

**SUMMARY OF RTO WEST GOVERNANCE CONSENSUS PROPOSAL**

Members

- Composition: Five membership classes: Major Transmitting Utilities; Transmission-Dependent Utilities; Nonutility Entities; Retail Customers; State and Provincial Energy Authorities and Utilities Commissions/Tribal Utility Regulatory Authorities/Unaligned Entities.
- Requirements for Membership in RTO: Must be eligible for membership in an established class and pay reasonable membership fee.
- Member Rights: Elect members of Trustees Selection Committee; participate in Board Advisory Committee (and in connection therewith request information and studies from RTO staff, subject to reasonable controls on staff time and resources from RTO CEO and Board); propose issues to Board for consideration; vote on specified articles and bylaws amendments (such as amendment of provisions relating to member voting rights); vote to dissolve corporation.
- Voting: Members vote by class except as provided below with respect to sub-class voting rights in Trustees Selection Committee member elections.

Board of Trustees

- Composition and Term: Nine members, divided into three classes of three members each; each Trustee serves a three-year term (except in case of initial Board, where Trustees by drawing straws will divide into three initial classes, with one class serving a one-year term, one class serving a two-year term and one class serving a three-year term).
- Selection/Removal: Trustees elected and removed by Trustees Selection Committee.
- Responsibilities:
  - Board has ultimate responsibility for management of RTO; delegates management authority in specific areas to RTO officers and defines limits of such authority.
  - Board may appoint standing or ad hoc committees to assist it in performing its functions.
- Voting: Board acts by majority vote except where otherwise specified (e.g., not less than 2/3 of Trustees required to approve removal of Trustee for cause).
- Procedures:
  - Board meetings open to public.
  - Agenda and briefing papers for any Board meeting required to be available for public review and comment for specified time prior to applicable meeting (except in cases of emergency).

Trustees Selection Committee ("TSC")

- Composition: 30 TSC members in total, elected by RTO members as described below.
- Responsibilities: Elect and remove Trustees.
- Election of Committee Members: Each RTO member class elects six principal and six alternate TSC members. RTO members vote by class unless class members have elected to allocate voting rights among specified sub-classes. Initial bylaws will recognize following allocation of voting rights by sub-class:
  - Nonutility Entities Class: In event there are any members in this class aside from IPPs, QFs and FERC-jurisdictional power marketers, such members will elect one TSC member; the IPP, QF and FERC-jurisdictional power marketer members of the class will elect all other TSC members which this class is entitled to elect (although such IPP, QF

and power marketer members may determine to create their own separate sub-classes among which to apportion such votes).

- Retail Customers Class: Retail customers having <5 MW load elect two TSC members (with residential customers alone electing one of such two members); retail customers having  $\geq 5$  MW load elect four TSC members (with customers that are RTO-qualified Scheduling Coordinators electing one of such four members).
- State and Provincial Energy Authorities and Utilities Commissions/Tribal Utility Regulatory Authorities/Unaligned Entities: State and provincial energy authorities and utilities commissions and NWPPC elect four TSC members; tribal utility regulatory authorities elect one TSC member; unaligned entities elect one TSC member.
- Election of Trustees:
  - Nominees must receive 24 out of 30 TSC votes to be elected as Trustee.
  - Members of TSC do not vote by class; each member is entitled (and required) to cast one vote for each Board vacancy (cannot cumulate votes).
  - Initial election of Trustees: executive search firm provides slate of 12-15 qualified candidates for nine open positions.
  - Subsequent annual elections of Trustees: slate of candidates is required to be twice the number of Board vacancies (less any vacancies for which the incumbent Trustee is running for re-election); any number of nominees required in excess of incumbents running for re-election are provided by executive search firm.
  - If not all open positions filled in first election round, runoff election will be held (Board may require search firm to locate new candidates as part of such process).
  - All TSC votes open and public.

#### Board Advisory Committee ("BAC")

- Composition: BAC membership open to any RTO member; BAC members not elected and not divided into classes.
- Responsibilities:
  - BAC provides advice to Board, promotes input on Board decisions and provides focal point for dissemination of information; does not have a gatekeeper function (BAC in no way limits Board authority).
  - BAC members do not vote on any issue; members provide advice to Board in form of position papers reflecting consensus view of BAC members where consensus has been reached on issue, or all divergent views of BAC members where consensus has not been achieved.
  - In event Board wishes further consideration of or further efforts to develop consensus on any issue referred from BAC, Board may appoint ad hoc committee or take any other action it deems appropriate.
- Procedures:
  - BAC procedures will ensure opportunity for all RTO members to propose any issue to BAC for consideration, and adequate notice of and opportunity to comment on any issue under consideration by BAC (without regard to whether the issue has been referred to BAC by an RTO member, Board or any other source).
  - BAC procedures will also ensure adequate and appropriate structure for conduct of BAC business in effective and timely manner.

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