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Charter for WEIM and EDAM Governance		Policy Adopted	12/18/2015



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This Charter details the governance framework for the Western Energy Markets (“WEM”) Governing Body as well as a Body of Regulators and a Regional Issues Forum.

This Charter is intended as a component of the governance framework within which the Board of Governors directs the affairs of the ISO.

1. Membership & Qualifications

1.1 Membership:

1.1.1 A full WEM Governing Body shall have five members.

1.1.2 Members must be independent of ISO market participants and stakeholders, and otherwise comply with the Code of Conduct and Ethical Principles as it applies to Governors of the ISO.

1.1.3 Members must execute a written services agreement with the ISO, as provided in the ISO bylaws.

1.2 Selection:


Members of the WEM Governing Body will be selected pursuant to the Selection Policy for the WEM Governing Body.

1.3 Terms of Office:

Except for the first terms of the initial members of the WEM Governing Body, all terms will be three years. The WEM Governing Body may extend the term of a sitting member whose term is expiring by up to 60 days if requested by the Nominating Committee pursuant to Section 3.4 of the Selection Policy for the WEM Governing Body. The first terms of the initial members will be established by the Board of Governors so that terms are staggered. Members may serve a maximum of three terms, excluding any term that is less than three years.

1.4 Resignation and Vacancies:

A resignation shall be effective upon receipt of written notice by the Chair of the WEM Governing Body, the President or the Corporate Secretary, unless the notice specifies a later time of effectiveness. If a vacancy occurs and eighteen months or more will remain of the term of the departing member, a replacement member shall be selected to fill the vacancy pursuant to the Policy for Selection of the WEM Governing Body. If a vacancy occurs and less than eighteen months remain of the term of the departing member, the WEM Governing Body may, in its sole discretion, request that a replacement member shall be selected to fill the vacancy pursuant to the Selection Policy for the WEM Governing Body. If the WEM Governing Body does not direct that a replacement member shall be selected, then the seat of the departing member will be filled after his or

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her term would have expired. A member selected as a replacement shall serve the unexpired term of his or her predecessor.

2. Mission and Responsibilities

2.1 Mission:

The WEM Governing Body shall promote, protect and expand the success of the Western Energy Markets, meaning both the Western Energy Imbalance Market (“WEIM”) and the Extended Day Ahead Market (“EDAM”), for the benefit of their participants as a whole and the consumers they serve, with due consideration of the interests of all participants in the ISO’s real-time and day-ahead markets, including both participants transacting in the ISO’s balancing authority area and participants transacting in WEIM/EDAM balancing authority areas (meaning the balancing authority areas of WEIM/EDAM entities, collectively).

The WEM Governing Body shall make decisions and recommendations that will:


- Preserve the benefits of existing market offerings and expand them across as broad a footprint as possible;
- Make the most efficient use of available energy resources;
- Reduce, to the extent possible, overall economic cost to customers within the market footprint;
- Maximize availability of existing electric generation resources necessary to promote reliability and meet the needs of all affected electricity customers;
- Help control costs to participate, and in internal operations, so as to ensure that favorable cost/benefit ratios are maintained for the benefit of market participants;
- Protect the ISO market, including the WEIM and EDAM, its participants, and consumers against the exercise of market power or manipulation and otherwise further just and reasonable market outcomes;
- Facilitate and maintain compliance with other applicable legal requirements, including but not limited to environmental regulations and states’ renewable energy goals;
- Respect state and local authority to set procurement, environmental, reliability, and other public interest policies;
- Allow WEIM/EDAM Entities to withdraw from the WEIM/EDAM prior to any action that would cause or create an exit fee; and
- Allow options to expand the functionality of the ISO market to provide additional services.

