

Western EIM Body of State Regulators Comments on Proposed Revisions to EIM Governance Documents

December 18, 2017

The Western Energy Imbalance Market (Western EIM) Body of State Regulators (BOSR) appreciates the opportunity to provide the following comments to the California Independent System Operator (California ISO) regarding proposed revisions to the Western EIM Governance Documents as outlined in the California ISO Issue Paper dated October 17, 2017. Under the Governance Documents, the BOSR may express a common position of the state public utilities commissions for which a regulated load-serving utility participates or plans to participate in the Western EIM. These comments express the common position of the commissions in the following states: Arizona, California, Idaho, Nevada, Oregon, Utah, Washington, and Wyoming.

The BOSR supports the proposed changes to the *Guidance for Handling Policy Initiatives with the Decisional Authority or Advisory Role of the EIM Governing Body* (Guidance Document). The common position of the BOSR on the proposed revisions to the *Selection Policy for the EIM Governing Body* (Selection Policy) is provided below.

Currently the Nominating Committee may decide to reappoint an EIM Governing Body Member without interviewing or considering other candidates, if an EIM Governing Body Member whose term is scheduled to expire seeks to be nominated for a new term. The proposed revisions to the Selection Policy are designed to address the situation where a Governing Body Member seeks to be nominated for a new term.

The BOSR assigns a high priority to maintaining the independence and discretion of the Nominating Committee in its selection of Members of the EIM Governing Body. The BOSR also assigns a high priority to the Nominating Committee conducting an open and transparent selection process.

The BOSR supports maintaining discretion for the Nominating Committee to proceed without engaging an Executive Search Firm, including in the circumstance in which a Governing Body member whose term is scheduled to expire has expressed a desire to be nominated for a new term. In this circumstance, however, the BOSR also recommends that the California ISO post a market notice 90 days prior to the scheduled expiration of the Member's term establishing a 30 day nomination window for interested candidates. This recommendation achieves the dual objective of maintaining the independence and discretion of the Nominating Committee and conducting an open and transparent selection process.

The BOSR recommends the following changes to the currently effective Selection Policy as an alternative to the proposed revisions in the California ISO Issue Paper:

3.4 Operation of the Nominating Committee

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~~When the term of if a Governing Body member whose term is scheduled to expire, the Nominating Committee has discretion to decide whether or not to have the ISO engage an Executive Search Firm to identify additional candidates ~~has expressed a desire to be nominated for a new term, the Nominating Committee should determine whether it wants to re-nominate the departing member without interviewing other candidates.~~ If the Nominating Committee decides that an Executive Search Firm will not be engaged, then the Nominating Committee shall request the ISO issue a market notice of the available position to identify candidates, following the same criteria set forth in this Section and Section 3.5 of this policy ~~does not decide to proceed in this manner, then it should ask the Executive Search Firm to identify at least two qualified candidates to interview, in addition to the sitting member.~~~~

In the circumstance in which a Governing Body member whose term is scheduled to expire has expressed a desire to be nominated for a new term, the Nominating Committee has discretion to determine whether it wants to re-nominate the departing member without interviewing other candidates.

With or without assistance from the Executive Search Firm, the Nominating Committee shall identify and select the best qualified candidates available in the United States. Optimally, the Committee's selections should ensure that the overall composition of the Governing Body reflects diversity of expertise so that there is not a predominance of Members who specialize in one subject area, such as operations or utility regulation. Similarly, no one state or sub-region in the West should have excessive representation — meaning members whose place of residence or work history tends to associate them with a particular Western state. The Committee should strive to ensure that the Governing Body includes at least one member with expertise in Western electric systems and markets. If the Nominating Committee can identify a qualified candidate with a Western background who has as strong overall experience and knowledge as the other candidates, and all other factors being equal, the Committee should prefer the candidate with a Western background.

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3.5 Executive Search and Market Notice Criteria

Not less than 90 days prior to the scheduled expiration of any Member's term and as necessary to fill other vacancies, the ISO will, if requested by the Nominating Committee, engage an independent Executive Search Firm to identify qualified candidates for consideration by the Nominating Committee. In the circumstance in which the Nominating Committee decides that an Executive Search Firm will not be engaged, the Nominating Committee shall request that the ISO post a market notice 90 days prior to the scheduled expiration of the Member's term establishing a 30 day nomination window for interested candidates.