and the Governor's interest in the transaction, authorizes (by a vote of a

majority of the Governors then in office without counting the vote of the interested Governor) after considering and in good faith determining, upon reasonable investigation under the circumstances, that (i) the transaction will be entered into by the Corporation for its own benefit, (ii) the transaction is fair and reasonable as to the Corporation and (iii) the Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

(e) The adoption of or any amendments to tariffs that are subject to approval by FERC.

**Section 15. Inspection Rights.**

Every Governor shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents, and to inspect the physical properties of the Corporation. No Governor shall use or disseminate any non-public information obtained as a result of any such inspection, or otherwise in his or her capacity as a Governor, for his or her own personal gain, to the detriment of the Corporation or to the detriment of any competitors of any entity with which the Governor is affiliated except in connection with the enforcement of a tariff, contract or applicable law and consistent with the Corporation's policy regarding confidential information.

**Section 16. Compensation.**

**16.1 Retainers and Fees.**

Governors shall receive compensation, which may take the form of an annual retainer and/or fees for attending each meeting of the Board or of Committees of the Board, as determined by the Governing Board, in order to ensure the fullest participation in the decisions of the Corporation and to avoid hardship on the part of the Governors. Such determination may include compensation that differs for the Chair, chairs of committees, and other Board members and.

**16.2 Expense Reimbursement.**

Subject to approval by the Governing Board, Governors shall also be entitled to receive reimbursement for reasonable and necessary travel and other actual expenses incurred in performing duties of his or her office and in attending meetings of the Governing Board and meetings of committees of the Governing Board, whether or not such Governor is a member of that committee.

**16.3 Changes in Compensation.**

The Governing Board may from time to time modify any of the amounts permitted pursuant to this Section 16 by an affirmative vote of a majority of the Governors then in office and such modification shall not be considered an amendment to these bylaws.

**Section 17. Emergency Meetings.**

**17.1 In General.**

In the case of an emergency situation involving matters upon which prompt action is necessary and in which it is not practicable to convene a regular or special meeting of the Governing Board, the President, the Chair, or a majority of Governors then in office may call an emergency meeting or special executive session of the Governing Board consistent with the standards in the Corporation's Open Meeting Policy then in effect. During a meeting prior to the emergency meeting, or at the beginning of the emergency meeting, the Board shall determine if an emergency exists under those standards.

## **17.2 Notice to Governors.**

Notice of an emergency meeting or special executive session shall be given to the Governors as soon as practicable and before the meeting is to be held. Such notice shall be delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, by facsimile, by electronic mail or by other electronic means and shall be deemed given at the time set forth in Section 5015 of the California Nonprofit Corporation Law or any successor provision thereof. The notice requirements of this section may be waived in writing by any Governor with respect to that Governor, either before or after the meeting. The attendance of any Governor at an emergency meeting without, as soon as reasonably practicable, protesting the lack of notice of such emergency meeting shall constitute a waiver of notice by him or her. All waivers shall be made part of the minutes of the emergency meeting.

## **ARTICLE IV: EIM GOVERNING BODY**

### **Section 1. Establishment and Powers.**

The Governing Board shall establish the EIM Governing Body through a charter.

(a) Pursuant to Article III, Section 1 of these bylaws, the Governing Board shall delegate to the EIM Governing Body joint authority over certain market rules, as defined in the charter established by the Governing Board. The Governing Board shall not modify the charter unless it satisfies the requirements for modification that are specified in the charter.

(b) The Governing Board shall not approve the addition, deletion or modification of a part of the Tariff that is within the joint authority of the EIM Governing Body unless the addition, deletion or modification has been submitted to the EIM Governing Body in accordance with the process for joint authority decisions as set forth in the charter. In approving any amendment to the Tariff that has been first approved by the EIM Governing Body, the Governing Board may act through a consent agenda.

