

TO: MEMBER REPRESENTATIVES COMMITTEE
REGIONAL ENTITY EXECUTIVES
CANADIAN ELECTRICITY ASSOCIATION
CANADIAN ASSOCIATION OF MEMBERS OF PUBLIC UTILITY TRIBUNALS
CANADIAN REGIONAL REGULATORS
NERC ROSTER
REGISTERED ENTITIES
ALL OTHER INTERESTED ENTITIES AND PERSONS

FROM: Frederick W. Gorbet, Chair
Board of Trustees Nominating Committee

SUBJECT: Opportunity to Suggest Canadian Candidates for the Board of Trustees of the North American Electric Reliability Corporation

DATE: May 29, 2018

DEADLINE: June 30, 2018

The Nominating Committee for the Board of Trustees of the North American Electric Reliability Corporation is providing an opportunity for stakeholders to suggest candidates to serve as an independent Canadian member of NERC's Board of Trustees. NERC is the entity certified by the Federal Energy Regulatory Commission under section 215 of the Federal Power Act to be the electric reliability organization within the United States. NERC has equivalent relationships with most similar governmental authorities in Canada.

The Nominating Committee for this year is comprised of the following individuals:

Independent Trustees

Frederick W. Gorbet, Chair
Janice B. Case
George S. Hawkins
Suzanne Keenan
Robin E. Manning
Jan Schori
Roy Thilly

MRC Representatives

Jason Marshall
Greg Ford
Sylvain Clermont
Bill Gallagher
Jennifer Sterling
John Twitty

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The independent Trustees whose terms expire at the 2019 annual meeting are Robert G. Clarke, Kenneth W. DeFontes, Jr., and David Goulding. The Committee has determined that Messrs. Clarke, DeFontes and Goulding are willing and interested to serve an additional term, and has made a preliminary determination that it will nominate them for re-election. In addition, the Board of Trustees has determined to expand the Board for 2019 to allow for the election of a Canadian trustee in advance of the expiration of another Canadian trustee's term in 2020. The Committee thus expects to include one new Canadian nominee on its proposed slate.

The process for the nomination of and election of trustees is attached. In addition, the Nominating Committee has retained Odgers Berndtson to assist in the search and screening of candidates. Odgers Berndtson has prepared with the Committee a position specification, which is also attached. Candidates must be prepared to demonstrate they would be able to meet the independence requirement and be free from conflicts of interest. The attached position specification summarizes NERC's requirements, which are contained in its Bylaws and related policies that are available at www.nerc.com.

Please submit all suggestions for candidates to Trevor Smith of Odgers Berndtson, at trevor.smith@odgersberndtson.com. **All suggestions for candidates must be received by June 30, 2018.**

Procedures for Nomination and Election of Trustees

1. The Nominating Committee comprises the Trustees whose terms are not expiring at the next Annual Meeting and at least three representatives of the Member Representatives Committee.
2. The Nominating Committee will ask for suggested candidates by posting notice on the NERC web site and sending notice to the NERC roster.
3. The notice will include the names of the Trustees whose terms are expiring, identify any other vacancies, and establish a deadline for submitting suggestions.
4. Any member of the Board, NERC, the Member Representatives Committee, the NERC standing committees, a Regional Reliability Entity or Organization, or any other interested entity or person may submit suggested candidates for consideration by the Nominating Committee. The Nominating Committee, at its discretion, may also engage a consultant to seek out candidates.
5. Candidates must demonstrate they will be able to meet NERC's independence criteria.
6. The Nominating Committee, at its discretion, may engage a consultant to assist in screening candidates.
7. The Nominating Committee will present a slate of one nominee for each position to be filled.
8. The Nominating Committee will send its slate of nominees to the Member Representatives Committee no later than three weeks before the Annual Meeting.
9. If a nominee fails to receive at least a two-thirds favorable vote from the members of the Member Representatives Committee, then the Nominating Committee will present an additional nominee for consideration by the Member Representatives Committee, as necessary. The additional nominee may be selected from the list of suggested candidates developed through these procedures, or the Nominating Committee may solicit additional suggestions.

