

APPENDIX D: SELECTION PROCEDURE FOR REGIONAL ORGANIZATION BOARD OF DIRECTORS

1.0 Introduction and Scope

The Regional Organization (RO) Board of Directors is a seven-member body that exercises sole authority over the Western Energy Imbalance Market (WEIM) and the Extended Day-Ahead Market (EDAM). The procedure defined in this document, which governs selection of Members of the RO Board, is drawn from other similar procedures and defines the process to be used once the RO is established as an ongoing organization.

All RO Board members will be required to meet the definition of an independent board of directors.

RO Board members will be selected by a Nominating Committee process comprised of stakeholder representatives. Board nominees will be subject to approval by the RO Board of Directors in an open meeting. Additionally, this procedure explains the selection and composition of the Nominating Committee, how the Nominating Committee will select a slate of nominees for each open position, and how those nominees will be subject to a vote of approval by the RO Board.

2.0 Definitions

“Body of State Regulators (BOSR)” means the representative body of state regulators to be established pursuant to the charter of the RO Board of Directors, consisting of representatives from each state in which load-serving utilities participate in the ISO’s Energy Imbalance Market and its Day Ahead and Real-time Market as those terms are defined in the tariff. The RO BOSR will transition from the current WEM BOSR with the same governance structure.

“Executive Search Firm” means the firm retained by the RO to assist the Nominating Committee with identifying qualified candidates for the RO Board.

“Member” means a member of the RO Board.

“Nominating Committee” means the committee established by this procedure to identify a slate of nominees for positions on the RO Board.

“Regional Organization Board of Directors” or “RO Board” means the independent body established by the tariff to have sole authority over the rules of the WEIM and EDAM.

“RO Formation Committee” means the temporary group, acting as a subcommittee of the WWGPI Launch Committee (LC), that has been established to develop, in collaboration with the CAISO, the details for establishing the RO. It is intended that the RO Formation Committee be established with up to ten (10) members from the Launch Committee and be assisted by a less than quorum of the WEM Governing Body and CAISO Board of Governors serving as liaisons.

3.0 Roles and Responsibilities

3.1 Nominating Committee

The Nominating Committee will consist of one representative each from the following stakeholder sectors (current listing as of 07/15/2025 below – subject to change):

- EDAM Entities
- WEIM Entities (including PMAs)
- ISO PTOs

- Non-IOU load serving entities serving load from WEIM or EDAM
- PIOs
- Consumer advocates
- Large C&I customers
- IPPs, independent transmission developers, and marketers
- Distributed Energy Resources (including distributed generation, storage, and demand response resources, aggregators, and enabling hardware and software providers)

In addition to the stakeholder sectors representatives, there will be two other representatives on the Nominating Committee (detailed in Section 3.3) with one representative each from:

- The RO Board (acting as a non-voting member), and;
- The BOSR (acting as a voting member)

3.2 Selection of Sector Representatives to the Nominating Committee

Not less than 150 days prior to the scheduled expiration of any Member's term, and at other times as may be necessary to fill a vacancy on the RO Board, the RO Corporate Secretary will ensure that each nominating committee representative identified in Section 3.1 has a representative assigned.

3.2.a Stakeholder Sector Representative Nominating Committee Representatives (Voting)

Each sector will determine its own method of selecting an annual representative to serve on the Nominating Committee, and the term of service. If a sector is unable to provide a representative, they will provide notice to the Nominating Committee Chair and RO Corporate Secretary.

The Nominating Committee members will work directly with their sectors to provide input on the selection of directors, similar to the process used in other Nominating Committees across the West. Nominating Committee members should work with their sectors to solicit candid feedback on candidates. The intent is to allow for open communications while at the same time respecting the need for candid Nominating Committee discussions and individual candidate expectations for confidentiality in processes as defined by the Nominating Committee.

3.2.b Other Nominating Committee Representatives

Each of these bodies may determine its own method of selecting an annual representative to serve on the Nominating Committee, provided that the representative of the RO Board shall not be a Member whose current term will be expiring and is seeking renomination. However, an RO Board member whose term is expiring but is not seeking renomination may serve on the Nominating Committee.

RO Board Nominating Committee Representatives (non-voting)- The representative from the RO Board will serve two functions: they will help the Nominating Committee select nominees and serve as a liaison between the Nominating Committee and the RO Board, which will approve or reject the ultimate panel of nominees.

