

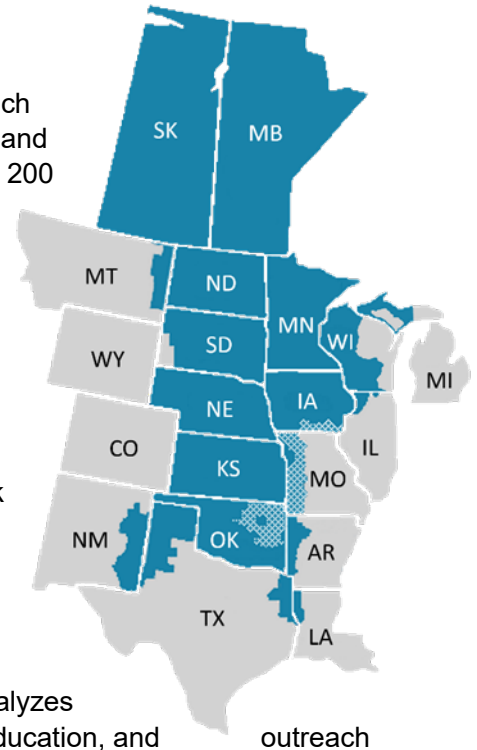


MRO Board of Directors

Independent Director Position Description

MRO

Midwest Reliability Organization (MRO) is one of six Regional Entities, which monitor and enforce compliance with mandatory standards for the reliable and secure operations of the bulk power system. MRO monitors approximately 200 entities in all, or part, of the states of Arkansas, Illinois, Iowa, Kansas, Louisiana, Michigan, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wisconsin; and the Canadian provinces of Manitoba and Saskatchewan. MRO’s work in the United States is pursuant to a Delegation Agreement with the North American Electric Reliability Corporation (NERC), which has been designated the Electric Reliability Organization or “ERO” by the Federal Energy Regulatory Commission (FERC) pursuant to the Energy Policy Act of 2005. MRO’s work in Manitoba is pursuant to provincial law and its work in Saskatchewan is pursuant to an agreement among NERC, MRO, and Saskatchewan Power Corporation.



In addition to its compliance monitoring and enforcement responsibilities, MRO assists NERC in its annual and long-term seasonal and special assessments of the regional bulk power system capabilities. MRO also analyzes regional system events and disturbances and provides lessons learned, education, and outreach through conferences, webinars, and a bimonthly newsletter.

MRO is a Delaware nonprofit corporation headquartered in St. Paul, Minnesota. Currently, there are 85 sector members of MRO. These members are divided into seven industry sectors: the Transmission System Operator Sector, Generator and Power Marketer Sector, Investor Owned Utility Sector, Cooperative Sector, Municipal Utility Sector, Federal Power Marketing Agency Sector, and the Canadian Utility Sector. More membership information can be found on our [website](#).

Each year, MRO develops an annual business plan and budget that, following MRO Board approval, is submitted to both NERC and FERC for approval. Business plan and budget information is available on our [website](#).

Board Composition

The board of directors has twenty-three board seats; directors are elected to serve three-year staggered terms. A complete list of the current board members can be found [here](#).

The governance structure of MRO is a hybrid board comprised of industry sector representation, such that no two-industry sectors control a vote; two Regional Directors; and four Independent Directors. As a technical regulator, both the expertise provided by Industry Sector and Regional Directors and the independence from regulation provided by Independent Directors is critical to MRO’s success.

Approved by the MRO GPC on March 7, 2024



For the industry sector board seats, MRO Members are encouraged to select individuals who hold senior management or officer positions within their organizations. These positions are voluntary and do not receive compensation.

Seventeen board members are elected by MRO's Industry Sector Members as follows:

- Three directors from the Transmission System Operator Sector
- Two directors from the Generator and/or Power Marketer Sector
- Five directors from the Investor Owned Utility Sector
- Two directors from the Cooperative Sector
- Two directors from the Municipal Utility Sector
- One director from the Federal Power Marketing Agency Sector
- Two directors from the Canadian Utility Sector with each province represented

Two board members are Regional Directors who are employees of MRO Members and meet the qualifications for directors elected by MRO's Industry Sectors. Regional Directors are nominated by the MRO Board of Directors and elected by all members.

Four members are Independent Directors who have senior management expertise and experience that will be relevant to the reliable operation of the bulk power system in North America and the governance of MRO. Independent Directors are nominated by the MRO Board of Directors and are elected by all members. Independent Directors may or may not have worked in the electric industry.

To be considered an Independent Director, an individual cannot:

- be an officer or employee of MRO;
- be a member, director, officer or employee of a member or adjunct member of the corporation;
- be a director, officer or employee of any registered entity on the NERC registry;
- have a financial interest in a registered entity that is prohibited by MRO's Conflict of Interest Policy and Procedure; or
- reasonably be perceived as having a direct financial interest in the outcome of a decision by the board of directors, such as a consultant providing professional services to a registered entity.

