

 California ISO	Board Policy	Revision Date Version No.	3/15/2017 1.0
Charter of the DMM Oversight Committee		Policy Adopted	3/15/2017



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REVISION HISTORY

Version	Date	Description	Author
1.0	March 8, 2017	Draft initial Charter provided to Board of Governors for consideration and approval on March 15, 2017.	Greg Fisher
	March 15, 2017	Charter approved by the Board of Governors.	Stacey Karpinen
<u>2.0</u>	<u>May 16, 2018</u>	<u>Board approval of edits proposed as part of the annual review of the Charter</u>	<u>Stacey Karpinen</u>

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This charter establishes the responsibilities and administration of the Department of Market Monitoring (DMM) Oversight Committee (DMM Oversight Committee or Committee) of the California ISO Board of Governors (Board).

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

1. Membership & Qualifications

1.1. Membership

- 1.1.1. The Committee is comprised of two or more members serving on the Board, as determined by the Board per Article V, Section 1 of the ISO bylaws.
- 1.1.2. The Board must appoint the Committee members consistent with Article V, Section 1 of the ISO bylaws.
- 1.1.3. No member of the Committee may be removed except by a vote of the Board, consistent with Article V, Section 1 of the ISO bylaws.
- 1.1.4. The Board must appoint one of the Committee members as the Committee's chair.

1.2. Qualifications

- 1.2.1. Each member of the Committee must possess sufficient knowledge about general management principles, administration, and electricity markets, with the sufficiency of that knowledge determined by the Board in its business judgment, or gain such knowledge within a reasonable time after his or her appointment to the Committee.

2. Establishment & Purpose

- 2.1. The Committee is a committee of the Board established pursuant to Article V, Section 1 of the ISO bylaws and is accountable to the Board.
- 2.2. The Committee assists the Board in its oversight of DMM's market monitoring functions, as defined in the ISO tariff and FERC regulations, and oversees the DMM's administration and operations.

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3. Functions of the DMM Oversight Committee

3.1. DMM Core Market Monitoring Functions

3.1.1. The Committee reviews and advises the Board on DMM's performance of its core market monitoring functions, as those functions are defined in 18 C.F.R. § 35.28 and Appendix P, Section 5, of the ISO tariff.

3.2. DMM Personnel Issues & Performance Review

3.2.1. The Committee provides approval and oversight on significant DMM staffing determinations made by the Executive Director of DMM (e.g., hiring, staffing levels, promotions, discipline, and terminations).

3.2.2. The Committee provides approval and oversight on the Executive Director of DMM's annual recommendations for DMM staff base and incentive compensation decisions, and the Executive Director of DMM's recommendations for any other compensation matters.

3.2.3. The Committee may delegate to appropriate ISO Management responsibility for day-to-day administrative tasks related to the Executive Director of DMM, including, without limitation, approval of time sheets, approval of expense reports, physical access, and cyber access. The Executive Director of DMM may raise any concerns about the exercise of this delegated responsibility to the Committee or the Board.

3.2.4. The Committee ~~may delegate to~~ authorizes the Executive Director of DMM to exercise oversight of the day-to-day responsibilities for DMM's conduct and operations, including, managing the department within the approved budget, and addressing staffing issues.

3.2.4.1. Notwithstanding Section 3.2.4, or any other provisions of this charter, DMM staff (in addition to the Executive Director of DMM) may communicate directly with the Committee or the Board regarding all matters related to the operations of the DMM.

3.2.5. The Committee conducts the Executive Director of DMM's annual performance review and makes corresponding decisions regarding all aspects of the Executive Director's compensation.

3.2.6. The Committee establishes annual DMM departmental performance goals and metrics and evaluates DMM performance against those goals and metrics, in determining annual incentive compensation for the Executive Director of DMM and DMM staff.

3.2.7. Consistent with DMM's status as an internal market monitoring unit, the Committee, in conjunction with the ISO's Human Resources department, oversees the Executive Director of DMM and DMM staff's compliance with internal ISO policies generally applicable to all other ISO employees.