(c) The Governing Board shall adopt procedures to guide ISO employees in making an initial determination of whether and to what extent a proposed amendment to the Tariff is within the joint authority of the EIM Governing Body for the purposes of presenting a matter for decision to the EIM Governing Body, the Board of Governors or both.

(d) The charter established by the Governing Board shall include processes for resolving any disagreements between the Governing Board and the EIM Governing Body over whether and to what extent a proposed amendment to the Tariff falls within the joint authority of the EIM Governing Body, or about whether to approve a proposed addition, deletion or modification of a part of the Tariff that is within the joint authority of the EIM Governing Body.

(e) In addition to the joint authority identified in Section 1(a), the EIM Governing Body is authorized to provide the Governing Board with advisory input regarding any proposals to amend or modify parts of the Tariff that apply to the ISO's real-time market that are not within the EIM Governing Body's joint authority.

### **Section 2. Selection of Members.**

Members of the EIM Governing Body will be nominated by stakeholders subject to approval by the EIM Governing Body or, for the nominees that will become the initial members of the EIM Governing Body, by the Governing Board. The Governing Board will adopt a policy that sets forth the relevant process and rules for such nomination and approval.

**Section 3. Terms of Office.**

Terms of office for members of the EIM Governing Body are three years, except for the initial terms of the first members. The Governing Board shall set varying lengths for the initial terms, which shall not exceed four years, so that the terms of the EIM Governing Body as a whole are staggered as evenly as possible.

**Section 4. Removal.**

The EIM Governing Body may remove any of its members, with or without cause, if at least two-thirds of the members then in office vote in favor of such removal.

**Section 5. Service Agreements with Members.**

Members of the EIM Governing Body must execute service agreements with the Corporation, the form of which must be approved by the Governing Board. The agreements will establish the legal obligations, restrictions and protections that apply to members of the EIM Governing Body, which shall be consistent with those that apply to members of the Board of Governors.

**Section 6. Compensation.**

**6.1 General.**

Members of the EIM Governing Body shall receive compensation as determined by the Governing Board.

**6.2 Expense Reimbursement.**

Subject to approval by the Governing Board, members of the EIM Governing Body shall also be entitled to receive reimbursement for reasonable and necessary travel and other actual expenses incurred in performing duties of his or her office and in attending meetings of the EIM Governing Body.

**6.3 Changes in Compensation.**

The Governing Board may from time to time modify any of the amounts permitted pursuant to this Section 6 by an affirmative vote of a majority of the Governors then in office and such modification shall not be considered an amendment to these bylaws.

**ARTICLE V: COMMITTEES**

**Section 1. Committees of Governors.**

The Governing Board may, by resolution adopted by two-thirds of the Governors then in office, designate one or more committees, including an Executive Committee, each consisting of two or more Governors, to serve at the pleasure of the Governing Board. Appointments to such committees shall be made annually by a two-thirds vote of the Governors then in office. Any such committee, to the extent delegated in the resolution, shall have all the authority of the Governing Board, except that no committee, regardless of the Governing Board resolution, may:

- (a) Fill vacancies on the Governing Board or on any committee;
- (b) Fix compensation of Governors for serving on the Governing Board or any committee;
- (c) Amend, repeal or modify these bylaws or adopt new bylaws;

(d) Amend, repeal or modify any resolution of the Governing Board that by its express terms is not so amendable, repealable or modifiable;

(e) Appoint any other committees of the Governing Board or the members of these committees; or

(f) Approve any self-dealing transaction as referred to in Section 14 of Article III.

**Section 2. Advisory Committees.**

Advisory committees may be appointed from time to time by two-thirds of the Governors then in office. Advisory committees' membership may consist of both Governors and non-governors or non-governors only. Advisory committees have no legal or expressed authority to act for the Corporation, but shall report their findings and recommendations to the Governing Board or Committee of Governors thereof.