An Independent Director cannot have any other relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of an Independent Director.

The board has determined that if an Independent Director or a member of his or her immediate household provides services and/or products or is an employee of an entity that provides services and/or products to a registered entity in MRO's Region, the Independent Director would have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of an Independent Director.

Independent Directors receive compensation for their time. The annual compensation includes a base retainer, and additional annual retainers for serving as Board Chair or Chair of one of the Board Committees. The annual base retainer is set as a percentage of the NERC Board of Trustees compensation. Compensation will be paid one-half in January and one-half in June. The amount will be prorated if a director begins his or her term other than in January.

Approved by the MRO GPC on March 7, 2024



All directors must agree to follow MRO's [Policies and Procedures](#), including its Conflict of Interest and Confidentiality policies. All directors receive reimbursement of reasonable out-of-pocket expenses incurred in traveling to MRO and NERC meetings.

Purpose and Responsibilities

The purpose of the MRO Board of Directors is to advise, govern, oversee policy and strategic direction, and assist with the leadership and general promotion of MRO to support the organization's mission and needs. The board of directors has approved Guiding Principles as follows:

Highly effective and reliable board members:

- Support the MRO mission and its values and understand the role of the board.
- Exercise their fiduciary duty of care by preparing for, attending, and participating in board and assigned committee meetings. Absent compelling and stated reasons, directors should be present at meetings.
- Exercise objective decision-making and avoid participation in board issues that are self-serving or may be perceived as a conflict of interest.
- Read the materials before board meetings and come prepared with questions.
- Advocate why MRO is important and why it needs our support.
- Take leadership roles by chairing a committee and knowing what the committee's responsibilities are, and take initiative, as necessary.
- Respect the different roles of staff and the board.
- Collaborate and cooperate with other board members.

Specific responsibilities of the board and individual board members include the following:

- Govern the corporation and oversee all of its activities
- Establish and oversee all organizational groups
- Oversee the accomplishment of all functions set forth in any delegation, or other agreement, with NERC or any government entity related to development, monitoring, and enforcement of Reliability Standards and related matters
- Approve, revise, and enforce MRO Member data and information requirements and related confidentiality requirements
- Establish and approve an annual budget and annual audit reports
- Represent the corporation in legal and regulatory proceedings
- Hire and annually review the performance of the president and CEO
- Participate actively in organizational strategic planning
- Serve as a resource of knowledge and counsel to the executive staff, committees, and other board members
- Consider recommendations received from board committees
- Represent the organization at NERC and industry events
- Serve on at least one, and no more than two, board committees
- Chair committees as appointed
- Complete the board self-assessment

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Board Meeting Schedule

The MRO Board of Directors meets quarterly and other special meetings, as necessary. Board meetings may be in-person, virtual, or hybrid, and are publicly posted on MRO's website at the [Events Calendar](#). The board currently has three committees: the [Finance and Audit Committee \(FAC\)](#), the [Governance and Personnel Committee \(GPC\)](#), and the [Organizational Group Oversight Committee \(OGOC\)](#). Independent Directors are expected to serve on two board committees and all other board members are expected to serve on one board committee. The OGOC typically meets on the day before the board's executive session and open session meetings. The FAC and GPC meet virtually on a quarterly basis. Meetings are held at MRO's headquarters in Saint Paul, Minnesota. Board members may also serve on NERC committees as an MRO representative.

Additionally, the FAC hosts a board call in April to review the proposed budget for the following year prior to the board's approval of the budget in June. The board periodically holds strategic planning meetings. Board committees may meet between regularly scheduled meetings if necessary.

Independent Director Candidate Position Description

The role of Independent Directors on the MRO Board of Directors is critical given the self-regulatory model contemplated in the Energy Policy Act of 2005. In filling Independent Director positions, the board is aware of persuasive current governance literature demonstrating that companies with diverse boards outperform other companies.

Cybersecurity is and will continue to be a critical issue for industry; therefore, candidates who hold senior cybersecurity positions in their organizations or relevant cybersecurity policy experience add to the existing expertise of the MRO Board.

MRO's footprint reflects a changing resource mix with significant amounts of renewable energy being generated in the Region. Candidates with a strong understanding of wind, solar, battery storage, and/or distributed energy would add to the expertise of our board.

MRO has a complex governance structure. Candidates who have senior experience in a highly regulated industry or as a regulator would diversify the MRO Board. Both its Industry Sector and Regional Directors are employees of the member entities MRO regulates. In addition, MRO is simultaneously an independent corporation and part of the ERO Enterprise (NERC and the six Regional Entities). Ultimately, MRO must have the approval of both NERC and FERC for matters such as budget, bylaw changes, and renewal of its Delegation Agreement. Directors must meet their fiduciary duties within this organizational structure. Therefore, Independent Director candidates who have CEO or governance experience working in organizations with comparable complexity would provide valuable expertise to the MRO Board. In addition, candidates who have senior level human resource experience would provide valuable expertise to the MRO Board of Directors.

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