



California ISO

Board Selection Policy
Version # 4.6



Effective November 2, 2018

REVISION HISTORY

VERSION NO.	DATE	SUGGESTED REVIEW DATE	REVISED BY	DESCRIPTION
1.0	5/06/2005	-	Board of Governors	Policy adopted by the Board of Governors
2.0	8/03/2006	-	Board of Governors	Policy amended by the Board of Governors
3.0	3/26/2010	-	Board of Governors	Policy amended by the Board of Governors
3.1	3/11/2011	-	S. Karpinen	Updated ISO logo and made non-substantive changes
4.0	9/13/2012	9/13/2013	Board of Governors	Revision to section 4.3 to clarify oath of office requirement; general revisions to comply with new ISO standard policy format.
4.1	6/18/13	7/10/2014	S. Karpinen	Minor edits to correct policy titles throughout document.
4.2	5/9/2014	5/9/2015	S. Karpinen	Minor edits as part of the annual review process.
VERSION NO.	DATE REVIEW STARTED	EFFECTIVE DATE	REVISED BY	DESCRIPTION
4.3	3/18/2015	4/29/2015	S. Karpinen	Updated revision history table to match new standard. 2015 annual review.
4.4	2/26/16	6/13/2016	S. Karpinen	2016 annual review. Updated copyright. Updated minor typos and formatting. Fixed links
4.5	8/11/2017	9/5/2017	G. Fisher	2017 annual review.
4.6	8/28/2018	11/2/2019	S. Karpinen	2018 annual review. No changes.

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1.0 INTRODUCTION

The California Independent System Operator Corporation Board of Governors (Board) is composed of five members serving three-year staggered terms, as required under current state law. The ISO presents a list of recommended appointees to the Governor of the State of California (“California Governor”) for each vacant position.

2.0 SCOPE

This policy describes the process by which a list of recommended appointees to the Board is presented to the California Governor for consideration entirely at his or her discretion.

3.0 ROLES AND RESPONSIBILITIES

3.1 ISO Management

Executive management is responsible for initiating the Board selection process.

3.2 Search Firm

The ISO will choose a search firm that is responsible for conducting its search in accordance with this policy.

3.3 Board Nominee Review Committee

The Board Nominee Review Committee, as established by this policy, is responsible for reviewing potential Board candidates and ranking each candidate in accordance with this policy.

3.4 Accountability and Ownership

The Corporate Secretary is responsible for the annual review of this policy to ensure that it is aligned with best practices. Should substantive changes to this policy be required the Corporate Secretary will seek Board approval of the proposed changes.

4.0 BOARD SELECTION PROCESS

4.1 Executive Search Process

Not less than 120 days prior to the expiration of any Board member's term, the ISO will engage an independent executive search firm to seek out candidates for consideration by the Board Nominee Review Committee as outlined in this policy.

The search firm will seek out candidates having one or more of the qualifications listed below and will propose to the committee the candidates that complement, to the extent possible, the qualifications of the existing Board members. The goal is to have a Board that represents as many of the qualifications listed below as possible.

- Electric industry expertise — such as retired former electric utility senior executives currently unaffiliated with any market participant as described below; present or former executives of electric power reliability councils; present or former executives from power pools; retired military officers with relevant experience; or present or former professional utilities services firm executives.
- Markets expertise — such as present or former financial exchange executives; present or former commodity trading company executives; executives or attorneys with extensive anti-trust background; present or former executives in recently-deregulated industries; former state or federal regulators with deregulation experience; or academics or consultants with relevant market experience.
- General corporate/legal/financial expertise — such as present or former service industry executives or management consultants; present or former chief executives, chief financial officers; chief legal officers or chief information officers of for-profit companies; present or former national law firm partners; present or former senior executives of financial institutions, investment banking or financial accounting/auditing organizations.
- Public interest expertise — such as former state or federal (non-energy) regulators; present or former executives of environmental or consumer organizations; former attorneys general or consumer affairs officials; former legislators, academics or economics experts with relevant public interest background; individuals with a demonstrated reputation and record of commitment to consumer issues; energy office officials (state or federal ALJs, judges, etc.); or strategic planners or public policy experts.

