

TO: MEMBER REPRESENTATIVES COMMITTEE
REGIONAL ENTITY EXECUTIVES
NERC ROSTER
REGISTERED ENTITIES
ALL OTHER INTERESTED ENTITIES AND PERSONS

FROM: George S. Hawkins, Chair
Board of Trustees Nominating Committee

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

DATE: June 24, 2019

DEADLINE: **July 19, 2019**

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 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

George S. Hawkins, Chair
Robert G. Clarke
Kenneth W. DeFontes
Dave Goulding
Robin E. Manning
Jan Schori
Colleen Sidford

MRC Representatives

Greg Ford
Jennifer Sterling
Sylvain Clermont
Roy Jones
Lou Oberski

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The independent Trustees whose terms expire at the 2020 annual meeting are Janice B. Case, Frederick W. Gorbet, Suzanne Keenan, and Roy Thilly. Trustees Case and Gorbet have reached their full term limit of 12 years and are ineligible for re-election, the Committee has determined that Trustees Keenan and Thilly 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 expanded the Board one seat for 2019 in order to add a Canadian trustee to allow for transition activities. The Board has already determined to reduce the Board by one for 2020. That would result in one new Trustee for the 2020 proposed slate.

The process for the nomination of and election of trustees is attached. In addition, the Nominating Committee has retained Lyceum Leadership Consulting to assist in the search and screening of candidates. Lyceum Leadership 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 Tom Linqvist and Donna Frakes of Lyceum Leadership, at thomas.linqvist@leadershiplyceum.com and donna.frakes@leadershiplyceum.com. **All suggestions for candidates must be received by July 19, 2019.**

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.

ROLE SPECIFICATION



North American Electric Reliability Corporation
Board of Trustees

CONFIDENTIAL: Lyceum Leadership Consulting is advising the company under an exclusive consulting engagement. The following details are solely for your use related to the NERC Board of Trustees search and shall remain confidential.

THE ORGANIZATION

North American Electric Reliability Corporation (NERC)

