

Reliability Coordinator Oversight Committee Charter

I. Purpose:

This Charter prescribes the membership, responsibilities, and procedures of the Reliability Coordinator Oversight Committee and its working groups.

II. Establishment:

As required by the California Independent System Operator's tariff, the Reliability Coordinator Oversight Committee ("Oversight Committee") is hereby established, pursuant to this Charter, as a means to ensure that Balancing Authorities ("BAs") and Transmission Operators ("TOPs") who take Reliability Coordinator ("RC") service from the California Independent System Operator ("CAISO") have input and oversight with respect to the CAISO's ongoing performance of the RC function. The Oversight Committee shall commence operation once the Federal Energy Regulatory Commission has approved the CAISO's tariff amendments and pro-forma agreement for RC service, and each BA and TOP will become a member of the Committee when a pro-forma agreement has been executed by that entity or on its behalf establishing that the BA/TOP will be taking RC service from the CAISO. In performing the RC function pursuant to this Charter, CAISO RC management, staff and the Oversight Committee shall at all times act in the interests of reliability for the CAISO's overall Reliability Coordinator Area and the Interconnection and shall not act in a manner that favors any one entity or participant over another.

III. Membership:

The Oversight Committee is comprised of one senior-level representative from each NERC-certified BA and TOP that takes RC service from the CAISO, as well as the CAISO's Vice President of Operations or his or her designee. In cases where one entity is registered as both a BA and a TOP, the entity shall have one representative on the Oversight Committee that represents both functions. Oversight Committee members must have responsibility for operating the Bulk Electric System in the CAISO RC area, authority to assign their entity's personnel to the Committee's working groups, and the authority by their entity organization to provide input on behalf of their entity to CAISO RC management.

The Oversight Committee shall have a Chair and a Vice-Chair, who are responsible for presiding over Committee meetings and interfacing with CAISO RC management on meeting preparation and logistics. The Chair and Vice-Chair shall be selected by the members of the Oversight Committee. To the extent possible, the Chair and Vice-Chair should represent geographically diverse portions of the CAISO's Reliability Coordinator Area.

The Oversight Committee may create working groups, as appropriate, to assist in performing its functions. Working groups are further discussed in Section IX of this Charter.

IV. Role of the Oversight Committee:

The Oversight Committee's role is to provide input and guidance to CAISO RC management on all matters relating to the CAISO's performance of the RC function. This includes: (1) oversight of each of the RC working

groups that is established; (2) input and guidance to CAISO RC management on operational issues relating to RC service; (3) input and concurrence with respect to overarching reliability coordinator policies and procedures; (4) review and input on new tools or staffing decisions that may substantially affect the budget for and cost of RC service; and (5) an annual review of composition and structure of the working groups. The Oversight Committee also may decide to perform periodic “operational best practices” reviews of how the CAISO is performing RC service. The reviews will be performed by a team of subject matter experts selected by the Oversight Committee. The first of any such reviews may take place only after the CAISO has performed RC service for at least a year, and any subsequent reviews should occur no more frequently than once every three years.

To the extent the Oversight Committee may be interested in addressing the CAISO Board of Governors on any matter of interest to RC customers, it can do so by following the current process for providing input. This would allow the Oversight Committee to request items to be included on the agenda of regularly scheduled meetings and to provide updates or raise issues at those meetings.

Any changes to RC service rates, terms and conditions set forth in the ISO tariff will be considered in the CAISO public stakeholder process, and would need approval by the CAISO Board of Governors and by FERC.

V. Role of the CAISO RC:

CAISO RC management will provide subject matter experts and representatives who will support, communicate, and work collaboratively with members of the Oversight Committee and its working groups. CAISO RC staff will facilitate the meetings and provide written meeting minutes. CAISO RC staff will collect and review all comments made by members of the Oversight Committee, working groups, and other commenters, and will be responsible for discussing them with the Oversight Committee or appropriate working group.

In addition, the CAISO shall provide a report annually on the performance of its RC services to the Oversight Committee. A redacted version of the report with all confidential information removed will be made publicly available.