BOSR Nominating Committee Representative – The BOSR Nominating Committee representative will serve as a liaison between the Nominating Committee and the BOSR and all its constituents.

3.3 Operation of the Nominating Committee

The Nominating Committee shall nominate a slate with one nominee for each seat on the RO Board for which the term is scheduled to expire or becomes vacant.

The Nominating Committee shall act on the consensus of its voting members (identified in Section 3.1). If the Nominating Committee cannot reach a consensus on a slate of candidates, the Nominating Committee may bring forward a slate for consideration based upon a super-majority vote. A super-majority shall be defined as 70% or more of the voting representatives.

Member of the Nominating Committee without a vote are still expected to participate fully in deliberations.

The Nominating Committee should convene no less than 100 days prior to the scheduled expiration of any RO Board Member's term or as soon as practicable when other vacancies arise to begin the process of identifying potential candidates for each open seat.

The Nominating Committee shall identify and select the best qualified candidates available in the United States through assistance from an Executive Search Firm or other recruiting mechanism such as self-nomination by potential candidates and recommendations brought forward from sector representatives by their respective sector participants. Optimally, the Nominating Committee's selections should ensure that the overall composition of the RO Board reflects a diversity of perspectives that may result from different areas of expertise, geographic background, ethnicity, gender and professional backgrounds, and life experience.

The deliberations of the Nominating Committee shall respect confidential personnel information and be conducted in a manner that fosters candid discussions. Nominating Committee members may share the names of candidates with others outside the Committee as part of the process of evaluating candidates. The Nominating Committee should have a common understanding about the extent to which they will share the names of candidates in connection with a particular search and that those being contacted understand the need to protect the privacy rights of candidates.

The Nominating Committee should use its best efforts to reach consensus on a slate of nominees no later than 30 days before the expiration of a current Member's terms. If the Nominating Committee concludes that it will be unable to reach consensus on the proposed nominee(s) with sufficient time to allow the RO Board to approve the nominee(s) before the term of the sitting Member(s) expires, the Nominating Committee may ask the RO Board to consider requesting that the sitting Member(s) to continue service for up to sixty additional days after their term(s) would otherwise expire. If the Nominating Committee is having difficulty reaching consensus, it should consider interviewing additional candidates as one possible step.

Except as otherwise provided in this Procedure, the Nominating Committee may establish its own procedures.

3.3.a RO Board Member seeking re-nomination

Nominating Committee affirms: If an RO Board Member whose term is scheduled to expire has expressed a desire to be nominated for a new term, the Nominating Committee should determine whether to re-nominate the sitting Member without soliciting applications from other candidates. A super-majority of the voting members of the Nominating Committee would need to affirmatively vote to renominate a sitting member without soliciting applications from other candidates. In making this decision, the Nominating Committee should consider whether the sitting Member has

demonstrated the ability to effectively serve the responsibilities associated with the needs of the RO.

Nominating Committee does not affirm: If the RO Board member whose term is expiring is not re-nominated, they may apply and be considered along with other qualified candidates.

3.4 Executive Search Criteria

Not less than 90 days prior to the scheduled expiration of any Member's term and as necessary to fill other vacancies, the RO may engage an independent Executive Search Firm to identify qualified candidates for consideration by the Nominating Committee. The RO may also decide to pursue other avenues for finding and recruiting qualified candidates.

Based on direction from the Nominating Committee, the Executive Search Firm will seek out candidates having one or more of the qualifications listed below and will propose to the Nominating Committee candidates that complement, to the extent possible, the qualifications of the Members whose terms are not expiring, with the goal that the Governing Body should have broad expertise in the following areas.

- Electric Industry - such as former electric industry senior executives currently unaffiliated with any market participant or stakeholder, as described below; present or former executives of electric power reliability councils or power pools; retired military officers with relevant experience; or present or former executives of firms that perform professional services for the electric industry; or academics or consultants with expertise in electric utility issues.
- Markets - such as present or former financial exchange executives; present or former executives of commodity trading companies or commodities markets; executives or attorneys with extensive background in anti-trust law; present or former executives in other regulated industries; former state or federal regulators with deregulation experience; or academics or consultants with relevant market expertise.
- General Corporate/Legal/Financial - such as present or former management consultants or service industry executives; present or former chief executives; chief financial officers; chief legal officers or chief information officers of profitmaking companies or nonprofit organizations; present or former law firm partners; present or former law professors; present or former senior executives of financial institutions, investment banking or financial accounting/auditing organizations.
- Public Interest – such as former state or federal regulators; executives of environmental, consumer or labor 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, including representing consumer interests in legislative, lobbying, and litigation efforts; former energy officials; or public policy experts.

