

DRAFT PROPOSED AMENDMENT

Board of Trustees

Enterprise-wide Risk Committee Mandate

Approved by the Board of Trustees: February 11, 2016

Committee Membership

The Board of Trustees Enterprise-wide Risk Committee (EWRC or the Committee) of the North American Electric Reliability Corporation (NERC or the Corporation) shall be composed of not less than three and not more than six of the independent members of the Board of Trustees (Board), one of whom shall be the chair of the Finance and Audit Committee. In addition, the members of the EWRC shall include the chair of NERC's Compliance and Certification Committee (CCC) and the vice chair of the ~~ERO Executive Management Group (EROEMG)~~ Regional Entity Management Group (REMG). In the event that the chair of the CCC and/or the vice chair of the ~~EROEMG~~ REMG are unavailable to attend a meeting, they may designate an alternate member of the CCC Executive Committee (Chair, Vice Chair, and Subcommittee Chairs) or ~~EROEMG~~ (other than its chair if such chair is the chief executive officer of NERC), respectively, to attend and participate in EWRC meetings in their absence.

The members of the EWRC shall be appointed or reappointed by the Board at the regular meeting of the Board immediately following each Annual Meeting of the Member Representatives Committee. Each member of the EWRC shall continue to be a member thereof until a successor is appointed, unless the member resigns, is removed, or, for the chairs of the CCC or REMG, ceases to be chair of the CCC or REMG, respectively. When a vacancy occurs at any time in the membership of the EWRC, it may be filled by the Board.

Given the sensitive and confidential nature of the material reviewed and discussed by the EWRC, any non-trustee member (or permitted attendee in lieu of a member) shall be required to enter into confidentiality agreements with the corporation in a form approved by the EWRC.

Purpose

The purpose of the EWRC 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 CCC 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 or this Mandate.

Committee Authority and Responsibilities

To carry out its purpose, the EWRC shall have the following authority and responsibilities:

1. Review, make recommendations to the Board, and oversee the development and implementation of internal risk management and internal control strategies, policies, procedures, and mitigation programs. NERC's Finance and Audit Committee (FAC) shall have the primary role of reviewing the adequacy and integrity of the Corporation's internal accounting and financial controls, including receipt of any internal audit or risk management reports relating to such controls. The EWRC shall, as part of its overall risk and controls related responsibilities as set forth in this Mandate, (i) review summaries of any reports relating to internal accounting and financial controls and (ii) support the FAC in its review of internal accounting and financial controls.
2. Provide oversight and direction to guide the design and implementation of risk management practices which ensure that:
 - a. Best practices are incorporated;
 - b. Management of the corporation understands and accepts its responsibility for identifying, assessing, and managing risk;
 - c. Risk assessments are performed periodically and completely; and,
 - d. Adequate and effective risk mitigation strategies are in place.
3. Monitor and assess the adequacy of:
 - a. The corporation's compliance with internal operating procedures and controls, as well as corporate ethics policies, codes of conduct, and conflicts of interest;
 - b. The corporation's and the eight Regional Entities' compliance with the ROP, as well as applicable regulations, orders, or other authorizations by the Federal Energy Regulatory Commission (FERC) and any other applicable governmental entities;
 - c. Regional Entities' performance of obligations under the delegation agreements between the Regional Entities and the corporation; and,
 - d. Risk mitigation practices adopted by the corporation.
4. Coordinate with the CCC with respect to the CCC's execution of its responsibilities under applicable FERC orders, the ROP, and CCC Charter, including:
 - a. Monitoring NERC's compliance with any Reliability Standards that apply to NERC;
 - b. Establishing procedures for monitoring NERC's compliance with the ROP in the design and execution of NERC's standards development, compliance monitoring and enforcement, and organization registration and certification program;
 - c. Overseeing NERC's performance of an independent audit of its compliance monitoring and enforcement program and its organization registration and certification programs;
 - d. Sharing information in order to leverage EWRC and CCC activities to maximize the benefits of both internal review and independent review perspective; and,

