

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

FROM: Larry Irving, Chair
Board of Trustees Nominating Committee

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

DATE: July 12, 2024

DEADLINE: **August 9, 2024**

The Nominating Committee (the Committee) for the Board of Trustees (Board) of the North American Electric Reliability Corporation is providing an opportunity for stakeholders to suggest candidates to serve as an independent member of the Board. 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

Larry Irving, Chair
Robert G. Clarke
George S. Hawkins
Suzanne Keenan
Susan Kelly
Robin E. Manning
Jim Piro
Kristine Schmidt

MRC Representatives

Jennifer Flandermeyer, MRC Chair
John Haarlow, MRC Vice Chair
Joel Dembowski
Rich Dewey
Jason Marshall

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The independent Trustees whose terms expire at the February 2025 MRC annual meeting are Jane Allen, Robert G. Clarke, Kenneth W. DeFontes, Jr., and Colleen Sidford. Trustee Clarke will reach his full-term limit of 12 years as of February 2025 and is ineligible for re-election. The Committee has determined that Trustees Allen, DeFontes, and Sidford 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 independent Trustees is provided below.

1. The Nominating Committee solicits candidate suggestions by posting notice on the NERC website and sending notice to the NERC roster. The notice includes the names of the Trustees up for re-election, identifies any other vacancies, and establishes a deadline for submitting suggestions.
2. Any member of the Board, NERC, the MRC, the NERC standing committees, a Regional Entity, 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 and/or screen candidates.
3. Candidates must demonstrate they will be able to meet NERC's independence criteria.
4. The Nominating Committee will present a slate of one nominee for each position to be filled.
5. The Nominating Committee will send its slate of nominees to the MRC no later than three weeks before the annual meeting.
6. If a nominee fails to receive at least a two-thirds favorable vote from the members of the MRC, then the Nominating Committee will present an additional nominee for consideration, 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.

The Committee has retained CarterBaldwin 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 Chris Guiney of CarterBaldwin, at nerctrustee@carterbaldwin.com. All suggestions for candidates must be received by August 9, 2024.

Position Specification

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 Member Representatives Committee (MRC). The Nominating Committee recommendation(s) is expected to be presented and voted on at the MRC meeting on February 13, 2025. 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 and to serve on at least two of the following Board Committees:

- 1. Regulatory Oversight Committee:** The purpose of the Regulatory Oversight Committee is to assist the Board by providing oversight of the corporation's standards development processes, Compliance Monitoring and Enforcement Program (CMEP) and 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.
- 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.

Board members also provide outreach to stakeholders in a variety of forums.

Meeting Schedule (For the remainder of 2024 and 2025)*

The Board will meet on the following dates:

2024 Dates

August 14-15 Vancouver, BC, Canada
December 11 Board Meeting Virtual

2025 Dates

February 12-13 Miami, FL
May 7-8 Hybrid Schedule
August 13-14 Calgary, Canada
December TBD Board Meeting Virtual

*These dates are subject to change.

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 125-150 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 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

The Board commits to having qualified Board members possessing a strategic combination of knowledge/expertise, attributes and competencies that ensure the Trustees, as a body, have diversity of experiences, perspectives, information, connections, and skills to oversee and strategically align NERC as an effective organization.

The following are broad definitions of the Skills and Attributes Matrix terms illustrating the current Trustees' composition, and the desired skills and attributes for filling future positions on the Board.

SKILLS

Electric Utility Industry

- Former executives with experience and expertise:
 - electric utility operations, planning, management or strategic planning for power supply, transmission, distribution systems – experience includes direct utility experience or professional engineering or consulting services to utilities.
 - emerging technology and merchant facilities – experience with IBR technologies, storage, electric transportation, merchant generation, merchant transmission, or consulting services to these sectors.

Other Utility Industry

- Former executives or board members from ERO Regional Entities.
- Former executives with natural gas, water, or telecommunication utility operations, management, or strategic planning.
- Former executives with natural gas pipeline or commodity engagement with electric utilities.