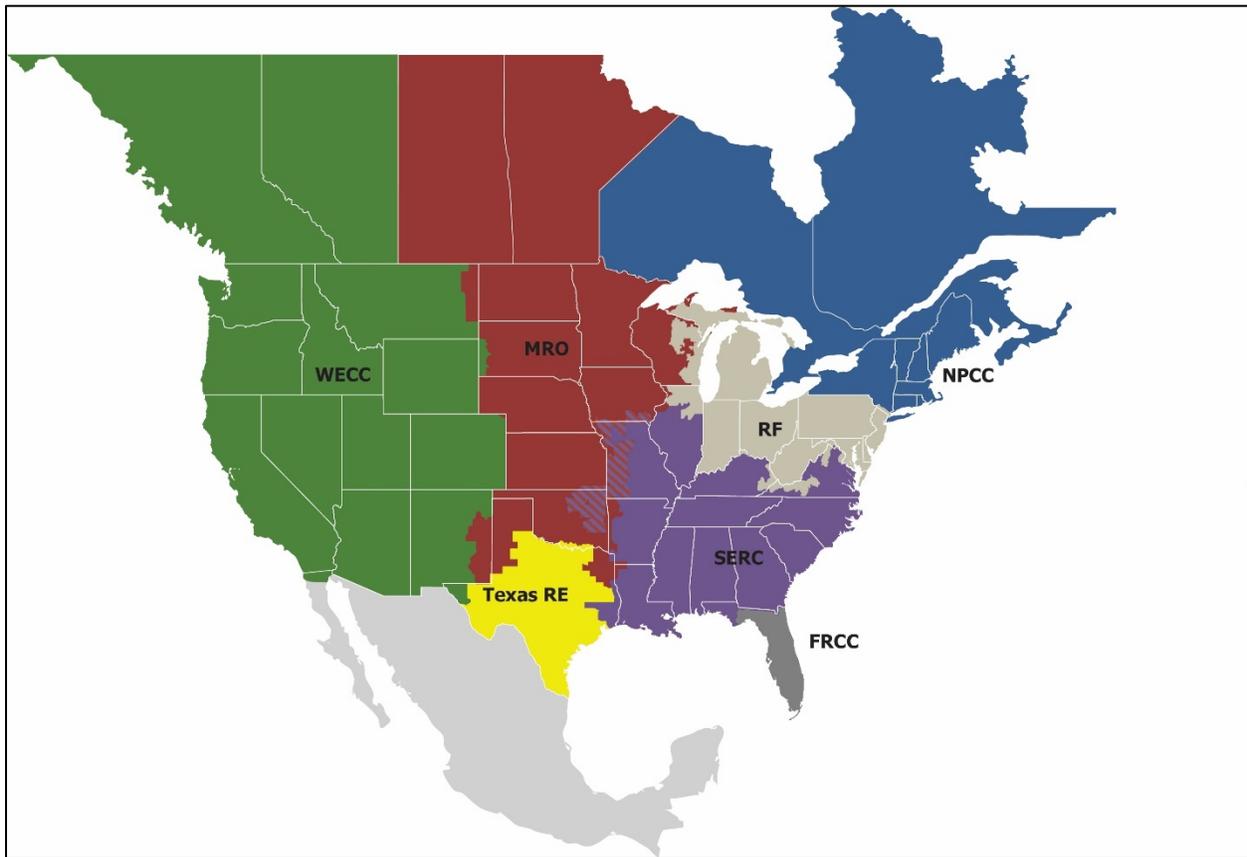
NERC (<https://www.nerc.com/>) is a not-for-profit international regulatory authority whose mission is to assure the effective and efficient reduction of risk to the reliability of the bulk power system in North America and security of the grid. To achieve its mission, NERC develops and enforces Reliability Standards; annually assesses seasonal and long-term reliability; monitors the bulk power system through system awareness; and educates, trains, and certifies industry personnel. NERC's area of responsibility spans the continental United States, Canada, and the northern portion of Baja California, Mexico. NERC is the electric reliability organization (ERO) for North America, subject to oversight by the Federal Energy Regulatory Commission (FERC) and governmental authorities in Canada. NERC's jurisdiction includes users, owners, and operators of the bulk power system, which serves more than 334 million people.

NERC's compliance registry includes approximately 1,400 users, owners, and operators of the bulk power system. NERC carries out its day-to-day compliance monitoring and enforcement activities through delegation agreements with seven Regional Entities. NERC is fuel and technology neutral and does not address commercial or market issues.

In 2007, FERC approved agreements by which NERC delegates its authority to monitor and enforce compliance to seven Regional Entities. Effective July 1, 2019, there will be six Regional Entities when FRCC will become part of SERC. The members of the Regional Entities come from all segments of the electricity industry: investor-owned utilities; federal power agencies; rural electric cooperatives; state, municipal, and provincial utilities; independent power producers; power marketers; and end-use customers. These entities account for virtually all the electricity supplied in the United States, Canada, and the northern portion of Baja California, Mexico. The entities are as follows.

- Florida Reliability Coordinating Council (FRCC). (NOTE: FRCC's regional entity function will become part of SERC effective 7/1/19)
- Midwest Reliability Organization (MRO)
- Northeast Power Coordinating Council (NPCC)
- ReliabilityFirst (RF)
- SERC Reliability Corporation (SERC)
- Texas Reliability Entity (Texas RE)
- Western Electricity Coordinating Council (WECC)

NERC REGIONAL ENTITIES MAP



*Please note that the regional boundaries in the NERC Regions map (also shown above) are approximate. The highlighted areas denote overlap as some load-serving entities participate in one Region while associated transmission owners/operators participate in another.