VI. Interaction with External Parties:

The Oversight Committee and the CAISO RC management recognize the importance the States place on reliability for the Western Interconnection. The perspectives of the state policy makers and regulators should be considered when making general strategic decisions associated with a CAISO RC function. To that end, state policy makers and regulators can have a Regulatory Liaison, for example WIRAB¹, whose role would be to provide input and feedback from state regulators on general strategic decision-making to CAISO RC management and to the Oversight Committee on changes to the oversight structure, strategic planning and performance of the RC function.

In addition, CAISO staff shall maintain contact and interaction with state policy makers and regulators in its Reliability Coordinator Area and report to the Oversight Committee on its outreach and communication.

¹ The Western Interconnection Regional Advisory Body (WIRAB) performs a unique function in the West relative to providing advice to WECC, NERC and FERC on western electric reliability issues.

Individual members of the RC Oversight Committee are also encouraged to perform outreach directly to their state regulators in their normal course of business.

VII. Consideration of Oversight Committee Input:

The membership of the Oversight Committee and CAISO RC management are expected to work collaboratively to ensure that the RC's overarching policies, procedures and operational practices reflect, wherever possible, a broad consensus of the Committee regarding best practices for the Reliability Coordinator function. In order to facilitate the development of such consensus, CAISO RC management will provide notice of any proposed substantive changes to its overarching RC policies and provide the members of the Oversight Committee with an opportunity to provide oral or written comments on any proposed substantive changes. CAISO RC management will also work collaboratively with the Oversight Committee to refer such matters to any appropriate working group. Similarly, CAISO RC management will provide the Regulatory Liaison with notice and an opportunity to comment on matters related to strategic planning and performance of the RC function during Oversight Committee meetings. Comments from the Regulatory Liaison will be made publicly available and be given due consideration by the Oversight Committee and CAISO RC management during deliberation.

On matters within the purview of the Committee where there is a difference of opinion between a majority of the membership and CAISO RC management, CAISO RC management will implement the proposal adopted by the majority of the Oversight Committee, unless the CAISO RC management determines that doing so would either: (1) pose an unacceptable risk to reliability in its judgment as the Reliability Coordinator, or (2) be inconsistent with the reliability standards or other applicable federal law. In any such instance, the CAISO RC management will document the reasons for its decision in writing and provide them to the Oversight Committee for review and discussion.

VIII. Process for Resolving Disputes:

If, after review and discussion as set forth in Section VII above, the Oversight Committee and CAISO RC management cannot resolve their differences, the Oversight Committee may, by a majority vote, decide to further review the matter with the CAISO Chief Compliance Officer, the CAISO CEO, the CAISO Board of Governors, any applicable regulator (i.e., WECC, NERC or FERC), or an independent subject matter expert that is retained to provide advice on the matter at issue. The Oversight Committee, by a majority vote, may also choose to pursue more than one of the avenues for further review and dispute resolution.

To initiate any of these further avenues for review and dispute resolution, the Oversight Committee shall provide the CAISO RC management, in writing, with a summary of its position that responds to the CAISO RC management's prior written response and proposes a potential resolution. If the Oversight Committee decides that an independent subject matter expert shall be retained, the CAISO will retain an expert selected by the Oversight Committee or the Committee's designees and will pay any applicable charge for the expert's service, subject to reimbursement by the membership of the Oversight Committee according to an allocation approved by a majority vote of the Oversight Committee. The expert will be required to enter into an appropriate non-disclosure agreement covering any confidential information the expert may receive and any resulting analysis or work product that is produced, and the CAISO RC management will expeditiously provide the expert with any information necessary to be able to evaluate the matter. The non-disclosure agreement

will not prevent the Oversight Committee from sharing the conclusions reached by the subject matter expert, if appropriate, with WECC, NERC or FERC.

If any of the above-referenced avenues for further review and dispute resolution are undertaken, the Oversight Committee and CAISO RC management shall give careful consideration to the analysis and findings produced by the applicable reviewer and shall reconsider the issue in light of the outcome of that analysis. The CAISO RC management will document in writing any substantive response it may have to the analysis and findings and will share this response with the members of the Oversight Committee.