**Section 3. Audit Committee.**

There shall be an Audit Committee of the Governing Board consisting of two or more Governors elected by the Governing Board. The Audit Committee shall have no powers of the Governing Board but shall serve in an advisory capacity by reviewing the Corporation's annual independent audit and preparing a report for the Governing Board. In addition, the Audit Committee shall monitor compliance with the Employees' and Governors' Codes of Conduct and Ethical Principles to ensure the independence of the Corporation, and shall make regular reports to the Governing Board regarding such compliance. The Audit Committee shall make recommendations from time to time to the Governing Board as to the implementation of procedures to oversee compliance with the Codes of Conduct and Ethical Principles. The Audit Committee shall also have any other duties that are assigned by the Governing Board.

**Section 4. Committee Meetings.**

Meetings of committees of the Governing Board, notices of such meetings and the actions of such committees shall be governed by and held and taken in accordance with the provisions of Article III of these bylaws concerning meetings of the Governing Board. For the purposes of the application of Article III to the meetings of Governing Board committees, references in Article III to the Governing Board shall be read as references to the relevant committee of the Governing Board. Minutes shall be kept of each meeting of any committee. The Governing Board may adopt rules for the governance of any committee not inconsistent with the provisions of these bylaws.

**ARTICLE VI: OFFICERS AND STAFF**

**Section 1. Officers.**

The officers of the Corporation shall be a President, a Secretary, a Chief Financial Officer, a Treasurer, a General Counsel and such other officers as the Governing Board may appoint.

**Section 2. Appointment.**

The Governing Board shall appoint all officers of the Corporation for such terms as the Governing Board shall specify.

**Section 3. Removal.**

Subject to the rights, if any, of the officer under any contract of employment, any officer of the Corporation may be removed at any time with or without cause by the Governing Board.

**Section 4. Resignation.**

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect on the date of the receipt of that notice or at any later time specified by that notice and unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract of employment with the officer.

**Section 5. President.**

The President shall be the chief executive officer of the Corporation and shall be responsible for conducting the affairs of the Corporation in a manner consistent with the policies and directives of the Governing Board. He or she shall have such additional powers and duties as may be prescribed by the Governing Board.

**Section 6. Secretary.**

The Secretary shall serve notice of and act as Secretary at all meetings of the Governing Board, shall prepare agendas for the Governing Board, shall record the proceedings of all meetings in the minute books and shall be responsible for conducting the affairs of the Corporation in a manner consistent with the policies and directives of the Governing Board. The Secretary shall have such additional powers and duties as shall be prescribed by the Governing Board.

**Section 7. Chief Financial Officer.**

The Chief Financial Officer of the Corporation shall be responsible for maintaining books and records of the Corporation, and shall prepare and submit such accounting and tax forms as may be required by local, state and federal law. The Chief Financial Officer shall have such additional powers and duties as shall be prescribed by the Governing Board.

**Section 8. Treasurer.**

The Treasurer of the Corporation shall have charge and custody of and shall receive, safeguard, disburse and account for all funds of the Corporation, and shall deposit and invest them in such banks, other depositories or investments as may be designated by the Governing Board. The Treasurer shall have such additional powers and duties as shall be prescribed by the Governing Board.

**Section 9. General Counsel.**

The General Counsel of the Corporation shall serve as the attorney and legal advisor for the Corporation. The General Counsel shall have such additional powers and duties as shall be prescribed by the Governing Board.

**Section 10. Additional Officers.**

The Governing Board may appoint one or more additional officers to perform such duties and have such powers as the Governing Board shall designate.

**Section 11. Compensation.**

Compensation of the officers shall be determined by the Governing Board.

**Section 12. Execution of Instruments.**

The President shall have the authority to execute legal instruments on behalf of the Corporation, subject to any restrictions or limitations that the Governing Board may impose. The President's authority to execute legal instruments on behalf of the Corporation may be delegated by the President to officers and employees of the Corporation on a general or limited basis with the prior approval of the Governing Board.