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- e. Overseeing the establishment and implementation of internal audit and risk management capability to ensure that risks are being systematically identified and that appropriate control procedures are established and implemented.
5. Provide recommendations regarding resource requirements in connection with the annual business plan and budget process.
6. Prepare reports to the Board ~~at the Board's request no less than annually~~ and at such other times as deemed necessary in the judgment of the chair of the EWRC regarding:
 - a. The magnitude of all material risks to the corporation;
 - b. The processes, procedures, and controls in place to manage material risks; and
 - c. The overall effectiveness of the risk management and internal controls processes.
7. Conduct an annual executive session meeting with ~~each of~~ the corporation's ~~general counsel and~~ head of ~~risk management and~~ internal audit, and such external parties utilized by the corporation in the performance of ~~risk management and~~ internal audit functions as the Committee shall elect. The corporation's general counsel shall hold an annual executive session with the Board.
8. Perform such other functions as may, from time to time, be delegated or assigned by the Board.

Committee Meetings

The EWRC shall meet at least quarterly by conference call or in person. Meetings may occur at the same place in conjunction with the regular Board meetings of the corporation, or as determined by the members of the BOTCC, using the same meeting procedures established for the Board. The EWRC shall meet in closed session given the sensitive nature of the materials discussed.

Attendees at the meeting may include the Chief Executive Officer of the corporation, the officer with oversight of risk management, the general counsel, the head of risk management and internal audit, the Chief Financial and Administrative officer of the corporation, and such other employees of the corporation or other individuals as the Chair of the EWRC deems advisable. The EWRC may, at the discretion of the Chair and with notice to the EWRC members, meet in special session with only Board members present.

A majority of the EWRC members shall constitute a quorum. Except where prescribed differently by law: (a) any action or decision of the EWRC requires a vote of a majority of the Committee members then in attendance at any Committee meeting provided a quorum is present; and (b) participation may be telephonic or by Action without a Meeting. The Committee may hold special meetings as circumstances require. Minutes of each Committee meeting shall be maintained as part of the Committee's record.

Governance

The Board, or in the event of their failure to do so, the members of the EWRC, shall appoint a chair from among their members. The EWRC Chair shall be responsible for leadership of the Committee, including scheduling of meetings, setting agendas, presiding over Committee meetings, and making reports to the Board. A member(s) of the NERC staff shall assist the Chair and shall serve as the non-voting secretary.

Review

The EWRC shall review this mandate annually and recommend to the Board Corporate Governance and Human Resources Committee any changes it considers advisable. Any changes must be approved by the full Board. The EWRC shall complete a self-assessment annually to determine its effectiveness.

DRAFT Board of Trustees Nominating Committee Mandate

Approved by the Board of Trustees: _____

Committee Membership

The Board of Trustees Nominating Committee (BOTNC or Committee) of the North American Electric Reliability Corporation (NERC) shall be appointed by the Board in accordance with Article III, Section 5 of the corporation's Bylaws, and shall be composed of those independent trustees of the corporation whose terms do not expire in the current year and such number of other persons with such qualifications as the Board shall specify, provided that (i) there shall be at least three persons who are also members of the Member Representatives Committee (MRC) and (ii) it is the intent of the Board, subject to the requirements of the corporation's Bylaws, that a majority of the members of the Committee shall be trustees of the corporation.

Non-MRC Members of the Nominating Committee

Each member of the BOTNC other than the members designated in the next paragraph shall be appointed or reappointed by the Board at the regular meeting of the Board immediately following each Annual Meeting of the MRC. Each such member shall continue to be a member thereof until a successor is appointed, unless he or she shall resign or be removed by the Board or, in the case of a member who is a trustee, shall cease to be a trustee. When a vacancy of such a member occurs at any time, the Board may designate a successor member of the Committee.

MRC Members of the Nominating Committee

The chair of the MRC shall provide to the chair of the BOTNC the names of MRC members suggested for service on the BOTNC, following each Annual Meeting of the MRC. Each MRC member appointed by the Board to the BOTNC shall continue to be a member of the BOTNC until a successor is appointed, unless such member resigns or is removed or ceases to be a member of the MRC. When a vacancy of an MRC member occurs at any time, the MRC chair shall suggest the name of a successor to the chair of the BOTNC. The Board shall appoint any such successor.