Bulk-Power System Oversight Key Facts:

NERC oversees reliability for a Bulk-Power System that:

- Provides electricity to 334 million people;
- Has a total electricity demand of 830 gigawatts (830,000 megawatts);
- Has 211,000 miles, or 340,000 kilometers of high-voltage transmission lines (230,000 volts and greater); and
- Represents more than \$1 trillion worth of assets.

THE NERC BOARD OF TRUSTEES

NERC is governed by a [Board of Trustees](#) that will, as of February 2020, be comprised of ten (10) independent Trustees and the President of NERC. According to the NERC bylaws, Trustees have expertise in electric operations and reliability; legal, market, financial, cyber, and regulatory matters; familiarity with regional system operation issues; and, they reflect geographic diversity. NERC also aspires to have ethnic and gender diversity across its Board of Trustees. Trustees are independent of the industry and must commit to serve the public interest and represent the reliability concerns of the entire North American electric system. Trustees are elected by the Member Representatives Committee, serve three-year terms and may not be re-nominated or re-appointed after serving twelve (12) consecutive years, unless at least one year has elapsed between the end of service on the Board and the subsequent re-nomination or reappointment.

Board of Trustees Roles and Responsibilities

The Board is elected by the [Member Representatives Committee](#) (“MRC”) to act on behalf of a broad and diverse stakeholder community that looks to the Board for leadership on the reliability issues facing the electric industry. Each Trustee has a responsibility to be open and honest, though respectful, in communications with others and to be fair and impartial in all aspects of his or her deliberations and decision-making. Each Trustee has a responsibility to constructively engage in furthering NERC’s mission, including a responsibility to raise issues or viewpoints of importance to that mission even when those issues or viewpoints appear to be unpopular.

The Board of Trustees oversees six standing chartered Board committees:

- 1. Compliance Committee:** The purpose of this committee is to assist the Board with governance, oversight, guidance, and policies to help assure the NERC [Compliance Monitoring and Enforcement Program](#) (CMEP) and the NERC [Organization Registration and Certification Program](#) (ORCP), as administered by NERC and the Regional Entities to which NERC has delegated authority pursuant to [Regional Delegation Agreements](#), support the reliability of the North American bulk power system, and are administered fairly and efficiently.
- 2. Nominating Committee:** The purpose of this committee is to recommend to the Member Representatives Committee (MRC) candidates for election as members of the NERC Board of Trustees and Implement the Board composition provisions of the NERC Bylaws, the Board’s conflict of interest policy, and Trustee succession policy in making its recommendations.
- 3. Technology and Security Committee:** The purpose of this committee is to assist the Board by providing oversight to the corporation’s (i) information technology program, (ii) information security program, and (iii) [Electricity Sector Information Sharing and Analysis Center](#) (E-ISAC - the electric industry’s cyber and physical security knowledge and leadership center), as well as performing such other responsibilities as directed by the Board or this Mandate.

4. **Corporate Governance and Human Resources Committee:** The purpose of this committee is to assist the Board in (i) insuring the appropriate governance approaches for the corporation, (ii) overseeing the corporation’s employee compensation and benefit approaches, including the compensation of the corporation’s Board members and officers, and (iii) overseeing the corporation’s programs and practices for personnel development and human resources, as well as performing such other responsibilities as directed by the Board.

5. **Enterprise-wide Risk Committee:** The purpose of this committee is to assist the Board in the oversight of (i) the corporation’s risk management program, internal controls processes and ethics related policies and procedures, (ii) compliance by NERC and each of the Regional Entities with the [NERC Rules of Procedure](#) (ROP) and governmental authorizations, regulations and orders, and (iii) coordinating with the Compliance and Certification Committee (CCC - a NERC Board-appointed stakeholder committee serving and reporting directly to the NERC Board) with respect to the CCC’s execution of its responsibilities under applicable orders, the ROP and the CCC’s Charter, as well as performing such other responsibilities as directed by the Board.

