

Term Sheet
Funding Agreement for EIM BOSR

November 25, 2020

1. **Purpose:** The purpose of these agreements is to enable the Western Energy Imbalance Market (EIM) Body of State Regulators (BOSR) to obtain funding to acquire staff support from the Western Interstate Energy Board (WIEB) to facilitate and enhance BOSR engagement in processes at the California ISO on initiatives related to the operation of the EIM and the expansion of wholesale electricity markets and related coordination efforts in the West.
2. **Entities:** (1) State-Regulated Market Participants (SRMPs); (2) Energy Imbalance Market Body of State Regulators (BOSR); and (3) Western Interstate Energy Board (WIEB).
3. **Agreements:** (1) Memorandum of understanding between BOSR and WIEB covering provision of technical services; (2) Standard contract between each SRMP and WIEB for funding; and (3) Contracts between the SRMPs regarding cost allocation within each state.
4. **Term of Agreements:** The term of the initial agreements is for 5 years covering January 1, 2021 to December 31, 2025.
5. **Performance Reviews:** Evaluation of services rendered; outcomes achieved; staff utilization; expenditures; cost allocations; and future budgets will occur each year. The SRMPs will have an opportunity to provide written comments and engage with the BOSR and WIEB in the development of the BOSR's business plans and budgets. WIEB is responsible for hosting these public meetings and facilitating stakeholder engagement.
6. **Termination:** Any entity may exit its agreements by providing 2-year advance notice. Entities may not submit a termination notice prior to January 1, 2024. Termination takes effect on January 1st of the funding year after the 2-year notice period (e.g. a termination notice submitted on July 1, 2024 will take effect on January 1, 2027). An expeditious termination will be provided if a state regulatory utility commission directs a SRMP to exit its agreements or denies cost recovery in a rate proceeding. An expeditious termination will also be provided in the event a SRMP decides to no longer participate in the EIM.
7. **Budget & Funding Amount:** BOSR and WIEB will provide a detailed budget to the SRMPs with appropriate justification by November 1st of each year. Annual budget increases will be limited to no more than 4 percent; unless the entities agree there are exceptional circumstances.

8. **Funding Allocation:**

Each state with less than 10,000,000 megawatt-hours of annual load participating in the EIM will be designated as a small load state; all other states will be designated large load states. Each small load state will be allocated a funding amount equal to the total funding amount divided by the number of states represented on the BOSR multiplied by 50 percent. Each large load state will be allocated a funding amount equal to the

remaining funding balance divided by the number of large load states. Each SRMP within a state will be allocated a funding amount by multiplying the state funding amount by the SRMPs percentage share of the total SRMP load in the state.

9. **Cost Recovery:** The BOSR and its member representatives do not have the authority to pre-approve, or provide assurance of, recovery of the SRMP costs. However, the significant vetting of the funding arrangement by the BOSR, WIEB, and consideration by the EIM Governance Review Committee is a demonstration of prudent decision making that can be used by the SRMPs to support cost recovery in future rate proceedings at state regulatory commissions.