

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

FROM: Robert G. Clarke, Chair
Board of Trustees Nominating Committee

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

DATE: May 13, 2022

DEADLINE: July 1, 2022

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

Independent Trustees

Robert G. Clarke, Chair
Jane Allen
George S. Hawkins
Larry Irving
Susan Kelly
Robin E. Manning
Colleen Sidford
Roy Thilly
Kenneth W. DeFontes, Jr., *ex-officio*

MRC Representatives

Roy Jones, MRC Chair
Jennifer Flandermeyer, MRC Vice Chair
Joel Dembowski
John Twitty

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The independent Trustees whose terms expire at the February 2023 MRC annual meeting are Suzanne Keenan, Jim Piro, and Roy Thilly. Trustee Thilly will reach his full-term limit of 12 years as of February 2023 and is ineligible for re-election. The Committee has determined that Trustees Keenan and Piro are willing and interested to serve an additional term, and has made a preliminary determination that it will nominate them for re-election.

The process for the nomination and election of Trustees is attached. In addition, the Committee has retained Russell Reynolds to assist in the search and screening of candidates and has prepared 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 [here](#).

Please submit all suggestions for candidates to Jennifer Rockwood of Russell Reynolds, at Jennifer.Rockwood@russellreynolds.com. All suggestions for candidates must be received by July 1, 2022.

Procedures for Nomination and Election of Trustees

1. The Nominating Committee comprises the Trustees whose terms are not ending in February 2023 or who are not eligible for re-election 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 up for re-election, 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.

Corporate Overview

The North American Electric Reliability Corporation (NERC) is a not-for-profit international regulatory authority whose mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. 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 nearly 400 million people.

In addition to NERC, the ERO Enterprise now encompasses six regional organizations of similar size and complexity. NERC provides industry-wide perspective and oversight, and the Regional Entities have unique features and activities that serve the needs of their regional constituents while ensuring that industry follows NERC Reliability Standards. And while NERC and the Regional Entities play different roles in delivering ERO Enterprise programs, these roles are equally important and complementary, allowing the ERO Enterprise to work as one synchronous machine—effectively, efficiently, and collaboratively.

NERC and the Regional Entities are committed to the following:

- Clear and consistent guidance across the ERO Enterprise
- Sharing information, knowledge, and resources across the ERO Enterprise
- Developing and sharing harmonized messages across ERO Enterprise communications
- Working together as one team and honoring each of their roles
- Actively supporting ERO Enterprise activities while eliminating unnecessary duplication of work
- Collaborating in developing
- Supporting innovation, initiatives, and the sharing of best practices across the ERO Enterprise

As the reliability and security ecosystem continues to change, the ERO Enterprise is explicitly committed to its collective success in achieving its vision of a highly reliable and secure North American BPS.

Position Description

NERC is governed by a Board of Trustees (Board) comprised of 11 independent trustees and the president and CEO of NERC. Prospective trustees are screened and then interviewed by a hybrid Nominating Committee consisting of independent trustees not standing for reelection plus members of the MRC. The Nominating Committee recommendation(s) is expected to be presented and voted on at the full MRC meeting on February 15, 2023. Newly elected trustees serve for a term of three years unless they are elected to fill in the term of a departing trustee.

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.

The Board is responsible for oversight of NERC and the provision of advice and policy direction and also serves as a regulatory body in connection with enforcement of standards in the United States. 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. 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. Board members also provide outreach to stakeholders in a variety of forums.

- 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 the FAC is to assist the Board in fulfilling its oversight responsibilities for (i) NERC's audits and related governance, risk management and control processes performed by NERC Internal Audit; (ii) financial results and reporting process; (iii) system of internal financial and accounting controls and financial audit process; (iv) its oversight of the NERC, Regional Entities, and Western Interconnection Regional Advisory Board business plans and budgets; and (v) performing such other responsibilities as directed by the Board or this Mandate. NERC's EWRC shall have primary responsibility overseeing the development and implementation of NERC's oversight that is performed in coordination with the Compliance and Certification Committee.

Meeting schedule (For the remainder of 2022 and 2023)*

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

2022 Dates

May 11-12 Arlington, VA

August 17-18 Vancouver, BC, Canada

November 15-16 New Orleans, Louisiana

2023 Dates

January 17-20 – Sacramento, CA

February 15-16 – San Diego/South FL

May 10-11 – Washington, DC

August 15-17 – Montreal/Ottawa

November 8-9 – Atlanta (Hybrid Schedule)

*These dates are subject to change.

The Board has also met each January with the CGHR Committee in person on performance, compensation and related issues. Other meetings may be held by virtual meeting.

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 175-200 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 and the contiguous bulk power system and its associated regulatory construct. 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, 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.

- Technical Electric Operations and Reliability Expertise
 - Such as retired former electric utility senior executives; present or former executives or board members 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

Candidates must also fit within the culture of the Board that can be described as open, candid and focused on respectful debate, adheres to the highest ethical standards, has a passion for NERC's mission and brings a sincere commitment to the public interest. Individuals must be comfortable working transparently in an open board setting in which meetings are held open to the public and media.

To minimize the possibility of conflicts of interest, we require each new trustee to be independent consistent with NERC's Independence Guidelines. 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: (i) be an officer, director or employee of entities that are included on NERC's Compliance Registry; or (ii) have investments in or business relationships with such entities or in organizations that perform substantial business with such entities. Other relationships may also require disclosure and recusal. 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.

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.

- **Annual Retainer:**
 - 2022: \$127,500
 - 2023: \$131,000
 - 2024: \$135,000
- **Committee Chair/ESCC Retainer:** \$10,000
- **Vice Chair Retainer:** \$10,000
- **Standards Committee Liaison Retainer:** \$5,000
- **Reliability and Security Technical Committee Retainer:** \$5,000
- **Chair Retainer:** \$47,500

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 2024 meeting, with any modifications effective as of January 2025.