

From: Richard Woodward, Nominating Committee Chair

To: Michele Beck, Member Advisory Committee Chair

Authority

WECC Bylaws §6.4.4 requires the Nominating Committee (NC) to make an annual recommendation to the Member Advisory Committee (MAC) regarding the compensation of WECC Directors for the following year. This letter transmits the NC's unanimous 2025 Director compensation recommendations to the MAC.

2025 Director, Board Chair, and Committee Chair Compensation

The 2024 NC unanimously recommends the 2025 Director compensation, effective January 1, 2025, be as follows:

- Annual Director retainer be increased by 4.72% from \$102,655 to \$107,500;
- Annual WECC Board Chair premium remain at \$25,000; and
- Annual premia for WECC Board Vice-Chair and WECC Board Committee Chairs be increased from \$7,500 to \$10,000 – the last increase in this component was more than 10 years ago.
- If approved, the annual total budget amount for 2025 Director compensation will be \$1,052,500, an overall increase of \$58,605 (5.9%) from 2024.

Rationale

In accordance with §6.4.4 WECC Bylaws, in December 2023, WECC again engaged Meridian Compensation Partners, an independent executive compensation firm, to conduct a review of WECC's current board compensation and formulate an annual compensation recommendation.

Meridian reviewed the philosophical approach to the study, considering both not-for-profit and for-profit entities, with a focus on the other Regional Entities (REs) and NERC, the entities deemed most comparable to WECC.

Meridian provided updated compensation data in accord with previous analysis and with further instructions from the NC. Their "Competitive Market Review of Outside Director Compensation" report specifically enumerated the available compensation data for outside directors at the other REs and NERC from Form 990 submissions. The NC relied on that information and other advice from the

2025 Director Compensation Recommendation

consultant as the starting point of its assessment, while considering the economic context, the scope of WECC's work and additional factors including the recent trajectory of WECC Board compensation, in developing the 2025 recommendation.

The 2024 NC again affirms the Board compensation approach adopted by prior NCs, namely, to target a range that is at or near the high end of compensation for other RE Board members and less than NERC's Board of Trustees members. This approach is supported by:

1. The larger WECC footprint as compared to the other REs;
2. WECC's greater organizational range and complexity as compared to the other REs;
3. A higher overall workload for WECC's independent Board of professional Directors in contrast to the other REs that supplement their stakeholder boards with a few independent directors;
4. A desire to keep WECC's Board compensation at a level that promotes the retention and recruitment of experienced, talented Directors; and
5. The recent economic environment marked by historically high inflation.

Prior NCs also determined that annual increases should be measured and steady rather than large periodic increases.

Director Compensation

The Nominating Committee's unanimous recommendation to increase Director compensation 4.72% to \$107,500 is in line both with the principles set forth above, the recent trajectory of WECC Board compensation, and the findings of previous and current NCs on ensuring that compensation levels advance at a relatively steady pace from year to year.

Following an increase for 2024, the NC is not recommending an increase in the Board Chair premium for 2025. As noted in the NC 2024 recommendation, the NC reviews this matter each year but does not view that the Board Chair premium should necessarily be increased annually.

The NC does recommend an increase in the premia for the Board Vice-Chair and Board Committee Chairs from \$7,500 to \$10,000, in light of increasing workload and that these levels have not been increased for more than a decade.

Overall, the consultant market analysis showed that the above recommended WECC director compensation levels will be substantially less than NERC directors and one RE that traditionally has compensated well above the group, but at or above the levels for other REs generally.

Recommended Director Compensation Levels for 2025

	2021	2022	2023	2024	2025*
Annual Retainer	91,000	94,000	98,000	102,655	107,500
Percentage increase from prior year	4.6%	3.3%	4.3%	4.75%	4.72%



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BOD Chair Premium	20,000	20,000	20,000	25,000	25,000
BOD Vice Chair Premium	7,500	7,500	7,500	7,500	10,000
BOD Committee Chair Premium	7,500	7,500	7,500	7,500	10,000

* - *proposed*

Summary

After reviewing the current RE and NERC compensation information and WECC's Board compensation history, and after affirming and adopting the compensation principles used by previous NCs, the 2024 NC unanimously recommends increasing the 2025 Board retainer to \$107,500, maintaining the 2025 Board Chair premium at \$25,000, and increasing the 2025 Vice-Chair and Committee Chair premia to \$10,000.