Although the foregoing describes the process that the CAISO RC management and the Oversight Committee will collectively follow to resolve potential disputes, each individual RC customer retains its right to individually pursue any other legal right it may have to challenge a decision made by the CAISO RC, including through a complaint filing at FERC under Section 206 of the Federal Power Act or through any and all available processes at NERC and/or WECC.

IX. RC Oversight Committee Working Groups:

The Oversight Committee may establish, as appropriate, a set of standing working groups that are organized according to the primary functions that comprise RC service. These working groups will draw upon their collective expertise to perform assigned tasks such as: (1) review of the CAISO's Reliability Coordinator procedures and operating guidelines; (2) evaluation of operating events as necessary and assigned; and (3) any special projects assigned by the Oversight Committee. Each working group will report on the status of any activities at each meeting of the Oversight Committee. The Oversight Committee will offer feedback and direction to the working groups as appropriate. The initial working groups and the overall RC oversight structure are identified in Appendix A to this Charter. On an annual basis, or more frequently if necessary, the Oversight Committee and CAISO RC management will review the structure and composition of the working groups and implement any appropriate changes. The working groups may, as necessary, form smaller task force teams to address a specific purpose within a specific timeframe. The working groups will have the responsibility to annually review the relevance and need for any task force teams.

One of the standing working groups will be an Operational Disputes Committee that is charged with reviewing ongoing RC operational practices and decision-making, including in the context of system events in which load shedding, schedule curtailments, or other significant RC directives are given. If the working group, upon review, concludes that an event merits further review and consideration, the matter may be escalated to the Oversight Committee.

X. Meetings:

The Oversight Committee is expected to meet on a quarterly basis, with additional meetings where necessary as decided by the Chair, CAISO RC management, or by a request of the majority of RC customers. Meetings may take place in person or by telephone/webinar and will be documented in minutes.

Public sessions of the Oversight Committee will address aspects of the RC function that are of interest to state regulators and policy makers or to other stakeholders throughout the region, including strategic planning and direction for the RC function, reliability performance metrics, and potential changes to governance or

oversight of the RC function. The Regulatory Liaison and other stakeholders may request inclusion on the agenda of any such relevant item or items they want to have addressed.

Oversight Committee meetings may also include a non-public session open only to members of the Oversight Committee and appropriate CAISO RC staff. Non-public sessions will be used for the discussion of issues that involve discussion of confidential information, including data or other materials that are security-sensitive (such as “Critical Energy Infrastructure Information” as defined by FERC); contain proprietary, business confidential or other commercially-sensitive information belonging to a member of the Oversight Committee, the CAISO or a third party; or are prohibited from disclosure under an existing contractual or other legal obligation. For example, Oversight Committee discussions relating to technical aspects of the RC function, such as operating practices and procedures, data exchange specifications, and operations engineering issues, may need to occur in non-public sessions to protect confidential information.

An agenda for each Oversight Committee meeting will be developed and distributed in advance of the meeting. The agenda will be posted on the CAISO website and made available to all members of the public.

XI. Confidentiality:

Non-public information received or developed by the Oversight Committee or its working groups (or by individual members of those bodies acting in their capacity as members) may not be disclosed outside the Oversight Committee structure and the ISO without express authorization of the Oversight Committee and the CAISO RC. Members of the Oversight Committee and its working groups shall enter into a suitable non-disclosure agreement that establishes the procedures to be followed in connection with the use and sharing of non-public information.

Public meeting minutes will not include confidential information.

XII. Document Sharing:

The CAISO RC will implement and maintain a secure SharePoint extranet site where Oversight Committee, working group and any task force documents will be posted for review and comment by the applicable participants.

XIII. Modifications to Charter

The Oversight Committee will review the Charter on an annual basis, or as necessary, to determine whether any revisions are warranted. In the context of such a review, the Oversight Committee may wish to consider whether a smaller number of customers, serving in a representative capacity for other RC customers, should have a steering committee or other similar representative role to facilitate the effective oversight of the RC function.

Any proposed revisions to this Charter will be submitted to the full Oversight Committee for review and consideration, and will not be implemented if a majority of the members of the Oversight Committee voting on the matter oppose the proposed change. The Regulatory Liaison will have an opportunity to provide input and feedback on proposed changes to the Charter before it is brought to the Oversight Committee for a vote.