2.2 Areas of Responsibility / Delegation of Authority:

2.2.1 Decisions and Recommendations about Market Rule Changes

Through the ISO bylaws, the Board of Governors has delegated certain authority to the WEM Governing Body to approve or reject proposed amendments to the Tariff. The Board has also authorized the WEM Governing Body to provide it with advisory input on certain other market rules, as follows:

“Primary authority”: The WEM Governing Body will have primary authority to approve or reject a proposal to change or establish a tariff

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rule applicable to the WEIM/EDAM Entity balancing authority areas, WEIM/EDAM Entities, or other market participants within the WEIM/EDAM Entity balancing authority areas, in their capacity as participants in the WEIM/EDAM. The WEM Governing Body will also have primary authority to approve or reject a proposal to change or establish any tariff rule for the day-ahead or real-time markets that directly establishes or changes the formation of any locational marginal price(s) for a product that is common to the overall WEIM or EDAM markets. The scope of this primary authority excludes, without limitation, any other proposals to change or establish tariff rule(s) applicable only to the CAISO balancing authority area or to the CAISO-controlled grid.

Note: For the avoidance of any doubt, the primary authority definition is not intended to cover balancing authority-specific measures, such as any parameters or constraints, the ISO may use to ensure reliable operation within its balancing authority area.


- “Advisory authority”: The WEM Governing Body may provide advisory input over proposals to change or establish tariff rules that would apply to the real-time and/or day-ahead market but are not within the scope of its primary authority.

The role of the WEM Governing Body will differ depending on which of these two classifications, primary or advisory authority, applies to the proposed changes. As a policy initiative progresses, ISO staff will label the various elements of policy initiatives as falling within one of these two categories, according to a guidance document and process to be approved by the Board of Governors. A decisional matter or part of a decisional matter that falls within the primary authority of the WEM Governing Body will go first to the WEM Governing Body for approval and then, if the matter is approved, to the Board of Governors’ consent agenda, with the option for full briefing and discussion, if requested.

2.2.2 Dispute Resolution regarding Proposed Tariff Changes within Primary Authority


If a proposed tariff rule that falls within the primary authority of the WEM Governing Body is approved by either the WEM Governing Body or the Board of Governors, but not both, then

- At a joint meeting convened after the proposed tariff rule is not approved, the members of the Board of Governors and the WEM Governing Body that did not support the proposed tariff rule should articulate the concerns behind their positions in order to assist management in identifying changes to the proposal that could make it acceptable. The Board of Governors and WEM Governing Body may also use time during that meeting to discuss how the proposal could be changed to address the areas of disagreement, and encourage stakeholders to comment on this issue during the joint meeting.
- After this joint meeting, the proposal would be returned to ISO staff for further stakeholder proceedings to consider potential alternatives to the original proposal. When an alternative proposal is brought back for approval, it will be considered during a joint meeting of the WEM

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Governing Body and the Board of Governors subject to two special rules:

- (i) If the two bodies do not both approve the proposal and one of the two bodies votes in favor of a proposal and votes to have it submitted to FERC based on that body's approval alone, this would trigger a dual filing as provided in Section 2.2.3 with the proposal approved together with whatever alternative proposal the other body approves.
- (ii) If no proposal is approved by either body or if the body that approved a proposal does not vote to file it without the approval of the other body, then the bodies may jointly provide direction to management about whether and how to continue in developing a proposal for further consideration by both bodies.
- Alternatively, the Board alone may authorize a FERC filing if, and only if, all of the following conditions are met:
 - (i) The Board, by unanimous vote, makes a finding that the two bodies have reached an impasse and that exigent circumstances exist such that a tariff amendment is critical to preserve reliability or to protect market integrity. Unless the circumstance is so time critical as to require immediate action, this finding may be made only after management has presented an initiative to both bodies a second time in an effort to propose a tariff change that both bodies can approve. In such a time- critical circumstance where there is not sufficient time to develop and vote on a revised proposal, the Board may by unanimous vote approve a filing on an expedited basis without completing the second attempt to find an acceptable proposal. The Board must set forth the basis for any and all of its findings justifying exigent or time critical circumstances in writing.
 - (ii) If the Board authorizes such a filing, the FERC filing shall include any written opinion or other statement the Governing Body may decide to offer regarding the proposed tariff amendment.
 - (iii) The Governing Body would have the option to retain outside counsel to assist in preparing any written opinion or statement on the proposed tariff amendment that it decides to include in the filing.
 - (iv) Following a FERC order approving a filing that was made at the direction of the Board alone due to exigent circumstances, the WEM Governing Body may approve a proposed durable solution to the circumstances that gave rise to the filing, which should then be presented to the Board. If the Board does not approve the same proposal, the Board will be deemed to have approved a dual filing with FERC as provided in Section 2.2.3 that contains the proposal approved by the WEM Governing Body and any alternative approved by the Board

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as a durable solution to the same circumstances.

