



California ISO
Shaping a Renewed Future

Energy Imbalance Market Transitional Committee
Charter **(DRAFT)**



REVISION HISTORY

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This charter prescribes the membership, responsibilities and administration of the transitional Energy Imbalance Market (EIM) advisory committee (Transitional Committee), of the California Independent System Operator Corporation.

This charter is intended as a component of the governance framework within which the ISO Board of Governors (Board) and its committees direct the affairs of the ISO. While it should be interpreted in the context of applicable law, as well as in the context of the ISO's bylaws, it is not intended to establish any legally binding obligations.

I. Establishment

The EIM Transitional Committee has been established by the ISO, pursuant to the ISO's bylaws and by resolution of the Board, to serve as an advisory committee to the Board that will perform two roles. First, it will advise the Board on matters related to the start-up and initial implementation of the EIM. Second, it will develop a proposal for a long-term EIM governance structure with specific defined authority over EIM on a going-forward basis.

II. Membership

A. Qualifications

The Transitional Committee should be a diverse and sophisticated committee that can advise on EIM matters, and develop a proposed long-term EIM governance structure for the Board's consideration. Therefore, members should have broad and relevant industry experience, as well as expertise in areas most relevant to development of the EIM. These areas include experience in governance, corporate, legal and financial matters, electricity or other regulated industry management and market design. Further, all members should possess a proven reputation for excellence in their areas of expertise, and optimally should reflect a diverse geographic background (e.g., members from multiple balancing areas) and viewpoint (e.g., no two government officials from the same administration and no two committee members from the same corporation or affiliated group). Finally, all members should be committed to the successful implementation and operation of the EIM, including fulfilling the Transitional Committee's duty to develop a proposal for a long-term EIM governance structure.

B. Number and Term

The Transitional Committee will initially consist of nine members. The Board will appoint an additional member for each of the next two entities that executes an EIM implementation agreement. Any additional member will be appointed on a first come first served basis, based on the date upon which the entity executes an

EIM implementation agreement.

Each Committee member will serve a term that begins upon appointment and execution of a Transitional Committee Member Agreement and lasts until the Committee's governance proposal is considered and, if applicable, approved by the Board of Governors and implemented, or is otherwise terminated according to this Charter. This period is expected to last approximately two years from initial formation of the Transitional Committee.

If a member is unable to continue serving on the Committee for the duration of the term, the Board may, in its discretion, appoint a new member as a replacement. The Board shall consider the list of nominees provided to the Board by the stakeholder sectors as part of the original nomination process in determining a replacement but shall not be limited to that list and may consider, after a stakeholder process, other potential candidates, including, but not limited to any candidates recommended by the remaining Transitional Committee members.

C. Nomination and Appointment

Members of the Transitional Committee will be selected through a nomination and appointment process.

1. Nomination

The ISO will provide each stakeholder sector described in sub-section F below with a temporary sector coordinator. That person will be responsible for compiling the list of entities interested in participating as part of that sector in the nomination process, publishing the list on the ISO's dedicated Web page, and organizing the initial stakeholder meeting to appoint a sector liaison.

After convening and appointing a sector liaison, each stakeholder sector will proceed to compile a list of candidates consisting of at least two nominations for consideration by all EIM stakeholder sectors. In addition, any interested person may self-nominate for ranking by the EIM stakeholder sectors. Sectors may nominate only individuals who have confirmed a willingness to serve on the Transitional Committee if appointed. Nominees do not need to be affiliated with an EIM stakeholder to be eligible. All initial nominations must be submitted by the sector liaison to the assistant corporate secretary by no later than February 10, 2014 (or another date as may be established, if necessary, by the Board) to receive consideration for appointment. Each nominee should submit a resume or narrative statement that describes the nominee's relevant qualifications, experience and supporting background information.

Each stakeholder sector will rank all nominees, including nominees identified by other sectors and self-nominations, in order of preference so that seven separate rankings (one per sector) of all nominees are created. Stakeholder sector liaisons

will determine, by general consensus, the ranking process whereby each sector will rank the nominees. By no later than February 28 (or another date as may be established, if necessary, by the Board), each sector liaison will submit to the ISO Assistant Corporate Secretary the ranked list of candidates, which will then be provided to the Board of Governors for consideration.