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3.2.8. Any appointment, replacement, or termination of the employment of the Executive Director of DMM will require decision by the full Board.

3.3. Budget Oversight

3.3.1. The Committee reviews and approves DMM's proposed annual departmental operations and maintenance budget, which is included as a fixed item in the ISO's proposed annual corporate budget that the Board considers for adoption.

3.3.2. Aside from any items identified specifically in this charter, DMM's departmental operations and maintenance budget need not include allocated funds for items that are not usually and customarily called for in a department-level budget for other ISO business units.

3.4. DMM Administrative Relationship with the ISO

3.4.1. The Committee oversees the sufficiency of all general corporate support services provided to DMM by the ISO and will resolve, in consultation with ISO Management, any issues that may arise regarding the sufficiency of that support. Such general corporate support services include, but are not limited to, information technology, human resources, facilities, maintenance, finance, and procurement.

3.4.2. The Committee ensures that DMM's participation in any ISO stakeholder or policy development processes comports with applicable ISO procedures.

3.5. Legal Support Oversight

3.5.1. DMM may rely on ISO Legal for legal support, provided there is no potential for a conflict of interest in ISO Legal representing DMM as a client, based upon the fact that ISO Legal represents the ISO.

3.5.2. DMM may consult with outside legal counsel at its discretion where DMM deems it necessary, such as in the case of a potential conflict of interest.

3.5.3. ISO Legal may determine it is prudent for DMM to obtain outside counsel, such as to avoid a potential conflict of interest, and advise DMM to seek such representation and advice from outside counsel on a specific matter, and may decline to advise DMM on such matters.

3.5.4. The Committee approves a law firm or firms for DMM to engage as DMM's outside legal counsel, and if warranted, in the discretion of the Committee, may mandate the termination of any such engagement.

3.5.5. The Committee preapproves engagement letters with DMM's outside legal counsel, including the proposed fees.

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3.5.6. The Committee oversees DMM's ongoing expenditures on legal fees, with any such fees paid from DMM's separate budget as described in section 3.3.

3.6. Reporting to the Board

3.6.1. The Committee will report to the Board regularly on its activities. In connection therewith, the Committee must review with the Board any significant issues it identifies or learns of while performing the functions defined in section 3 of this charter.

3.6.2. DMM has direct access to the full Board, and each individual Board member at any time, as it deems necessary.

4. Administration & Meetings

4.1. In discharging its responsibilities, the Committee, at its discretion, may solicit and consider feedback from any source it considers appropriate, including ISO Management.

4.2. The Committee will fix its own time and place of meetings and prescribe its own rules of procedure, consistent with the bylaws. The Chair of the Committee or the Chair of the Board may call meetings for the Committee.

4.3. Management and the Committee will review this charter annually and, as appropriate, recommend ~~to the Committee any substantive~~ updates to the charter to the Board for approval ~~by the Board~~.

4.4. The Committee must hold all meetings consistent with the bylaws and open meeting policy of the ISO regarding notice and waiver thereof, and written minutes of each meeting must be duly filed in the ISO's records.

4.4.1. Unless otherwise authorized by the Committee, if the Secretary to the Committee is a member of ISO Management or reports to ISO Management, then the Secretary's role in assisting the Committee in drafting the written minutes of executive session meetings is limited to formatting and non-substantive edits, subject to Committee approval.

4.4.2. Once the Secretary to the Committee files the executive session meetings in the ISO's corporate records, the Committee approves the disclosure of such minutes to any person other than the Corporate Secretary. If a Committee member is unavailable for disclosure approval, that responsibility is delegated to the ISO's CEO.

4.5. A quorum of the Committee is both of its members, or, if the Committee is comprised of more than two members, a quorum is a majority of the members of the Committee. An affirmative vote of a majority of the members is necessary for any action.

5. Secretary to the Committee

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5.1. Unless otherwise designated by the Corporate Secretary or the Committee in consultation with the Corporate Secretary, the Corporate Secretary serves as the Secretary to the Committee.