Purpose

The purpose of the BOTNC is to act as the nominating committee required by Article III, Section 5 of the corporation's Bylaws.

Committee Authority and Responsibilities

To carry out its purpose, the BOTNC shall have the following authority and responsibilities:

1. Recommend to the MRC candidates for election as members of the NERC Board of Trustees consistent with the requirements of the corporation's Bylaws and in accordance with the procedures established by the Board as contemplated by Article III, Section 5 of the corporation's Bylaws.
2. 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. Perform such other functions as may be delegated to it by the Board from time to time.

Committee Meetings

The BOTNC shall meet by conference call or in person as needed to carry out its responsibilities. Meetings may occur at the same place in conjunction with the regular Board meetings of the corporation, or as determined by the members of the BOTNC, using the same meeting procedures established for the Board. Given the sensitive nature of the discussion and process, meetings shall be held in closed session.

A majority of the members of the BOTNC shall constitute a quorum. Except where prescribed differently by law: (a) any action or decision of the BOTNC requires a vote of a majority of the Committee members then in attendance at any Committee meeting provided a quorum is present; and (b) participation may be telephonic or by Action without a Meeting. The Committee may hold special meetings as circumstances require. Minutes of each Committee meeting shall be maintained as part of the Committee's record.

Governance

The Board, or in the event of their failure to do so, the members of the BOTNC shall appoint a chair from among the Trustee members of the BOTNC. The BOTNC Chair shall be responsible for leadership of the Committee, including scheduling of meetings, setting agendas, presiding over Committee meetings, and making reports to the Board. A member(s) of NERC staff shall assist the Chair and shall serve as the non-voting secretary.

Review

The BOTNC shall review this mandate as necessary and recommend to the Board Corporate Governance and Human Resources Committee any changes it considers advisable. Any changes must be approved by the full Board. The BOTNC shall complete a self-assessment annually to determine its effectiveness.

DRAFT PROPOSED AMENDMENT

Board of Trustees

Finance and Audit Committee Mandate

Approved by the Board of Trustees: February 11, 2016

Committee Membership

The Board of Trustees Finance and Audit Committee (FAC or the Committee) of the North American Electric Reliability Corporation (NERC) shall be composed of not less than three and not more than six of the Independent members of the Board of Trustees (Board). The members of the FAC shall be appointed or reappointed by the Board at the regular meeting of the Board following each Annual Meeting of the Member Representatives Committee. Each member of the FAC shall continue to be a member thereof until a successor is appointed, unless a member resigns, is removed, or ceases to be a member of the Board of the corporation. When a vacancy occurs at any time in the membership of the FAC, it may be filled by the Board.

Purpose

The purpose of the FAC 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 WIRAB business plans and budgets, as well as performing such other responsibilities as directed by the Board or this Mandate.

Committee Authority and Responsibilities

To carry out its purpose, the FAC shall have the following authority and responsibilities:

Business Plan and Budgets

1. Review and make recommendations to the Board with respect to (i) the annual NERC and Regional Entities' and WIRAB business plan and budget preparation and approval, including associated assessments, (ii) any other special budget and assessments of the corporation or a Regional Entity, and (iii) such other matters as are deemed necessary and advisable by the FAC in connection with the preparation and approval thereof, in each case consistent with applicable requirements of the NERC Rules of Procedure (ROP) or any applicable laws, rules, regulations, or directives of governmental and regulatory authorities with that jurisdiction.
2. Review and make recommendations to the Board regarding the authorization for NERC management to enter into loan agreements, including, but not limited to, lines of credit.
3. Provide oversight of NERC management's compliance with the corporation's working capital and operating reserve policy and make recommendations to the Board regarding expenditures or transfers of working capital and operating reserves which require Board authorization as set forth in such policy.