2.2.3 Any “dual filing” that results from the dispute resolution process in Section 2.2.2 will be submitted to FERC in a single document prepared by the ISO. The filing will describe each body’s proposal in detail sufficient to permit reasonable review by FERC. If one body does not approve any related proposal and instead votes to maintain the status quo, the filing will reflect for that body a position that would maintain the status quo. FERC would not be required to consider whether the then-existing filed rate is unlawful, and may adopt any or all of either body’s proposal as it finds, in its discretion, to be just and reasonable and preferable, subject only to any limitations the bodies place on choosing elements from each proposal. Management will work with the Chairs of the Board of Governors and the WEM Governing Body, or the two bodies in full, to ensure that the explanation of each body’s proposal is reflected accurately and that the two proposals are presented as co-equals with no preference indicated.


2.2.4 If the WEM Governing Body Advises the Board Not to Adopt a Proposal

If the WEM Governing Body exercises its advisory authority by advising the Board to not adopt a proposal in whole or in part, the advice must be discussed during a joint general session of both bodies before the Board votes on the proposal. If the Board then approves the proposal to be filed with FERC, the WEM Governing Body would have the option to retain outside counsel or other independent assistance to assist in preparing a written opinion or statement of its opposition that will be submitted to FERC in the proceeding in which the ISO makes its tariff filing.

2.2.5 Dispute Resolution regarding Decisional Classification

If either the Chair of the Governing Board or the Chair of the WEM Governing Body notifies the Corporate Secretary that he or she objects to an initial determination by ISO staff about how to categorize a policy initiative that proposes to amend or modify the ISO Tariff, the Corporate Secretary will add the issue to the agenda of a joint meeting of the Governing Board and the WEM Governing Body, or schedule a special meeting as necessary to decide the issue. The joint meeting will be governed by the rules and policies that govern meetings of the Board of Governors except as follows:

- (i) A quorum must be present from both the Governing Board and the WEM Governing Body, and
- (ii) The joint bodies will determine how to classify the proposed amendment or modification. The act of the joint bodies will be determined by the affirmative vote of a majority of the combined members of both bodies who are participating in the joint meeting. If either the Board of Governors or the WEM Governing Body does not have five members seated

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at the time of a vote on decisional classification, the votes of the members of that body will be weighted so that the body has five total votes. If the vote is a tie, the matter shall be decided by the vote of the Chair of the Governing Board.

2.3 Re-Evaluating WEM Governance

No later than June 2026, the WEM Governing Body will initiate a review of WEM governance in light of accumulated experience and changed circumstances. Additionally, the WEM Governing Body has the ability to commence a governance review, in consultation with the Board of Governors, if a majority or greater number of existing EDAM entities were to announce their exit from EDAM.

3. Market Analysis

3.1 Approval of Market Surveillance Committee Nominations

The ISO Board will not approve the nomination of any person to the Market Surveillance Committee, pursuant to Tariff Appendix O, Section 4.4, unless the WEM Governing Body has also jointly approved the nomination.

3.2 DMM Oversight Committee

The WEM Governing Body will select one of its members to be a non-voting participant at the DMM Oversight Committee of the ISO Board. Participation in those meetings will be subject to any confidentiality requirements of the subject matter discussed, which shall be specifically identified, such as personnel matters.

3.3 Governing Body Market Expert.


The WEM Governing Body is authorized to retain by written contract a market expert, as it deems necessary to discharge its responsibility. This expert's role must be consistent with the WEM Governing Body's mission to promote the success of WEIM and EDAM for all market participants as set forth in Section 2.1 of this Charter and shall not include market monitoring. The role of and need for the market expert will be re-evaluated after an appropriate period of time at the discretion of the Governing Body, based on experience.

4. Administration of the WEM Governing Body

4.1 The ISO will assign a full-time staff member to serve the administrative needs of the WEM Governing Body and to ensure that other ISO personnel provide any support needed by the WEM Governing Body.

