

Memorandum

To: ISO Board of Governors

From: Sarah Edmonds, Chair of the EIM Governing Body Nominating Committee

Date: June 23, 2016

Re: **Decision on Energy Imbalance Governing Body initial slate of candidates**

This memorandum requires Board action.

EXECUTIVE SUMMARY

At its December 18, 2015 meeting, the ISO Board of Governors approved amendments to the ISO bylaws, and approved the Energy Imbalance Market (EIM) Governing Body Charter and the EIM Governing Body Selection Policy. These actions created a five-member EIM Governing Body that will have certain delegated authority over EIM-related real-time market rules, and a nominating committee to select them according to a defined process.

Working with an independent executive search firm, the nominating committee evaluated several candidates with a proven reputation for excellence and broad experience in areas such as electric transmission operations, commercial markets and trading, market design and regulatory policy. The candidates were screened by the independent executive search firm and ISO management for compliance with the ISO's independence requirements.

The nominating committee conducted multiple days of in-person interviews and vetted the candidates through their respective sectors. The committee reached consensus on a slate of nominees to present to the Board for consideration. If approved, the nominees will assume office and begin serving on the EIM Governing Body, as described in the bylaws.

ISO management supports the nominating committee's proposed slate of nominees to serve on the EIM Governing Body.

EIM Governing Body Nominating Committee recommends the following motion:

Moved, that the ISO Board of Governors appoints the following slate of five candidates to the Energy Imbalance Market Governing Body, subject to entering into the services agreement, for a term beginning July 1, 2016,

for staggered terms which will be determined by the ISO Board of Governors, as follows:

Valerie Fong for a term beginning July 1, 2016 through June 30, ____;

Doug Howe for a term beginning July 1, 2016 through June 30, ____;

Carl Linvill for a term beginning July 1, 2016 through June 30, ____;

John Prescott for a term beginning July 1, 2016 through June 30, ____; and

Kristine Schmidt for a term beginning July 1, 2016 through June 30, ____.

DISCUSSION AND ANALYSIS

As the following biographies show, the recommended candidates have broad expertise and experience that will help guide the ISO through issues relating to market rules of the western energy imbalance market.

NOMINEES

Valerie Fong

Valerie “Val” Fong, a trained civil engineer, has a distinguished power industry career including various positions for 20 years at Pacific Gas & Electric Company, general manager of Alameda Power & Telecom and recently retiring as Director of Utilities at the City of Palo Alto from 2006 to 2015. In addition, she has served on several industry related boards that include Power Association of Northern California, Transmission Agency of Northern California and Northern California Power Agency. Ms. Fong has a strong diversified background in electric markets and demonstrated strategic and collaborative decision-making expertise.

Doug Howe

Doug Howe has over three decades of experience in the global utilities industries having served as a state utility regulator (New Mexico), utility executive (GPU Inc.) and a consultant. Dr. Howe holds a PhD in mathematics and has authored or co-authored over 30 papers and formal presentations on a range of industry topics that includes energy efficiency in the European Union and utility regulation in the United Kingdom. Dr. Howe also has provided expert witness testimony in cases in Nevada, Michigan and New Mexico.

Carl Linvill

Carl Linvill is a principal at the Montpelier, Vermont, Regulatory Assistance Project, which specializes in the economic and environmental sustainability of the power and natural gas sectors. His long industry career includes roles as a senior economist at the Public Utilities Commission of Nevada and later as a PUCN commissioner. Mr. Linvill leveraged his PhD in economics to assist the Nevada Governor’s office in 2000 in managing the western energy

crisis and later created the state's first renewable and energy efficiency policies. He also serves as a technical advisor to the Western Interstate Energy Board and has been active in the California Public Utilities Commission procurement process, the California Energy Commission Integrated Energy Policy Report proceeding and in stakeholder initiatives at the Western Electricity Coordinating Council.

John Prescott

John Prescott retired in 2016 after serving 10 years as President and Chief Executive Officer of the Pacific Northwest Generating Cooperative. He has extensive experience in the technical workings of a grid, building upon his foundation as a trained electrical engineer. Mr. Prescott's previous positions include vice-president of power supply at Idaho Power and the power supply and environmental affairs officer at Seattle City Light. Over the past 34 years, he has served on several boards including the National Rural Electric Cooperative Association Regulatory Standing Committee, the Pacific Northwest Utility Conference Committee – Chair, and the North American Electric Reliability Corporation – Electricity Subsector Coordinating Council.

Kristine Schmidt

Kristine Schmidt has extensive policy experience with Masters degrees in public policy and international business. Currently, she is president of Swan Consulting Service, LLC. Before that, Ms. Schmidt was vice president for grid development at ITC Holdings, director of transmission business development at Xcel Energy and served three years as a commissioner technical advisor and analyst at the Federal Energy Regulatory Commission. Ms. Schmidt has also served on the GridWise Alliance board of directors.

TERMS OF OFFICE

As set forth in the EIM Transitional Committee's final proposal, as approved by the Board on September 17, 2015, following approval of an initial slate, the five new members would be assigned by chance to terms of differing lengths so that terms are staggered going forward. One member would serve a term of one year, two would serve terms of two years, and two would serve terms of three years. After the EIM governing body is initially filled, all future terms for renewed or new members would be three years.

To ensure the initial terms are assigned by chance, we recommend that the Board of Governors draw member names from a container during the Board meeting at which the slate is ultimately decided upon. The first name drawn would be assigned a term of one year, the next two names drawn would be assigned terms of two years, and the remaining two names would be assigned terms of three years.

Energy Imbalance Market Nominating Committee process

The nominating committee acted upon a consensus of its voting members which included EIM Entities (Sarah Edmonds of PacifiCorp), Participating Transmission Owners (Eric Little of SCE), Publicly-Owned Utilities (Randy Howard of NCPA), Suppliers of Generation and Energy Service Providers (Mark Smith of Calpine/Alternate: Will Mitchell of Recurrent), and the Body of State Regulators (Commissioner Doug Little of the Arizona Corporation Commission) in addition to three non-voting members, Public Interest or Consumer Advocates (Jennifer Gardner of Wester Resource Advocates), EIM Transitional Committee (Kevin Lynch of Iberdrola), and the ISO Board of Governors (Angelina Galiteva/Alternate: Dave Olsen).

The nominating committee worked with an independent executive search firm to identify the best candidates from around the United States. The short-listed candidates represented an overall composition that reflected a diversity of experience and geography that the committee believes will ensure that no one state or sub-region would have excessive representation, while giving deference to the candidates with western backgrounds.

CONCLUSION

EIM Governing Body Nominating Committee recommends that the Board of Governors approve the proposed slate of nominees, enabling these new members of the EIM Governing Body to execute a services agreement with the ISO and commence service.