BRIEFING DOCUMENT

Canadian Trustee

May 2018

NERC

**NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION**



NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

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CONTACT INFORMATION

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CORPORATE OVERVIEW

On November 9, 1965, a blackout darkened the northeastern United States and southeastern Canada, affecting the lives of 30 million people. It raised many questions about the reliability of the continent's interconnected bulk power system. In response, on June 1, 1968, the electric industry established the North American Electric Reliability Council (NERC). NERC was initially a voluntary, non-profit corporation owned by ten (subsequently consolidated into eight) Regional Reliability Councils which set and monitored compliance with standards designed to insure the operating reliability of the electricity network. This voluntary-based structure changed through the passage of the U.S. Energy Policy Act of 2005, which called for the creation of an international "electricity reliability organization" (ERO). The ERO has the authority to develop and enforce mandatory standards for the reliable operation and planning of the bulk power system throughout North America. NERC was designated as the ERO by the U.S. Federal Energy Regulatory Commission (FERC) on July 20, 2006.

Today, NERC (now officially the North American Electric Reliability Corporation) is the industry's self-regulatory organization dedicated to assuring the reliability of the bulk power system in North America. NERC is subject to oversight by FERC and relevant governmental authorities in Canada. In March 2017, NERC executed a memorandum of understanding with Mexican regulatory authorities, whereby NERC is recognized as the ERO in North America. The memorandum of understanding outlines the framework and process for continued collaboration to enhance the reliability of electric power systems in Mexico and the United States, including the adoption of mandatory NERC Reliability Standards in Mexico and opportunities for formal Mexican participation in the ERO.

To achieve its mission, NERC develops and enforces reliability standards, assesses adequacy annually via a 10-year and winter and summer forecast, monitors the bulk power system, analyzes system events and disturbances, and educates, trains, and certifies industry personnel. NERC also monitors emerging risks to the system and provides analyses and assessments, including policy recommendations regarding such risks. Membership in NERC is free, voluntary, and open to any person or entity with an interest in the reliable operation of the North American bulk power system. An application is required and membership maintained in accordance with Article II of NERC's Bylaws.



Each member (today, more than 500) will join one of 12 industry sectors (investor-owned utility, state or municipal utility, cooperative utility, federal or provincial utility/power marketing administrator, transmission-dependent utility, merchant electricity generator, electricity marketer, large end-use electricity customer, small end-use electricity customer, independent system operator/regional transmission organization, regional entity, government representative) and is eligible for selection as a sector representative on the NERC Member Representatives Committee (MRC). The MRC elects NERC's independent trustees, votes on amendments to the bylaws, and provides advice and recommendations to the Board with respect to the development of annual budgets, business plans and funding mechanisms, and other matters pertinent to the purpose and operations of NERC.

Today, NERC oversees reliability for a bulk power system that spans 11 sovereign jurisdictions across North America, which includes the United States, Canada and Mexico. The total electricity demand exceeds 870,000 megawatts with approximately 450,000 miles of high-voltage transmission lines. Its streamlined staff of 190 dedicated employees is based at NERC's headquarters in Atlanta and in an office in Washington, D.C.



POSITION DESCRIPTION

NERC is governed by a Board of Trustees (Board) comprised of 10 independent trustees (which will increase to 11 in 2019 for one year as the new Canadian trustee is added, and then decrease to 10 in 2020) and the president and CEO of NERC. Prospective trustees are screened and then interviewed by a hybrid Nominating Committee consisting of independent trustees not eligible for reelection plus members of the MRC. The Nominating Committee recommendation(s) are presented to the full MRC in December to be voted on at the annual meeting of the MRC in early February. Newly elected trustees serve for a term of three years.

Trustees have a broad spectrum of expertise, which include knowledge of electric operations and reliability, legal, market, financial matters, and familiarity with regional system operation issues. Diversity – in the form of geography, gender, and ethnicity – is a core value. Trustees must be independent of the industry, both in employment and financial ownership. Trustees are expected to attend all Board meetings in person and to serve on at least two of the following standing committees: compliance, technology and security, enterprise-wide risk, corporate governance and human resources, finance and audit, and nominating.

2019 Meeting Dates

February 5-7	Manhattan Beach, CA
May 7-9	St. Louis, MO
August 13-15	Quebec City, Canada
November 4-6	Atlanta, GA

The Board operates in a transparent manner, with most Board meetings open to the public. Meeting announcements are broadly distributed and attendees may include representatives from regulatory agencies, members, other stakeholders, and the press. Attendance usually ranges from 200-250 people.