All potential candidates must possess a proven reputation for excellence in their areas of expertise, and optimally should reflect a diverse background (e.g., ethnicity, gender) and viewpoint (e.g., no two academics from the same school, no two government officials from the same administration or political party, no two corporate executives from the same corporation or affiliated group).

The search firm shall not consider candidates who are employed by or provide consulting services to any person or entity that is:

- engaged in the generation, transmission, marketing, trading or distribution of electricity within the geographic area of the Western Electricity Coordinating Council;
- affiliated with any actual or potential participant in any market administered by the ISO, as required by Section 337 of the California Public Utilities Code;
- hold any financial interest that would be prohibited by 18 C.F.R. section 35.34(j)(1)(i);
or
- have another actual or perceived conflict of interest that would be prohibited by the Code of Conduct & Ethical Principles and that could not be resolved before the candidate becomes a member of the Board.

However, the search firm may consider a candidate who has an otherwise prohibited relationship or financial interest if he or she commits to promptly end any prohibited relationship after being appointed and before exercising the duties of the office, and to dispose of any prohibited financial interests within six months after appointment.

The search firm will be responsible for developing a list of no fewer than four candidates for each open Board seat not later than 90 days prior to the expiration of the term of the current Board member. The search firm will develop and deliver to the ISO a matrix analysis showing the desired competencies across the candidates, each of whom will be contacted by the search firm to ensure he or she would serve, if appointed.

4.2 Board Nominee Review Committee

The ISO will organize a representative group of stakeholders, called the Board Nominee Review Committee, to review and rate candidates from the slate compiled by the search firm. The committee will be composed of 36 members with each member representing one of six member-classes that include the following:

1. transmission owners (vertically integrated utilities and merchant transmission owners);
2. end-users and retail energy providers (e.g., load-serving entities that do not own transmission or distribution assets);
3. public interest groups (e.g., consumer advocates, environmental groups and citizen participation);
4. alternative energy providers (e.g., distributed generation, demand response technologies, and renewable energy);
5. transmission-dependent utilities; and

6. generators and marketers.

Each member-class shall determine its own method of selecting its six members to serve on the committee.

Upon receiving the list of candidates from the search firm, the committee will rank each candidate in descending order.

Not less than 60 days prior to expiration of a Board member's term the committee will forward its rankings of each candidate to the ISO. The ISO will confirm that the ranked candidates include all persons identified by the search firm and that they meet the qualifications as stated above. Upon confirming these conditions and in accordance with state law, the ISO will forward the list of candidates recommended by the search firm and the ranking order established by the committee to the Governor of the State of California for consideration.

4.3 Board Appointees

Board appointees will begin serving upon the term expiration of the seat coming open or, if any position is already vacant, immediately upon appointment and only after executing the oath of office.

Appointees will be subject to confirmation by the state Senate, as set forth in the Public Utilities and Government Codes.

5.0 COMMUNICATIONS

A current version of this policy will be available on the ISO website. Any substantive revisions to this policy will be approved by the Board and communicated as necessary.

6.0 COMPLIANCE

This policy has been developed pursuant to requirements set forth by the Federal Energy Regulatory Commission and the California Public Utilities Commission. ISO compliance to this policy shall be monitored to the extent that the Governor of California relies on this information.

7.0 RESOURCES

Below is a list of additional resources that are relevant to this policy.

- [18 C.F.R. § 35.34\(j\)\(1\)\(i\)](#)
- [ISO Corporate Bylaws](#)
- [Code of Conduct & Ethical Principles](#)
- [Section 337 of the California Public Utilities Code](#)
- [Corporate Governance Principles](#)

8.0 CONTACTS

For questions regarding this policy, please contact Stacey Karpinen, Deputy Corporate Secretary at skarpinen@caiso.com.

9.0 APPROVAL

This policy has been reviewed and approved by:

Corporate Secretary and VP, General Counsel & Chief Compliance Officer:

Roger Collanton
Name

Signature on file
Signature

11/02/2018
Date