

September 26, 2018

VIA OVERNIGHT MAIL

Sheri Young, Secretary of the Board
National Energy Board
517 – 10th Avenue SW
Calgary, Alberta
T2R 0A8

Re: *North American Electric Reliability Corporation*

Dear Ms. Young:

The North American Electric Reliability Corporation (“NERC”) hereby submits the “*Notice of Filing of the North American Electric Reliability Corporation of Amendments to the Western Electricity Coordinating Council Bylaws.*” Through the proposed amendments, the Western Electricity Coordinating Council (“WECC”) seeks to: (1) bring the WECC mission into harmony with the mission of the Electric Reliability Organization; (2) remove and/or revise obsolete and outdated definitions; (3) update voting and notice requirements to reflect the use of technology; (4) codify the WECC practice of providing member representation on the Nominating Committee; (5) clarify the process for filling vacant director positions; (6) streamline committee governance language by removing committee descriptions and governance requirements from the WECC Bylaws as they are covered by WECC-Board approved committee charters; (7) remove standards development procedures from the WECC Bylaws; and (8) remove obsolete language related to WECC’s 2014 transition to an independent organization.

This filing consists of: (1) this transmittal letter; (2) the narrative text of the filing that follows this transmittal letter; and (3) Attachments 1 and 2 to the filing that contain clean and redline versions of the proposed amendments to the WECC Bylaws, respectively.

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Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Nina H. Jenkins-Johnston

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**BEFORE THE
NATIONAL ENERGY BOARD**

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

**NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
OF AMENDMENTS TO THE WESTERN ELECTRICITY COORDINATING
COUNCIL BYLAWS**

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ATTACHMENT 2: Amended Western Electricity Coordinating Council Bylaws –
Redline

**BEFORE THE
NATIONAL ENERGY BOARD**

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

**NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
OF AMENDMENTS TO THE WESTERN ELECTRICITY COORDINATING COUNCIL
BYLAWS**

The North American Electric Reliability Corporation (“NERC”) hereby provides notice of the proposed amendments to the Western Electricity Coordinating Council’s (“WECC”) Bylaws.¹ These revisions are the result of WECC’s multi-year review and modernization of its Bylaws, and were approved by the WECC Board of Trustees and, whenever necessary, Members in four stages.² As described in greater detail in Section II of this filing, WECC proposes to amend the following sections of its Bylaws:

- revised Section 1 (“Vision and Mission”);
- deleted Section 2 (“Furtherance of WECC’s Mission”);
- revised Section 3 (“Definitions”);
- revised Section 4 (“Members and Membership”);
- revised Section 5 (“Procedures for Member Decisions”);
- revised Section 6 (“Governance”);

¹ Regional Entity bylaws and standard development procedures are no longer maintained as exhibits to the Regional Delegation Agreements. NERC maintains an up-to-date copy of each Regional Entity’s bylaws and standard development procedure on its website at: <http://www.nerc.com/AboutNERC/Pages/Regional-Entity-Delegation-Agreements.aspx>.

² Non-substantive, administrative changes that clarify existing Bylaws requiring only WECC Board approval were approved on March 8, 2017. Non-substantive administrative changes that clarify existing Bylaws requiring WECC Board and Member approval were approved on September 12, 2017. Substantive changes requiring only WECC Board approval were approved on December 6, 2017. Substantive changes requiring WECC Board and Member approval were approved on June 19, 2018.

- revised Section 7 (“Procedures for Board Decisions”);
- revised Section 8 (“Committees”);
- revised Section 9 (“The Chief Executive Officer, Officers, and Employees”);
- revised Section 12 (“Amendments to these Bylaws”);
- removed Section 17 (“WECC Transition”); and
- removed Appendix C (“Dispute Resolution”).

Furthermore, WECC also made several administrative/ministerial changes within the Sections noted above as well as others; however these are not addressed in detail herein.

NERC staff has determined that there are no reliability-related issues raised by the proposed amendments. As amended, the WECC Bylaws continue to satisfy the five governance criteria specified in Exhibit B to the Amended and Restated Delegation Agreement between WECC and NERC. Accordingly, the NERC Board of Trustees approved the proposed amendments to the WECC Bylaws at its August 16, 2018 meeting.

Attachments 1 and 2 to this filing are clean and redlined versions, respectively, of the revised WECC Bylaws.

I. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:

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II. PROPOSED AMENDMENTS TO THE WECC BYLAWS

WECC proposes to make several changes to its Bylaws, including several administrative/ministerial changes. In this filing, NERC only discusses the substantive changes in detail.

A. Revised Section 1.0 “Vision and Mission;” Deleted Section 2.0 “Furtherance of WECC’s Mission”

WECC proposes to revise its vision statement to provide that it seeks to achieve a “reliable and secure Bulk Power System (“BPS”) in the Western Interconnection” and remove references to the Bulk Electric System (“BES”) achieving its vision “at least cost.” WECC streamlines its mission statement to state that WECC shall “effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection BPS while carrying out the responsibilities of the Regional Entity.” This aligns with the vision and mission statement for the Electric Reliability Organization (“ERO”). WECC removes details of its activities in furtherance of its mission because they are more appropriately addressed in WECC’s Regional Delegation Agreement and business plan and budget. Moreover, the language removed was legacy language from when WECC functioned as a regional transmission association.

B. Revised Section 3 – Definitions

WECC also proposes to add and/or update definitions in this Section consistent with other proposed revisions:

- a. Sections 3.2 – “Alternate Member Representatives,” 3.16 - “Member Representative,” and 3.17 - “Proxy” were added and correspond with the associated changes made to Section 5.1 – “Quorum and Alternative Voting.” In Section 5.1, WECC updates and aligns the procedures for Member decisions with the other changes discussed herein.

- b. Section 3.14 – “Meeting” was added to correspond to the changes made to Section 5.4 – “Notice of Member Meetings” discussed herein.

C. Removed Section 4.2.6 – Subclass Organization

WECC proposes removing Section 4.2.6 from its Bylaws to allow more flexibility because most committee references and governance requirements are being moved out of the Bylaws and addressed in committee charters. The Member Advisory Committee (“MAC”) subclasses were removed from the WECC bylaws because issues regarding subclasses will now be dealt with in the MAC charter.

D. Revised Sections 4.3 – Designation of Membership Class and 4.4 – Changes in Membership Class

WECC proposes revising Sections 4.3 and 4.4 to provide that all direct appeals are now made directly to the CEO rather than the Governance Committee. WECC also made capitalization changes and added clarifying language by deleting references to “Member” and replacing it with “CEO” to reflect the changes to the appeals process.

E. Revised Section 4.8 – Compliance and Enforcement

WECC proposes to remove obsolete references to the Reliability Management System and to harmonize the WECC Bylaws language with WECC’s responsibilities under Section 215 of the U.S. Federal Power Act and its delegation agreement with NERC. The Reliability Management System was a pre-Section 215 set of enforceable standards applicable in the Western Interconnection.

F. Revised Section 4.9 – WECC Structure and Governance Review

WECC proposes to delete language that is no longer applicable now that the first WECC structure and governance review, post-bifurcation and post-creation of Peak Reliability, is complete. WECC clarifies the future scope of such reviews and deletes overly prescriptive

language. WECC also clarifies language surrounding the obligation to obtain member approval of Board assessments and recommendations as well as to collaborate with the Member Advisory Committee and the Western Interconnection Regional Advisory Board. WECC proposes to remove limitations on the scope of this review to allow its Board and membership maximum flexibility in carrying out the review.

G. Revised Sections 5.1 – Quorum and Alternative Voting, 5.1.1 – Quorum, and 5.1.2 – Alternate Member Representative or Absentee Voting

In Section 5.1.1 WECC specifies the requirements for quorum for Director elections and deletes redundant language from a corresponding change in Section 5.1.2. In Section 5.1.2 WECC adds language to clarify the process for using an Alternate Member Representative or Proxy for voting. Furthermore, WECC deletes language regarding hard deadlines and institutes process flexibility in the hands of the Secretary.

H. Renumbered and Revised Section 5.4 – Notice of Member Meetings

WECC proposes to have the Secretary notify members of meetings in lieu of the Chief Executive Officer due to the administrative nature of this task. WECC adopts a single notice requirement for all meetings regardless of the method by which the notice is provided.

I. Revised Section 6.2 – Composition of the Board and Board Member Qualifications

WECC proposes to clarify the qualifications for becoming a Director to require that he/she must be “at the senior management or officer level.” Furthermore, with respect to Board composition, WECC proposes to revise the language to specify that Director representation from British Columbia, Alberta, or Mexico warrants that the Director also have residency and certain operational experience in that jurisdiction. WECC further identifies “resolutions” as the

mechanism through which the Chief Executive Officer may be appointed as a voting Board member.