4.2 In discharging its responsibilities, the WEM Governing Body may inquire into any matter it considers appropriate and relevant to its mission, and may have access to all books, records, facilities and personnel of the ISO. The WEM Governing Body should report to the Governing Board if it believes that the ISO has failed to provide adequate resources to support the WEM Governing Body's fulfillment of its responsibilities.

4.3 The WEM Governing Body shall select a Chair from among its Members who will preside over meetings, serve as the primary contact with ISO management,

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and enlist the necessary assistance of other members of the WEM Governing Body in accomplishing the responsibilities assigned to the WEM Governing Body.


- 4.4 A quorum for any meeting of the WEM Governing Body shall be two-thirds of the members then in office. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of members, provided that any action taken is approved by the required number of members, as specified in these bylaws. Two-thirds of the members then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.
- 4.5 The affirmative vote of a majority of the members then in office shall be the act of the WEM Governing Body. Each member shall have one vote. Members who have recused themselves on a particular matter will not be counted for purposes of determining whether a sufficient vote exists for purposes of actions taken by the WEM Governing Body on that matter.
- 4.6 The WEM Governing Body may fix its own time and place of meetings. Meetings may be called by the Chair of the governing body at such dates, time and places as the WEM Governing Body shall determine. The regularly scheduled meetings of the WEM Governing Body shall be established in advance for each calendar year.
- 4.7 Special meetings of the WEM Governing Body may be called at any time by the President, the Chair or a majority of the members of the WEM Governing Body then in office.
- 4.8 Meetings shall be conducted in accordance with the ISO's Open Meeting Policy, as if the WEM Governing Body were the Board of Governors. In addition, to ensure open access to the meetings as well as adequate notice to both the public and members of the WEM Governing Body, meetings will be governed by Article III Section 7.3, 8 through 10 and 17 of the ISO bylaws as if the term "Governing Board" in those sections referred to the WEM Governing Body and the term "Governor" or "Governors" referred to members of the WEM Governing Body.
- 4.9 Minutes shall be kept of each meeting, and shall be maintained as a record of the ISO.

5. Secretary

The Corporate Secretary or his or her designee will serve as the Secretary to the WEM Governing Body.

6. Body of Regulators

- 6.1 ISO staff shall facilitate periodic meetings by a Body of Regulators.
 - 6.1.1 Membership: The Body of Regulators will consist of one commissioner from each of the state public utilities commissions in which a load-serving utility

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participates in the ISO real-time market, including both the ISO balancing authority area and WEIM and/or EDAM balancing authority areas. Each state public utilities commission will select its own representative to the body. When necessary, a state public utilities commission may select a representative who is not a commissioner.

6.1.2 Purposes:

6.1.2.1 Nominating committee: The Body of Regulators may select a voting member of the Nominating Committee for the WEM Governing Body, as provided in the Selection Policy for the WEM Governing Body.

6.1.2.2 Inform regulators: Through its meetings, the Body of Regulators with assistance from ISO staff will inform regulators about the WEIM, EDAM, the WEM Governing Body and related ISO developments that may be relevant to their jurisdictional responsibilities.

6.1.2.3 Advice and input: The Body of Regulators should provide advice to the WEM Governing Body upon request, and otherwise provide input to the WEM Governing Body and stakeholders. The Body of Regulators also may, as necessary, provide its opinions to FERC regarding any proposed tariff amendment within the scope of the WEM Governing Body's primary authority.


6.1.3 The Body of Regulators should conduct periodic meetings. In order to reduce travel costs and facilitate attendance, meetings may be held in conjunction with the meetings of other groups that members may attend, such as the Western Interstate Energy Board.

6.2 Self-Governing: The Body of Regulators may establish its own rules, procedures or practices to govern meetings. Membership in the Body of Regulators does not restrict members from taking any position before FERC or in any other forum concerning matters related to the ISO, WEIM or EDAM.

7. Regional Issues Forum

7.1 A Regional Issues Forum will meet at least three times annually, as determined by the stakeholder liaisons who organize the meetings.