6. **Finance and Audit Committee:** The purpose of this committee is to assist the Board in fulfilling its oversight responsibilities for NERC’s financial results and reporting process, system of internal financial and accounting controls and financial audit process and its oversight of the NERC, Regional Entities and [Western Interconnection Regional Advisory Body](#) (WIRAB) business plans and budgets, as well as performing such other responsibilities as directed by the Board or this Mandate.

NERC Trustees are expected to serve on at least two of the standing committees.

Meeting schedule (For the remainder of 2019, 2020, and 2021)*

The NERC Board will meet in-person on the following dates:

August 13 - 15, 2019	Quebec City, Canada
November 5 - 6, 2019	Atlanta, GA
February 4 - 6, 2020	Manhattan Beach, CA
May 12 - 14, 2020	Washington, DC
August 18 - 20, 2020	TBD - Canada (Vancouver)
November 3 - 5, 2020	Atlanta, GA
February 2 - 4, 2021	TBD - Phoenix/San Diego
May 11 - 13, 2021	Washington, DC
August 10 - 12, 2021	TBD - Canada (Montreal/Toronto)
November 2 - 4, 2021	TBD - Atlanta/New Orleans

*These dates are subject to change and updates can be found on the [NERC Board of Trustees webpage](#).

Trustees are expected to attend closed Board committee meetings, as well as meetings with stakeholder groups, on the first day; open meetings of Board Committees and NERC's Member Representatives Committee on the second day; and closed and open meetings of the Board on the third day. The Board and its committees also hold additional closed and open meetings and conference calls that are scheduled throughout the year.

In addition, Trustees are requested to attend at least two (2) meetings a year to include a combination of any of the following: Regional Entity Board Meetings, Trade Meetings, Technical Committee meetings, etc. Trustees may also be assigned to serve in the following roles: (i) as an observer to the Electricity Subsector Coordinating Council (ESCC); (ii) the E-ISAC Member Executive Committee (MEC); and (iii) as a standards liaison.

A Trustee should expect to spend, on average, up to 10 hours per week on board activities. Activities include meetings, reading assignments, meeting preparation, and general board communication.

Trustee Term of Service

The Board is committed to ensuring that NERC continues to have as effective a board as possible, given the importance of its responsibilities. Achieving this goal involves balancing the value of maintaining experience and continuity with the value of bringing in new ideas and fresh perspectives.

No independent Trustee may be re-nominated or reappointed after he or she has served on the Board for twelve consecutive years, unless at least one year has elapsed between the end of service on the Board and the subsequent re-nomination or reappointment.

Trustee Compensation

The current compensation for Trustees is set forth below.

- Annual Retainer:
 - 2019: \$117,500
 - 2020: \$122,500
 - 2021: \$127,500
- Committee Chair/ESCC Retainer: \$10,000
- Vice Chair Retainer: \$5,000
- Standards Committee Liaison Retainer: \$5,000
- Chair Retainer:
 - 2019: \$165,000
 - 2020: \$170,000
 - 2021: \$175,000

The Board's pattern is to adjust compensation every three years, with a three-year phase in of the new compensation. Based on this schedule, the Board would next determine whether or not to adjust compensation at its August 2021 meeting, with any modifications effective as of January 2022.

Nomination and Appointment Process

The following steps will be taken for the nomination:

- The professional executive search firm, Lyceum Leadership Consulting, will create a list of at least four qualified candidates for each open seat on the Board.
- The list of qualified candidates will be forwarded to the Nominating Committee, which will select candidates to interview.
- Following the interviews, the Nominating Committee will rank the candidates and select a final candidate.
- Once it has identified a candidate, the Nominating Committee will present its recommendation to Member Representatives Committee for a vote. A proposed Independent Trustee who is approved by a majority of the Membership Sectors will become the Independent Trustee.