**Section 13. Staffing.**

Officers of the Corporation may hire or contract with such staff as is necessary to fulfill the purposes of the Corporation.

**Section 14. Employees Code of Conduct and Ethical Principles.**

The Governing Board shall oversee the design and implementation of the Corporation's Compliance and Ethics Program, including the Employees Code of Conduct and Ethical Principles, and the Corporation's procedures for employees and others to report suspected misconduct. The Governing Board shall approve any material modifications to the Employees Code of Conduct and Ethical Principles.

**ARTICLE VII: RECORDS**

**Section 1. Minute Book.**

The Corporation shall keep or cause to be kept a minute book that shall be available for public inspection during the Corporation's normal business hours and shall contain:

(a) The record of all meetings of the Governing Board including the date, place, those attending the proceedings thereof (other than members of the public), a copy of the notice of the meeting and when and how given, waivers of notice of meeting, written consents to holding meeting, written approvals of minutes of meeting and similarly as to meetings of committees of the Governing Board and as to meetings or written consents of the Incorporator of the Corporation prior to the appointment of the initial Governing Board.

(b) A copy of the Articles of Incorporation and all amendments thereof and a copy of all certificates filed with the Secretary of State.

(c) A copy of these bylaws, as amended, duly certified by the Secretary.

**Section 2. Annual Report.**

**2.1 Financial Statements.**

Financial statements shall be prepared as soon as reasonably practicable after the close of the fiscal year. The financial statements shall be prepared in accordance with FERC's Uniform System of Accounts and contain in appropriate detail the following:

(a) The assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year;



(b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;

(c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

(d) The expenses or disbursements of the Corporation, for both general and restricted purposes during the fiscal year;

(e) Any transaction or series of related transactions during the previous fiscal year involving fifty thousand dollars or more to which the Corporation or a subsidiary was a party and in which any Governors or officers of the Corporation or subsidiary had or has a direct or indirect material financial interest. The report must disclose the name of each interested person involved in such transaction, stating such person's relationship to the Corporation, the nature of such person's interest in the transaction and, where practicable, the amount of such interest; and

(f) The amount and circumstances of any indemnification or advances aggregating more than ten thousand dollars paid during the fiscal year to any officer or Governor of the Corporation.

## **2.2 Certification.**

Such financial statements shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit, under generally accepted accounting principles, from the books and records of the Corporation.

## **2.3 Distribution of Annual Report.**

A report including the financial statements prescribed above shall be furnished annually to all Governors of the Corporation and be made available to the general public.

## **Section 3. Availability of Public Information.**

Information regarding the Corporation and its operations, other than information that the Governing Board has determined must be kept confidential in order to protect the interests of the Corporation or information received by the Corporation that is subject to a confidentiality obligation, shall be publicly available, provided that the Corporation may require any recipient of such information to pay the reasonable costs of providing such information. Such information shall include, but not be limited to, transmission system status information through the Corporation's electronic notification site, minutes of public meetings of the Governing Board and non-confidential business records of the Corporation.

## **Section 4. Records Retention.**

The Governing Board shall oversee the implementation of a records retention program complying with FERC requirements and any other applicable laws.

# **ARTICLE VIII: INDEMNIFICATION**

## **Section 1. Indemnification of Governors, Officers and Employees.**

The Corporation shall indemnify its Governors and officers to the maximum extent permitted by the provisions of Section 5238 of the California Nonprofit Corporation Law, and may

indemnify its employees and other eligible persons pursuant to the provisions of Section 5238 of the California Nonprofit Corporation Law, or pursuant to a contract entered into with any employee who is not an officer or Governor.

**Section 2. Advancement of Expenses.**

Expenses incurred in defending any proceeding shall be advanced by the Corporation as authorized in Section 5238 of the California Nonprofit Corporation Law prior to final disposition of such proceeding, upon receipt of an undertaking by or on behalf of the Governor, officer or employee to repay such amount unless it shall be determined ultimately that the Governor, officer or employee is entitled to be indemnified.