Financial Reports and Reporting

1. Oversee NERC management's maintenance of the quality, credibility, and objectivity of the corporation's financial reports.
2. Review the adequacy and integrity of the corporation's internal accounting and financial controls, which shall include (i) approving on an annual basis the design, implementation and timing of the internal and/or external reviews of such controls, (ii) the review of any internal audit or risk management reports relating to such controls and any mitigation plans or other responses by management relating to such reports, and (iii) the annual review of the organization, staffing and resource requirements of the internal audit function as it relates to internal accounting and financial controls.-
3. Appoint, receive reports from, and monitor the independent external auditor (independent auditor), which shall report to the FAC on behalf of the Board for purposes of the annual independent audit and such other matters that may be assigned to the independent auditor from time to time, and conduct reviews of the performance of such independent auditor.
4. Review and recommend for Board approval the corporation's audited annual financial statements. This review shall include:
 - a. Discussing with NERC management and the auditor the adequacy and effectiveness of the internal accounting and financial controls, including the corporation's system for monitoring and managing business risk;
 - b. Reviewing and discussing the audited financial statements of the corporation with management and the independent auditor, including their judgment about the accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements;
 - c. Reviewing with NERC management, the auditor, and legal counsel the corporation's procedures to comply with applicable laws, regulations, and any significant litigation, claim, or other contingency, including tax assessments, that would have a material effect upon the financial position or operating results of the corporation, as well as the disclosure or impact on the results of any such matters in the annual financial statements;
 - d. Discussing the results of the annual audit, any matters required to be communicated to the FAC by the auditor under generally accepted auditing standards, and any other matters that the independent auditor feels should be communicated to the FAC;
 - e. Reviewing with the independent auditor any significant emerging accounting and reporting issues and their potential impact on the corporation's financial statements; and
 - f. Meeting with the independent auditor, with and without management present, to discuss the annual audit.
 - f.g. Meeting with the corporation's head of risk management and internal audit, without

management present, to discuss the corporation's internal accounting and financial controls. The corporation's general counsel shall hold an annual executive session with the Board.

5. Review and approve the independent auditor's estimated annual audit fees and expenses.
6. Review with NERC management all interim and unaudited financial statements prepared for external distribution, including reports summarizing any variances from the business plan and budget, and recommend acceptance of any such statements to the Board.
7. Review the results of the company's annual savings and investment plan audit and, if necessary, make recommendations to the Corporate Governance and Human Resources Committee and management in connection with any audit findings or recommendations.

Other Matters

1. Review the financial aspects of the corporation's Form 990 prior to it being filed with the Internal Revenue Service.
2. Review and recommend approval by the Board of an investment policy governing the investment of funds held by the corporation.
3. Review policies for the approval of NERC senior management expenses, including those of the CEO of the corporation.
4. Whenever it may be appropriate to do so, retain and receive advice from experts, including independent legal counsel and independent public accountants, and conduct or authorize the conduct of investigations into any matters within the scope of the responsibility of the FAC as the FAC may consider appropriate.
5. Perform such other functions as may be delegated from time to time by the Board.

Committee Meetings

The FAC shall meet at least quarterly by conference call or in person. Meetings may occur at the same place in conjunction with the regular Board meetings of the corporation, or as determined by the members of the FAC, using the same meeting procedures established for the Board. Meetings may be held in either open or closed session as set forth in the Bylaws of the corporation.

A majority of the Committee members shall constitute a quorum. Except where prescribed differently by law: (a) any action or decision of the FAC requires a vote of a majority of the Committee members then in attendance at any Committee meeting provided a quorum is present; and (b) participation may be telephonic or by Action without a Meeting. The Committee may hold special meetings as circumstances require. Minutes of each Committee meeting shall be maintained as part of the Committee's record.

Governance

The Board, or in the event of their failure to do so, the members of the FAC, shall appoint a chair from among their members. The FAC Chair shall be responsible for leadership of the Committee, including

scheduling of meetings, setting agendas, presiding over Committee meetings, and making reports to the Board. A member(s) of the NERC staff shall assist the Chair and shall serve as the non-voting secretary.

Review

The FAC shall review this mandate annually and recommend to the Board Corporate Governance and Human Resources Committee any changes it considers advisable. Any changes must be approved by the full Board. The FAC shall complete a self-assessment annually to determine its effectiveness.