

Minutes Board of Trustees

November 5, 2019 | 4:15 p.m.–5:45 p.m. Eastern

The Whitley
3434 Peachtree Rd NE
Atlanta, GA 30326

Call to Order

Mr. Roy Thilly, Chair, called to order the duly noticed open meeting of the Board of Trustees (the “Board”) of the North American Electric Reliability Corporation (“NERC” or the “Corporation”) in Atlanta, Georgia on November 5, 2019, at 4:15 p.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Board Members

Roy Thilly, Chair
Janice B. Case, Vice Chair
Robert G. Clarke
Kenneth W. DeFontes
Frederick W. Gorbet
George S. Hawkins
Suzanne Keenan
Robin E. Manning
James B. Robb, President and Chief Executive Officer
Jan Schori
Colleen Sidford

Board Members Not Present

David Goulding

NERC Staff

Tina Buzzard, Associate Director
Tom Coleman, Director of Risk Issue Management
Howard Gugel, Vice President and Director of Engineering and Standards
Soo Jin Kim, Senior Manager of Standards Development
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Sônia Mendonça, Vice President, Interim General Counsel, Corporate Secretary, and Director of Enforcement
Lauren Perotti, Senior Counsel
Janet Sena, Senior Vice President and Director of Policy and External Affairs

NERC Antitrust Compliance Guidelines

Mr. Thilly noted the public nature of the meeting and directed the participants' attention to the NERC Antitrust Compliance Guidelines included with the advance meeting materials. He stated that any additional questions regarding these guidelines should be directed to Ms. Mendonça.

Welcoming Remarks

Mr. Thilly welcomed all of the attendees and thanked them for their participation. He recognized Andrew Gallo and thanked him for his service as Chair of the Standards Committee. Mr. Thilly also recognized Greg Ford for his service as the Member Representatives Committee ("MRC") Chair. Mr. Thilly reported that Agenda item 6.b., 2019 ERO Reliability Risk Priorities Report, would be discussed earlier in the agenda prior to the committee reports.

Consent Agenda

Upon motion duly made and seconded, the Board approved the consent agenda as follows:

Minutes

The draft minutes for the August 15, 2019 meeting were approved as presented to the Board at this meeting.

Committee Membership and Charter Amendments

Personnel Certification Governance Committee Membership

RESOLVED, that the Board hereby appoints Cory Danson (Western Area Power Administration) as chair of the Personnel Certification Governance Committee, for a two-year term effective January 1, 2020.

Standards Committee Membership

RESOLVED, that the Board hereby appoints the following individuals to the Standards Committee, each for a term of two years beginning January 1, 2020:

- Amy Casuscelli, Xcel Energy, to serve as chair; and
- Todd Bennett, Associated Electric Cooperative, Inc., to serve as vice chair.

Critical Infrastructure Protection Committee Membership

RESOLVED, that the Board hereby appoints the following individuals to the Critical Infrastructure Protection Committee for the term beginning January 1, 2020:

- Marc Child, Great River Energy, to serve as chair;
- David Grubbs, City of Garland, to serve as vice chair; and

- David Revill, Georgia Systems Operations Corporation, to serve as co-vice chair.

Compliance and Certification Committee Membership

RESOLVED, that the Board hereby appoints the following individuals to the Compliance and Certification Committee, each for a term of three years effective upon the date of Board action:

- Justin MacDonald, Midwest Energy, Inc., Cooperative; and
- Ashley Stringer, Oklahoma Municipal Power Authority, Transmission Dependent Utility.

Regular Agenda

Report on November 5, 2019 Semiannual Meeting of NERC Trustees and Regional Entity Boards and Board of Trustees Closed Session

Mr. Thilly reported that the NERC Board of Trustees met with Regional Entity board officers and executives on November 5, 2019. He highlighted discussions regarding the ERO Enterprise long-term strategy and the ongoing development of a series of independence principles.

Mr. Thilly also reported that before the open meeting, as is its custom, the Board met in closed session with NERC management to review NERC management activities. The Board discussed confidential matters, including security and legal issues.

2019 ERO Reliability Risk Priorities Report

Nelson Peeler, Reliability Issues Steering Committee (“RISC”) Chair, presented the 2019 ERO Reliability Risk Priorities Report, which was included in the advance agenda materials. After discussion, and upon motion duly made and second, the Board approved the following resolution:

RESOLVED, that the Board hereby accepts the Reliability Issues Steering Committee 2019 ERO Reliability Risk Priorities Report, as presented to the Board at this meeting.

Board Committee Reports

Corporate Governance and Human Resources Committee

Mr. DeFontes, Committee Chair, reported on the Committee’s open meeting on October 31, 2019, noting that the Committee approved the upcoming ERO Effectiveness Survey, reviewed the status of the 2019 ERO Work Plan Priorities, and received an update on human resources and staffing.

Mr. DeFontes also noted that the Committee would meet in closed session on November 6, 2019 to review the 2019 and proposed 2020 Work Plan Priorities, the results of a recent Human Resources audit, and personnel performance.

Compliance Committee

Ms. Shori, Committee Chair, reported on the executive and open meetings of the Committee held on September 19, 2019 and November 1, 2019, respectively.