Legal

- Former corporate chief legal officers, or general counsels, or former national law firm partners working with or on behalf of utilities, consumer affair organizations or environmental agencies.
- Expertise and experience in US state/federal or Canadian province/national utility laws and adjudicatory proceedings.

Financial and Risk Management

- Experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor of a public company or experience actively supervising such person or persons.
- Experience preparing, auditing, analyzing, or evaluating public company financial statements and understanding of a company's internal controls and procedures for financial reporting.
- Experience and expertise identifying, prioritizing, and managing a broad spectrum of risks including corporate risks and risks associated with reliability in the energy industry.

Public Policy

- Experience and expertise in energy regulation, legislation, economics, and public policies associated with the electric utility industry.
- Former regulators, legislators, executive branch agencies and offices related to the electric, natural gas, water, telecom or other regulated industries.
- Experience and familiarity with regulatory constructs that have risk-based compliance and enforcement.

Energy Markets and Trading

- Expertise and experience in commercial energy markets, trading, regional transmission organizations/independent system operator organizations.

Technology

- Expertise or experience leading technology strategies, data analytics and associated IT infrastructure, artificial intelligence, or digital transformation.

Cyber Security

- Strategic expertise or contemporary understanding of asymmetrical cyber threats, risk mitigation and policy gained through operational experience of critical infrastructure systems.

Physical Security

- Expertise or experience overseeing operations or managing physical risks from natural disasters, human sabotage, and terrorist attacks.

Other

- Expertise or experience leading human resources, talent management, and people and culture divisions within the utility or non-utility industries.
- Experience or experience with external affairs related to communications, public relations and marketing.

ATTRIBUTES

Diversity Attributes

- Residency - where in North America individual resides.
- Geography – what geographic areas have been the focus of the candidate’s business career. Where possible NERC prefers to have the Board be representative of its North American area of oversight. Experience in international markets is beneficial.
- Race, Ethnicity, and Gender - wherever possible consideration of representation for a diverse slate of candidates.

Diversity of Perspective

- Background – a variety of backgrounds and careers are valued for knowledge and critical thinking; (in addition to wider Electricity Industry) Academia, Military, Security, non-conflicted government roles, corporate public and private business, entrepreneurship.

Board Experience

- The Nominating Committee prefers that the candidate(s) considered have previous Board experience so as to be able to understand the responsibilities and be in a position to contribute their knowledge and experience immediately. This includes the ability to ask critical and respectful questions with Management, and with Trustee colleagues, while maintaining high board oversight and governance standards. Board experience from public, private, not-for-profits will be considered.

Strategic Thinking

- Strategic thinking is one of the most desired attributes. Candidates with the perceived and demonstrated ability to work collaboratively with others to envision and develop intelligent action to reach desired goals by engaging a systems perspective, testing hypotheses, learning from the past, seeking out and using data to see connections and patterns, creatively approaching opportunities, problems and solutions, understanding the organizational implications of situations and events to generate new insights.

Accountability and Governance

- Candidates should have demonstrated understanding of responsibility for actions and decisions, NERC's policies and ethics, obligations to the stakeholders and the public. Curiosity about NERC's history and long-term vision, and an understanding of NERC's important mission and values. Willingness to observe by-laws and Board approved policies and procedures is paramount.

Connecting

- The ability to identify, develop relationships, build alliances and support networks, with colleagues, management partners and stakeholders. Be able to communicate with empathy and authenticity whilst being transparent and truthful.

Continuous Learning

- The willingness to identify knowledge gaps, seek out data and expertise, be curious, take opportunities to scan the environment for new information and integrate, disseminate, and share learning with colleagues so that it can be applied to new situations. Able to manage personal adaptability yet be supportive of change and change management within the organization.

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 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 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 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.

- **2024 Annual Retainer:** \$142,500
- **Chair Retainer:** \$47,500.
- **Committee Chairs Retainer:** \$10,000
- **Vice Chair and Liaison Retainers:** \$5,000 for the Board Vice Chair, with a separate retainer of \$5,000 for the Trustee who is designated as the liaison to the Standards Committee and Reliability and Security Technical Committee.

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