TIMELINE OF MEMBER SELECTION PROCESS

The key dates and timeline of steps leading up to this decision are as follows:

6/21 - 8/30	Candidate qualification process
9/5	Submittal of Longlist to the Nominating Committee
9/12	Shortlist determination. You will be notified by Lyceum after this date if you are selected, or not, for in-person interviews
10/28 & 10/29	Candidate interviews with Nominating Committee Panel to be held in Atlanta. All potential candidates should tentatively hold these dates.
12/9	Nominating Committee to select slate of candidates
2/5/20	Annual Meeting of Member Representatives Committee and election of new trustee.

THE CANDIDATE

NERC is seeking at least one new trustee to succeed a current trustee who is not eligible for reelection. The new trustee will be joining the board of an organization in a dynamic regulatory environment and one that is responding to challenges of enhancing reliability, increasing cost effectiveness, improving system efficiency and heightening awareness of cybersecurity concerns. NERC Trustees provide governance and guidance to management in interacting with a broad array of stakeholders, including federal, provincial and state legislatures, regulators and agencies. Therefore, NERC Trustees must have a strong sense of and dedication to service in the public interest.

Ideal Board of Trustee candidates will have expertise in one or more of the following areas:

- **Technical Electric Operations and Reliability Expertise**
 - Such as retired former electric utility senior executives; present or former executives of electric power reliability councils; present or former executives from power pools; retired military officers with relevant experience; or present or former professional utilities services firm executives.

- **Legal Expertise and Regulatory Matters**
 - Corporate chief legal officers or general counsels or present or former national law firm partners, former state or federal (non-energy) regulators; present or former executives of environmental or consumer 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; energy office officials (state or federal ALJs, judges, etc.); or strategic planners or public policy experts.

- **Senior Corporate Leadership Expertise**
 - Such as present or former service industry executives or management consultants; present or former chief executives, chief financial officers; present or former senior executives of financial institutions, investment banking or financial accounting/auditing organizations.
 - Executives with experience in presiding over significant corporate cultural change and/or organization design/redevelopment that has led to marked improvements in performance, strategic alignment, and innovation.
 - Executives with experience in employing public relations and communication programs that have resulted in improved awareness and performance with customers and a wide array of stakeholders.

- **Financial and Risk Management Expertise**
 - Such as present or former financial exchange executives; present or former commodity trading company executives; executives or attorneys with extensive anti-trust background; present or former executives in recently-deregulated industries; former state or federal regulators with deregulation experience; or academics or consultants with relevant market experience.

- **Familiarity with Regional System Operation Issues**

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 geographic diversity).

Independence/Conflict of Interest

An independent trustee is a person who:

- 1.) Is not an officer or employee of NERC, a member or an officer, director, or employee of a member of NERC, or an officer, director, or employee of any entity that would reasonably be perceived as having a direct financial interest in the outcome of board decisions; and
- 2.) Does not have any other relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a trustee. Provided, that upon initial election to the board, an independent trustee shall, within ten (10) days, terminate any employee, officer, or director position that conflicts with this subparagraph and shall within sixty (60) days terminate any financial interest or other relationship that conflicts with this subparagraph, and prior to such termination shall not participate in discussion of or voting on any matter involving the entity of which the trustee is an employee, officer or director or in which the trustee has the financial interest or other relationship giving rise to the conflict.

The Board of Trustees has interpreted the requirement for trustee independence to mean that neither an independent trustee nor a member of his or her immediate household should:

- 1.) Be an officer, director or employee of entities that are included on NERC's Compliance Registry; or
- 2.) Have investments in or business relationships with such entities.

In this regard, the Board carefully reviews roles a potential trustee or immediate household members have with other entities, including entities that are doing business with entities on the NERC Compliance Registry, to determine whether there is a potential conflict of interest. Potential candidates should be prepared to share any role they have with any other entity, to allow for careful consideration of potential conflicts of interest and compliance with the independence requirements.

LYCEUM CONTACTS

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