2. Appointment

The ISO Board of Governors will appoint all members of the Transitional Committee pursuant to a resolution, as permitted by the ISO bylaws. The Board shall give careful consideration to the rankings provided by the stakeholder sectors in establishing the membership of the Transitional Committee. The Board must appoint eight of the nine members from the ranked lists of candidates provided by the stakeholder sectors. The Board must also appoint to the Transitional Committee one member nominated by the first EIM Entity to sign an EIM implementation agreement. This selection will be outside of the stakeholder nomination process. The Board must also appoint to the Transitional Committee up to two additional members beyond the initial nine members in the event that additional EIM Entities sign implementation agreements with the seats allocated based on priority to the earlier of the execution of an EIM implementation agreement.

Each individual member must execute a Transitional Committee Member Agreement as a condition of membership on the committee. The agreement is a form agreement that covers all relevant requirements pertinent to the committee and is consistent with the charter. Areas covered in the agreement include adherence to the charter, the scope of work, and the handling of confidential information.

3. ISO Liaison

An ISO staff person, designated by ISO Management, will serve as a liaison to the Transitional 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 Transitional Committee, and instead will participate only in an advisory capacity. The ISO will designate a staff person with appropriate experience and qualifications to support the Transitional Committee in its functions. The ISO may change this designation as it deems necessary.

D. Chair

The members of the EIM Transitional Committee shall elect a Chair, subject to confirmation by the Board, who shall have the following duties:

- Preside over meetings
- Manage and facilitate the Transitional Committee's work load and

schedule

- Ensure the quality and timely completion and delivery of any deliverables of the Transitional Committee, including but not limited to any majority and minority opinions
- Serve as the ISO's primary contact for the Transitional Committee, and
- Request the assistance of other Transitional Committee members, EIM stakeholders, and ISO staff in accomplishing any of these and any other related responsibilities.

E. Compensation and Reimbursement

Members of the Transitional Committee 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.

F. Stakeholder Sectors

Any entity that fits within any of the following seven stakeholder sector descriptions is eligible to participate in the sector nomination and ranking process for identifying candidates to serve on the EIM Transitional Committee:

1. **Investor owned utilities:** Corporations that provide electric service to retail customers and are owned by private shareholders who are distinct from the ratepayers served by the entity. Entities that meet these criteria that provide wholesale generation or transmission services, in addition to retail service, may participate in this sector. Entities that do not provide retail electric service to end users may not participate in this sector.
2. **Publicly owned utilities:** Governmental entities (such as municipal utilities or utilities controlled or operated by a local, state, or federal governmental entity) that provide electric service to retail customers and other ratepayer-owned entities (such as rural electric cooperatives and irrigation districts) that provide electric service to retail customers. Entities that meet these criteria that provide wholesale generation or transmission services, in addition to retail service, may participate in this sector. Entities that do not provide retail electric service to end users may not participate in this sector.
3. **Generators and marketers:** Entities that engage in the wholesale purchase or sale of electric energy or capacity. Entities may participate in this sector without regard to the fuel source of the underlying generation.
4. **Alternative energy providers:** Entities that engage in the wholesale purchase or sale of electric energy or capacity using non-traditional fuel sources such as solar, wind, geothermal, or energy storage.
5. **EIM participants:** EIM Entities (as that term has been defined by the ISO in its substantive design proposals for the Energy Imbalance Market) and any

entity that provides wholesale generation, transmission service or retail electric service within the Balancing Authority of an EIM Entity.

6. **Government agencies:** Federal, state, or local governmental entities or units that are involved in the regulation, oversight, or establishment of policy with regard to electric service but who do not provide electric service.
7. **Public interest entities:** Formally established, non-profit groups that engage in policy development or advocacy on issues that include or relate to electricity. To qualify for this category, an entity must be an ongoing group that was not established on an ad hoc basis for purposes of participating in the sector nomination and ranking process.

In the event that any entity may properly be classified as falling into more than one of the identified sectors, the entity must elect only one sector through which to participate in the sector nomination process.

G. Confidentiality

Non-public information received or developed by the Transitional Committee (or its members in their capacity as Committee members) may not be disclosed outside of the Transitional Committee and the ISO without authorization of the Board of Governors. The Transitional 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 law.