The Executive Search Firm may also submit candidates with senior executive experience in public interest organizations provided they otherwise have the relevant background described above.

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. The candidates should also have a proven track record in stakeholder engagement and responsiveness as the RO Board will be setting the cultural tone for the new organization.

Candidates must meet the standard of independence defined by FERC in Order 2000 and cannot have a prohibited relationship or prohibited financial interest. A candidate is in a prohibited relationship or holds a prohibited financial interest if they:

- are employed by or provide consulting services to any entity (or person) that would disqualify them from service as a Member of the RO Board, including any entity that is engaged in the generation, transmission, marketing, trading or distribution of electricity within the geographic area of the Western Electric Coordinating Council;
- holds a financial interest that would be prohibited by 18 C.F.R section 35.34(j)(1)(i);

or

- has another actual or perceived conflict of interest that would be prohibited by any code of conduct and ethical principles as adopted by the RO Board and that could not be resolved before the candidate becomes a Member of the RO Board.

The Executive Search Firm may not consider a candidate who has a prohibited relationship or financial interest, unless the candidate 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.

3.5 Approval of Nominees

The slate of individuals submitted by the Nominating Committee shall be subject to approval as a slate by the RO Board in open session. If the decision occurs before the end of the expiring terms, the RO Board member(s) whose terms are expiring will be recused from the approval decision.

If the slate is accepted, the nominees will become Members of the RO Board upon execution of a services agreement with the RO.

If the slate is rejected by the RO Board, the Nominating Committee must re-convene and establish a new alternate nominee(s). After the Nominating Committee submits its alternate slate, the RO Board shall decide, in public session, whether to approve that alternate slate.

4.0 Selection Procedure for Initial Seating of the RO Board

For the initial selection of the RO Board Members, the RO Board will not exist and will not be able to perform the functions noted in the selection procedure. In addition, there are some other issues that should be considered in the initial RO Board Member selection process. This appendix provides a recommended approach for the initial selection process.

Proposed Approach for Initial RO Board Selection

The process outlined above will be followed to the full extent possible for the initial selection of the RO Board with the exceptions outlined below because an existing board is not present.

Preparation for the RO Board selection process may be initiated beforehand, but commencement of seating the Nominating Committee, selecting an Executive Search Firm or other recruiting mechanism and initiating the selection process shall not begin until California legislation has been approved.

Launch Committee Role

The Launch Committee will act as the existing RO Board and provide the functions of the RO Board in the selection process procedure.

1. Voting on the initial slate will be done in a public meeting for full transparency.
2. “Non-voting” Launch Committee (LC) Members will be given the option of casting a vote, in advance, on the initial slate.
3. Alternates will not cast a vote unless they are serving in place of their primary Launch Committee member.
4. For a vote to pass and the slate to be approved, there must be a supermajority of [70%] of the LC members casting approval votes.

If a Launch Committee member is serving as the NC representative for their sector at the time, they may not cast a vote on the initial slate of candidates. That LC member’s alternate will instead vote in their place. This will allow individual members of the Launch Committee to serve as a Nominating Committee member on behalf of their sector if so desired but precludes those members from performing the dual function of also approving the initial slate.

Formation Board

For compliance with Delaware law, the existing Board must be the acting entity to approve new Board members. Because the Formation Board will be serving in this role, the Formation Board shall approve the Initial RO Board selection and will give due consideration to the slate approved by the Launch Committee.

WEM Governing Body Member Consideration

In selecting the initial RO Board Members, the Nominating Committee should give due consideration to members of the existing WEM Governing Body who are willing to serve on the new RO Board to the extent that they meet the expertise criteria. This would allow for ease of transition since the existing WEM Governing Body members would provide continuity and history to the new RO Board. There should be no restriction on the number of current WEM Governing Body members that can serve on the new RO Board. A full 5-member WEM Governing Body (GB) needs to stay in place until the RO tariff is approved and implemented, given the ongoing WEIM oversight and EDAM implementation activities over the next several years. If WEM GB members are interested in serving on the RO Board before the RO tariff is approved and implemented, the WEM GB would need to replace anyone who is chosen for the RO Board to maintain a full 5-member WEM GB.

Initial RO Board Member Terms

All five initial members would serve until the RO tariff is approved and implemented.