**ARTICLE IX: MISCELLANEOUS**

**Section 1. Fiscal Year.**

The fiscal year of the Corporation shall be determined by resolution of the Governing Board.

**Section 2. Corporation Seal.**

The Corporation shall have a seal that shall be specified by resolution of the Governing Board. The seal shall be affixed to all corporate instruments, but failure to affix it shall not affect the validity of the instrument.

**Section 3. Amendment of Bylaws.**

(a) Except for Article IV, these bylaws may be amended by the vote of at least two-thirds of the Governors then in office.

(b) Article IV of these bylaws may be amended by the Governing Board under the following conditions:

(i) The Governing Board provides written notice to the EIM Governing Body of its intent to vote on an amendment to Article IV at least 45 days before the vote of the Governing Board; provided, however, that this condition (i) will not apply if a majority of the members of EIM Governing Body then in office vote on an advisory basis in favor of the proposed amendment to Article IV;

(ii) The amendment to Article IV will not become effective until 180 days pass after the vote of the Governing Board approving the amendment and

(iii) The Governing Board has considered any advisory input that the EIM Governing Body has provided to the Governing Board and, unless the Governing Body favors the proposed amendment to Article IV, the Governing Board has voted unanimously in favor of the amendment.

(c) Alternatively, Article IV of these bylaws may be amended by the Governing Board under the following conditions:

(i) EIM entities that collectively represent 75% or more of the highest annual net energy for load in the EIM balancing authority areas other than the ISO's balancing authority area have given notice of their intent to withdraw from EIM;

(ii) The amendment would return Article IV and Article IX Section 3 to the

version that was in effect up until September 23, 2021; and

(iii) The Governing Board votes unanimously in favor of the amendment.

(d) In addition, if and to the extent required by applicable law, the effectiveness of any amendment to these bylaws shall be subject to acceptance for filing by FERC. All Governors must receive at least thirty days' prior written notice of any vote on amending these bylaws.

**Section 4. Reimbursement of Expenses of the Corporation.**

The Corporation shall provide full reimbursement for monies reasonably and necessarily expended on behalf of the Corporation by its Governors, officers and employees.

**Section 5. Alternative Dispute Resolution.**

Contracts and agreements to which the Corporation is a party shall, to the extent practicable, reasonable and permitted by law, include a requirement to settle disagreements in accordance with the alternative dispute resolution procedure described in the ISO Tariff.

**Section 6. Compliance with California Public Utilities Code.**

As required by Section 341.5 of the California Public Utilities Code:

(a) Any future agreement regarding the apportionment of the Independent System Operator board appointment function among participating states associated with the expansion of the Independent System Operator into multistate entities shall be filed with the Federal Energy Regulatory Commission pursuant to Section 205 of the Federal Power Act (16 U.S.C.A. Sec. 824d).

(b) California's bylaws approval function with respect to the matters specified in subdivision (b) of Section 339 shall not preclude the Federal Energy Regulatory Commission from taking any action necessary to address undue discrimination or other violations of the Federal Power Act (16 U.S.C.A. Sec. 791a et seq.) or to exercise any other commission responsibility under the Federal Power Act.

<b>VERSION NO.</b>	<b>DATE</b>	<b>DESCRIPTION</b>
1.0	5/6/1997	Adopted by the Board of Governors
2.0	2/1998	Amended by the Board of Governors
3.0	8/1998	Amended and Restated by the Board of Governors
4.0	8/1999	Amended and Restated by the Board of Governors
5.0	12/1999	Amended by the Board of Governors
6.0	4/2001	Amended by the Board of Governors
7.0	3/26/2010	Amended by the Board of Governors
8.0	12/18/2015	Amended by the Board of Governors
9.0	9/23/2021	Amended by the Board of Governors