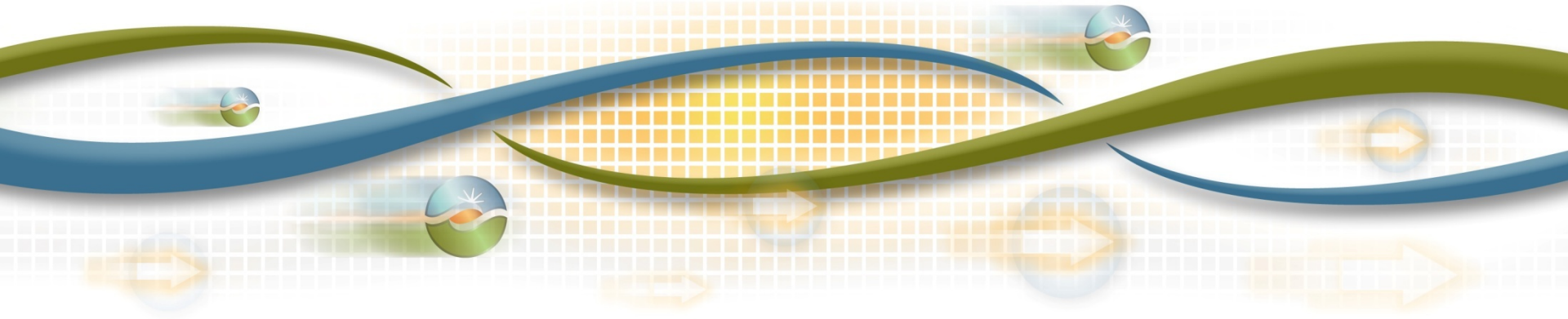


Decision on energy imbalance market governance proposal

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Board of Governors Meeting
General Session
December 18-19, 2013



The proposal establishes a transitional advisory committee to the ISO Board made up of stakeholders.

STEP 1

STEP 2

Transitional Committee

Independent
EIM structure

Roles:

- Advise Board on EIM start-up matters
- Develop independent EIM governance proposal

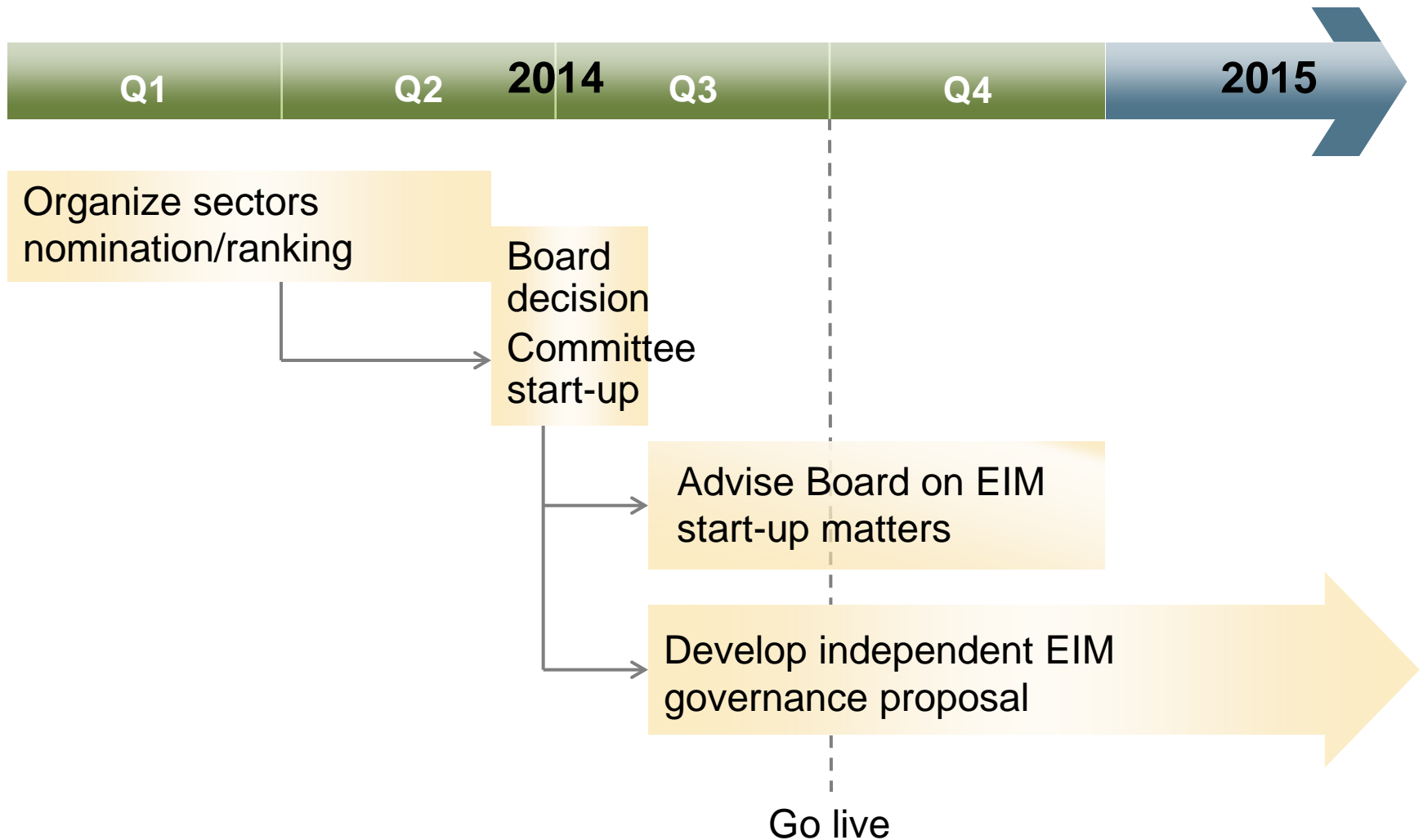
Stakeholder participation is key to candidate nomination and ranking.

- Seven stakeholder sectors
 - Investor owned utilities
 - Publicly owned utilities
 - Generators and marketers
 - Alternative energy producers
 - EIM participants
 - Governmental agencies
 - Public interest groups
- Qualifying criteria for committee candidates
 - Proven leadership skills
 - Industry and market experience/excellence
 - Understanding of regional issues
 - Ability to represent broad range of interests
 - Duty to EIM success
 - Availability to participate

The ISO Board appoints the transitional committee members.

- Receives ranked lists from each of the seven sectors
- Applies the same qualifying criteria
- Considers regional diversity
- Appoints the committee at a public ISO Board meeting

The transitional committee work begins in mid-2014.



The charter guides operation of the transitional committee.

- Transitional advisory committee to the Board
- ISO open meeting policy
- Nine members including an EIM entity
- Possible growth to eleven members with additional EIM entities
- Supported by ISO liaison and staff

Participants generally support approval of the governance proposal

- Broad western participation from 29 entities
- Key participant inputs
 - Provide each sector with a guaranteed seat on the transitional committee
 - Response – The transitional committee membership will be appointed by the Board based on qualifications, with an eye to expertise, leadership skills, and regional diversity.
 - Clarify role of transitional committee during testing and early operational phase
 - Response - Committee members can participate in ongoing ISO stakeholder engagement during testing and early operation.
 - Clarify level of autonomy the final independent structure will have from the ISO Board
 - Response - This is a matter for the transitional committee to consider in their recommendation to the ISO Board.

Management recommends the Board approve Management's proposal.

- Creation of energy imbalance market transitional committee
- Approval of transitional committee charter

Interested regional entities across the West seek a structure that gives them a role in EIM decision making. This proposal provides that structure and we recommend your approval.