H. Removal of Members Prior to Expiration of Term

The Board may remove, by a two-thirds vote, a member of the Transitional Committee prior to the expiration of that member's appointed term for failure to perform his or her duties or comply with the applicable provisions of this Charter.

III. Meetings of the EIM Transitional Committee

A. Time and Place

The EIM Transitional Committee will fix its own time and place of meetings and will prescribe its own rules of procedure, consistent with the requirements of the ISO bylaws. The Committee will meet to vote on any advice or opinion to be issued by the Committee. The committee will meet at least as frequently as the ISO Board in accordance with a calendar established by the Committee and will also meet at the call of the Chair. Generally, Committee meetings should precede ISO Board meetings so that the committee may advise the ISO Board in a timely manner.

The Committee may conduct additional meetings as it deems necessary in its sole discretion. While in-person participation is strongly encouraged, members may participate in a meeting telephonically if circumstances are such that they cannot attend in person.

The ISO will make its Folsom offices available for all committee meetings, as desired by the committee. The committee may, however, meet at any other location geographically located in the Western Interconnection where there is public access to the meetings as proscribed by the ISO's Open Meeting Policy.

B. Voting

A quorum is two-thirds of the members then in office, and an affirmative vote of a majority of the members then in office is necessary for any action other than the decision to submit a minority opinion of the Committee to the Board. When the Committee has developed a majority and a minority opinion, or multiple opinions with an evenly split vote, on any topic for the Board's consideration, an affirmative vote of at least two Committee members is necessary to require the opinions be provided to the Board for consideration.

C. Meeting Procedures

All meetings will be held pursuant to 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 Transitional Committee, and written minutes of each meeting, will be duly filed in ISO records and published on the Transitional Committee's dedicated Web page.

D. Secretary

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

E. Public Comment

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

F. Administrative Support

At the request of the Transitional Committee, to the extent practicable, the ISO will provide administrative support for the Transitional Committee so that it may conduct its business and fulfill its obligations, which will include general office and communications support to ensure the committee can satisfy its objectives. In addition, the ISO will make available data and other information needed by the committee, assistance in analyzing such data, and assistance to the Chair in managing the ongoing workload of the Transitional Committee. Finally, the ISO will coordinate with the committee on all stakeholder efforts the committee needs to develop the long-term independent governance structure proposal by providing necessary communications, facilities and ISO facilitators, and will provide legal advice and counsel on any issues that the committee presents related to the proposal.

IV. Responsibilities of the EIM Transitional Committee

A. Advise ISO Board of Governors

The EIM Transitional Committee will advise the ISO Board on all matters related to the EIM, including but not limited to all EIM market design initiatives, all matters pertaining to the setting of EIM transmission access charges or rights, if any, and other similar EIM-related matters. The committee will advise the Board as to its position(s), if any, on ISO Management's EIM-related proposals to the Board. All recommendations and advisory opinions should be presented in written memos issued in advance of a scheduled ISO Board meeting and in presentations at regularly scheduled ISO Board meetings.

To ensure that the ISO Board is fully advised of all positions, if the committee develops a majority and a minority position on any particular EIM issue, as prescribed by section III.C above, it will advise the ISO Board of both positions in writing. The committee's written memos to the Board must be made publicly available subject to restrictions on dissemination of confidential or commercially sensitive information.

The ISO Board will engage the Transitional Committee on a regular basis, and give the committee's opinions and positions serious consideration, on any EIM matter. Upon the committee's request, the Board will provide a place on the Board agenda for all matters the committee is interested in presenting.

B. Develop Proposal for a Long-Term EIM Governance Structure

The EIM Transitional Committee will develop a detailed proposal for a long-term EIM governance structure comprised of individual members who are independent

of individual EIM market participants. The Committee will use its best efforts to develop this proposal and present it to the Board within eighteen months to two-years after the establishment of the Committee.

The proposed structure should be designed according to certain guidelines and parameters such that it:

- Consists of members that are independent from EIM market participants to satisfy FERC independence requirements and, thus, enable the ISO Board to potentially delegate certain authority over EIM to this body
- Provides a meaningful and clear role for the EIM body
- Remains nimble, to allow for efficient decision-making
- Avoids the potential for dueling filings at FERC, and includes a mechanism to resolve any disagreements between the EIM governance body and the ISO Board
- Allows for the efficient and meaningful EIM market oversight