Trustees are expected to arrive a day or two before the scheduled quarterly Board meetings to attend additional meetings with stakeholders and others. In addition to the regularly scheduled quarterly meetings, the Board and its committees hold a number of special meetings and conference calls throughout the year focused on specific issues. Trustees are also requested to attend at least two additional outreach meetings a year to include a combination of any of the following: Regional Entity Board meetings, trade meetings, technical committee meetings, etc. Also, one trustee is assigned as an observer to the Electricity Subsector Coordinating Council (ESCC).



CANDIDATE PROFILE

As can be seen on NERC's website, www.nerc.com, the composition of the Board of Trustees, individually and collectively, provides the Board with a broad array of expertise and experience. We seek a spectrum of skills in order to ensure a diverse Board composition. This includes individuals with prior board experience and skill sets that include familiarity with regulatory constructs that have a risk-based compliance and enforcement aspect, as well as with strategic planning.

Ideally, candidates will have an understanding of the utility industry structure including the contiguous bulk power system and its associated regulatory construct. This would include knowledge of the Canadian electricity landscape including some familiarity with (but not necessarily deep technical expertise in):

- the structure and operating characteristics of the electric generation and transmission systems in Canada; and
- provincial and federal policies and regulatory regimes governing the electric industry.

Candidates will have experience and be comfortable in dealing with large and diverse groups of stakeholders. We seek individuals with senior executive leadership and Board experience in their background, along with knowledge across a broad base, such as: financial leadership, electricity markets, risk management, cyber security, information technology, and human resources practices. A demonstrated track record in pragmatic business management is attractive. We also seek geographic, ethnic, and gender diversity.

Candidates must also fit within the culture of the Board that can be described as open, candid and focused on respectful debate, is obliged to the highest ethics and brings a sincere commitment to the public interest, and a culture in which trustees take responsibility individually and as a group for the actions of the organization. Individuals must be comfortable working transparently in an open board setting in which meetings are held open to the public.

To minimize the possibility of conflicts of interest, we require each new trustee to be truly independent. By this, we mean a person who is not an officer, employee, director or consultant providing advisory services to an entity that would reasonably be perceived as having a direct financial interest in the outcome of Board decisions and who does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a trustee. A newly-elected trustee must terminate any prohibited financial interest or other relationship with an entity included on NERC's Compliance Registry



within 60 days of election to the Board. The prohibited interests mentioned above apply to members of his or her immediate household as well.

Regardless of background and functional expertise, each NERC trustee must possess a keen interest in multi-faceted problem solving and be comfortable discussing “big picture” strategy issues along with detailed industry technical speak. Furthermore, the candidate(s) must exhibit a willingness and desire to bring out the best in fellow Board members, foster a spirit of teamwork, and proactively address the myriad of economic, social, political, and regulatory issues that will impact NERC’s core mission of improving the reliability and security of the bulk power system in North America.

Service as a NERC trustee requires a substantial time commitment. Based upon empirical measurement, the average trustee can spend up to 10 hours per week on NERC matters. There is a considerable amount of reading in order to prepare for Board meetings, including briefing papers and technical assessments. Trustees are expected to come prepared to discuss issues.

The Board seeks a trustee that can commit to at least two, three-year terms, while ideally being able to serve the allowable four-term limit.



BOARD COMPENSATION

The current Board compensation is set forth below. Each trustee will receive a retainer, as well as travel reimbursement for each meeting. The Board of Trustees is scheduled to review Board compensation at its August 2018 Board meeting, with any modifications effective as of January 2019.

Annual Retainer: \$US 112,500

Committee Chair/ESCC Retainer: \$US 10,000



CONFIDENTIALITY

Odgers Berndtson respects the privacy and confidentiality of personal information provided by candidates in our search assignments. In accordance with the Personal Information Protection and Electronic Documents Act ("PIPEDA"), a copy of our Privacy Policy is available for your review on our website at <http://www.odgersberndtson.com/en-ca/privacy-statement-canada>

By providing us with a copy of your resume and any subsequent personal information directly or from third parties on your behalf such as references, you understand that it has been furnished with your consent for the purpose of possible disclosure to our client, who has agreed to comply with our Privacy Policy. We will not disclose your personal information to clients without your prior knowledge and consent.

Thank you for considering this important opportunity. This document is intended to provide the reader with information and is not a contractual document. Some of the material therefore may be subject to change. Please feel free to contact us should you have any questions.