



Memorandum

To: ISO Board of Governors

From: Roger E. Collanton, Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary.

Date: October 27, 2021

Re: **Decision on Amendment to Bylaws regarding Advisory Committees**

This memo requires Board action.

EXECUTIVE SUMMARY

The EIM Governing Body has recommended an amendment to the corporate bylaws for the Board's consideration. Under the proposed amendment, the approval of the EIM Governing Body in addition to the Board would be necessary for the appointment of a Board advisory committee, like the Governance Review Committee ("GRC"), seated to consider matters related to joint authority issues or the governance of the Energy Imbalance Market. Management has sought stakeholder feedback on the proposed amendment, and now seeks the Board's approval. Management proposes the following motion:

Moved, that the Board of Governors approves the proposed amendment to the Amended and Restated Bylaws, as discussed in the memorandum dated October 27, 2021.

RECOMMENDED AMENDMENT

During its September 8, 2021 meeting, where the EIM Governing Body considered proposed revisions to ISO governance documents to implement the GRC's "part two" proposal concerning the delegation of authority to the EIM Governing Body, it further voted to recommend an additional amendment to the corporate bylaws related to advisory committees.

The bylaws establish the rules for how the Board of Governors will operate and its obligation to oversee the ISO.¹ One step that the Board may take in discharging its standard of care is

¹ The complete corporate bylaws are available [here](#).

to form advisory committees, which “may consist of both Governors and non-governors or non-governors only.” Such advisory committees are appointed by the Board pursuant to Article V, § 2, the section recommended for amendment.

The GRC was established under this provision through the joint approval of the Board and the EIM Governing Body, even though the bylaws did not require EIM Governing Body approval to form that committee. The proposed amendment seeks to change this rule and make it mandatory for the EIM Governing Body to be involved in creating such a committee to advise on the subjects of joint authority or the governance of the Energy Imbalance Market. Thus, such an advisory committee could be established only with the joint approval of the Board and the EIM Governing Body. Specifically, the recommended amendment would add the emphasized sentence to Article V, § 2:

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. ***Any advisory committee to address matters related to joint authority issues or the governance of the Energy Imbalance Market, currently or as it may evolve, including the joint authority established under Article IV, shall be jointly established by the Board and the EIM Governing Body, by approval of two-thirds of the members of each body then in office.***

Management initiated a stakeholder process to provide full transparency into the proposed amendment and an opportunity for comment. Management posted a paper September 29 and hosted a stakeholder call on October 5.² One stakeholder, the Salt River Project, submitted a written comment in support of the amendment.³ There was no stakeholder opposition to the proposal.

CONCLUSION

Management recommends that the Board approve the proposed amendment to the corporate bylaws, as recommended by the EIM Governing Body.

² The paper is available [here](#) and the slides for the presentation are available [here](#).

³ The comment is available [here](#).