7.1.1 Purpose: The Regional Issue Forum will discuss issues related to western energy markets. The Regional Issues Forum may discuss items that are already in an ongoing ISO stakeholder process. In such instances, the function of the Forum will be to facilitate discussion or to provide educational or informational content and not to serve as a means for duplicating or circumventing the formal ISO stakeholder process. Such discussions should not be considered to be a part of any such formal stakeholder process. The Forum may share opinions on issues regarding WEIM, EDAM and relevant topics, or address topics suggested by the ISO. The forums may produce documents or opinions for the benefit of the WEM Governing Body or the ISO. The Forum is expected to establish its own procedures and methods of operation.

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7.1.2 Open meetings and availability of materials: The meetings of the Forum will be open to all members of the public. All materials used in or generated by the meetings shall be made available to the public.

7.1.3 Meetings organized by stakeholder liaisons: Meetings will be organized by liaisons, who will facilitate input and participation from their respective sectors on the topics and content of the meeting in order to ensure that a diversity of input is heard. Liaisons will be selected as described below in Section 6.2. Liaisons and the organizations they are affiliated with will be responsible for all costs associated with organizing and traveling to meetings.

7.2 Selection of Liaisons: Liaisons of this Regional Issues Forum shall be self-selected by each of the sectors described below in a manner similar to how stakeholder sectors select representatives to evaluate candidates for the ISO Board of Governors, and how they selected nominees to the EIM Transitional Committee. The following sectors may select two liaisons each:

- WEIM entities (as defined in the Tariff under EIM Entity);
- ISO participating transmission owners (as defined in the tariff);
- Consumer-owned utilities located within an WEIM balancing authority area that are not included in another sector;
- Public interest groups and consumer advocate groups that are actively involved in energy issues within the WEIM footprint; and
- Independent power producers and marketers who engage in transactions within the WEIM footprint.

In addition, federal power marketing administrations may select one liaison.


EDAM Entities may also select one liaison after an executed EDAM implementation agreement is filed with FERC.

7.3 Report at Meetings of Governing Body: At each meeting the WEM Governing Body, there shall be an agenda item for the Chair of the Regional Issues Forum to report on the Forum's activities.

7.4 Roundtable Discussion about Policy Priorities

To begin the annual policy roadmap process, the RIF will host a roundtable discussion about priorities within the set of possible discretionary initiatives. This discussion should take place after the CAISO compiles the catalog of possible initiatives, identifies those that are required by FERC or otherwise mandatory and provides very general guidance on the capacity available in coming years for additional discretionary initiatives. It would precede management's publication of its own proposed prioritization among the discretionary initiatives and the remainder of the currently effective process.

Each stakeholder sector will designate a representative to articulate their sector's priorities during a RIF roundtable discussion.

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8. ISO Support for the Body of Regulators and the Regional Issues Forum

- 8.1 The ISO will identify a staff liaison for the Body of Regulators, who will provide the body with assistance and support to perform its functions, as appropriate and necessary. Such assistance will include facilitation of meetings, if requested by the Body of Regulators, education and information about WEIM or EDAM and the activities of the WEM Governing Body, and reimburse travel expenses incurred by one representative from each state commission to attend meetings, to the extent reimbursement is requested and permitted under applicable state ethics rules.
- 8.2 The ISO shall assist the Regional Issues Forum liaisons in communicating with stakeholders and coordinating meetings, including meetings that the liaisons choose to hold at ISO facilities. The ISO will not be responsible for preparing reports or other written work product for the Regional Issues Forum. ISO staff may choose to respond to any written work product generated by the forum and will be available to work collaboratively with liaisons.

9. Modifications of this Charter

Substantive changes to this Charter must be approved by the Board of Governors.

Any proposed substantive changes will be presented first to the WEM Governing Body for its advisory input to the Board of Governors. Any changes to Sections 6 or 7 that the WEM Governing Body advises the Board to approve will be placed initially on the Board's consent agenda.

The Board of Governors may change Section 2.2 only under the same conditions that apply to amending Article IV of the ISO corporate bylaws, as detailed in Article IX, Section 3 (b) and (c) of the bylaws.

Management will review this charter on an annual basis and recommend any updates in accordance with the procedures in this Section.