J. Revised Section 6.4 – Nomination, Selection, and Compensation of Directors

WECC proposes clarifications to its nomination, selection, and compensation processes. WECC provides for non-voting representation from all member classes on the Nominating Committee and details how the Member Advisory Committee shall select non-voting members. WECC clarifies that any party may recommend candidates to the Nominating Committee; includes a new mechanism to elect Directors without a meeting; and proposes that the responsibility for a study of director compensation be given to the Board rather than the Chief Executive Officer. The Board is to direct staff to conduct the study for the Nominating Committee.

K. Revised Section 6.5 – Removal of Directors

WECC proposes to use identical language for both the election of directors (provided in Section 4.3) and the removal of directors. Specifically, instead of a majority vote for each of the five Classes of members, WECC proposes a simple majority across at least three of the five Classes of members. WECC also specifies the mechanism through which members can initiate a vote for removal.

L. Revised Section 6.7 – Procedures for Filling Vacant Director Positions

WECC proposes to clarify the process and timelines for filling a vacancy on the Board. The Nominating Committee is required to initiate a search when there is more than one year remaining on the vacating Director's term. Vacancies may remain unfilled if less than one year remains in the term of the vacating Director, unless a temporary Director is appointed. In cases where a Director is not re-elected due to a procedural inability, WECC proposes to clarify that the

Director may serve for an additional 12 months “from the original expiration date” of his or her term.

M. Revised Section 6.10 – Delegation of Board Authority

WECC proposes to clarify that Board authority can be delegated not just to any Board committee or Chief Executive Officer, but to any person, subject to the restrictions in this section, to provide the Board with flexibility. As a result, all references to “decisions by the Chief Executive Officer” are removed. For decisions delegated to a member committee, its members must be noticed.

N. Revised Section 7.4 – Board Action by Unanimous Consent

WECC proposes to specify that Board action by unanimous consent requires three business days’ prior notice to members.

O. Revised Section 7.5 – Notice of Board Meetings

WECC proposes to remove the requirement for public notice via first-class mail or fax as redundant with other notice provisions are unnecessary given the prevalence of electronic communications.

P. Original Section 7.7 – Board Committees; Revised Section 8 – Member Committees

WECC proposes to remove all references to specific committees in the WECC Bylaws. Instead, WECC provides a general provision that the Board may establish committees, “related to accomplishing WECC’s mission in the Western Interconnection,” and that information regarding membership, responsibilities, and operations of such committees will be addressed in their respective charters instead of the WECC Bylaws. WECC also proposes, pursuant to requests from its stakeholders, to mandate a Member Advisory Committee and a Nominating Committee in its Bylaws that are currently wholly or partly populated by stakeholders. Finally, the Board standards

of conduct as applied to members of Board committees are removed from the WECC Bylaws because references to board committees were removed.

Q. Revised Section 9 – The Chief Executive Officer, Officers, and Employees

WECC proposes to remove language specifying qualifications of a Chief Executive Officer to allow the Board more flexibility in identifying a qualified candidate.

R. Deleted Section 17 – WECC Transition

WECC deletes provisions that apply to the period of time when WECC transitioned from a hybrid Board to an independent Board.

S. Deleted Appendix C – Dispute Resolutions

WECC proposes to delete Appendix C because WECC’s Dispute Resolution Procedure is an artifact of WECC’s merger with the regional transmission associations and is no longer part of WECC’s mission. As a regulator, WECC should not arbitrate what are generally commercial disputes between its members. The WECC Board intends to create procedures for addressing disputes between members and staff.

III. WECC AND NERC APPROVALS OF THE PROPOSED AMENDMENTS

The proposed amendments can be separated into four sets of approvals for; (1) “non-substantive” changes requiring only WECC Board approval, which were approved by the WECC Board on March 8, 2017; (2) “non-substantive” changes requiring WECC Board and Member approval, which were approved by the WECC Board and Members on September 12, 2017; (3) “substantive” changes requiring only WECC Board approval, which were approved by the WECC Board on December 6, 2017; and (4) “substantive” changes requiring WECC Board and Member approval, which were approved by the WECC Board and Members on June 19, 2018. The NERC Board of Trustees approved all of the proposed amendments at its August 16, 2018 meeting.

Respectfully submitted,

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Dated: September 26, 2018

ATTACHMENTS 1 AND 2