Ms. Shori thanked Jennifer Flandermeyer for her presentation to the Committee on the Compliance and Certification Committee (“CCC”) Stakeholder Perception Survey. She also stated that, at the executive session, the Committee approved one Full Notice of Penalty and authorized NERC to sign a settlement agreement. At the open meeting, the Committee discussed moving away from having standalone internal control evaluations and incorporating internal controls assessments into compliance oversight plans for registered entities. She also stated that the Committee discussed the ongoing initiative to streamline processing for minimal risk noncompliance.

Finance and Audit Committee

Mr. Clarke, Committee Chair, reported on the closed meeting held on October 21, 2019 and the open meeting held on October 31, 2019. He reported that in the closed session, the Committee met with representatives from Grant Thornton to discuss the audit plan. Mr. Clarke reported that in the open session, the Committee reviewed the Third Quarter 2019 Statement of Activities, the 2020 Business Plan and Budget status, and the 2021 Business Plan and Budget schedule.

Mr. Clarke presented the third quarter financial results for the Board’s acceptance. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, upon recommendation of the Finance and Audit Committee, hereby accepts the Third Quarter 2019 NERC, Combined ERO Enterprise, and Regional Entity Unaudited Results, as presented to the Board at this meeting.

Enterprise-wide Risk Committee

Mr. Thilly, speaking on behalf of Mr. Goulding, Committee Chair, reported that the Committee met in closed session on October 21, 2019. At its meeting, the Committee reviewed the findings from the HR Termination and Off-boarding Audit and the NERC Compliance Monitoring and Enforcement Program (“CMEP”) and Organization Registration and Certification Program (“ORCP”) independent audit. Mr. Thilly reported that the Committee reviewed the status of the 2019 Audit and Work Plan, received a presentation on the annual assessment of corporate risks, and approved the 2020 audit plan. He reported that the Committee also received a presentation on the activities of the CCC.

Technology and Security Committee

Ms. Keenan, Committee Chair, reported that the Committee met in open session on November 1, 2019 to discuss items including: (i) key features and functions in version 3 of the system for Situation Awareness for FERC, NERC and Regions (SAFNR v3) to enhance situational awareness; (ii) an update on the Align project; and (iii) an update on new IT projects for E-ISAC. She noted that the Committee moved and

accepted a set of E-ISAC metrics subject to final review by the Corporate Governance and Human Resources Committee.

Ms. Keenan commended NERC and SERC staff on the recent Grid Security Conference and reported on the success of the first women's networking breakfast. She noted that GridEx V, which would simulate an attack on critical infrastructure across North America, would be held November 13-14, 2019.

Ms. Keenan emphasized that the Committee planned to hold its first annual closed Committee meeting on November 6, 2019 to review NERC's security posture.

Nominating Committee

Mr. Hawkins, Committee Chair, discussed the Committee's work in selecting a trustee. He reported that the Committee interviewed five candidates on October 29, 2019, and that the Committee will meet on December 9, 2019 to discuss recommendations. He explained that the Committee intends to recommend a candidate to the MRC in February 2020.

Report by Trustee Rob Manning on Standards Quarterly Activities

Mr. Manning reported on the recent Standards Committee meetings, including actions on Standard Authorization Requests, appointing teams to address supply chain reports, standard drafting team appointments, and the work supporting the Electromagnetic Pulse ("EMP") Task Force. He thanked departing Standards Committee Chair Andrew Gallo for his service.

Standards Quarterly Report and Actions

2020-2022 Reliability Standards Development Plan

Mr. Gugel presented the 2020-2022 Reliability Standards Development Plan, noting that the Standards Committee endorsed the plan on September 18, 2019. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the 2020-2022 Reliability Standards Development Plan, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

Reliability Standard BAL-003-2 – Frequency Response and Frequency Bias Setting

Mr. Gugel presented the proposed Reliability Standard, noting that the revisions address inconsistencies identified in the Frequency Response Annual Analysis and move several supporting procedural and process steps to the accompanying procedure document. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby adopts the proposed Reliability Standard BAL-003-2 – Frequency Response and Frequency Bias Setting, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard BAL-003-1.1, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby adopts the Procedure for ERO Support of Frequency Response and Frequency Bias Setting Standard (Version II – 2019), as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

Reliability Standard PRC-006-NPCC-2 – Automatic Underfrequency Load Shedding

Mr. Gugel presented the proposed Regional Reliability Standard. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby adopts the proposed Regional Reliability Standard PRC-006-NPCC-2, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Regional Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Regional Reliability Standard PRC-006-NPCC-1, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

Other Matters and Reports

Policy Input and Member Representatives Committee Meeting

Mr. Thilly noted the discussion of policy input items and technical updates discussed at the MRC meeting.

EMP Task Force Strategic Recommendations

Ms. Kim presented the Electromagnetic Pulse (“EMP”) Task Force report, which detailed strategic recommendations outlining key areas of concern where industry can take steps to address EMP resilience. She provided an overview of the strategic recommendations regarding policy, research, vulnerability assessments, mitigation guidelines, response, and recovery. Ms. Kim noted that next steps include soliciting policy input and preparing detailed project plans for further technical committee work, with any resulting standards-related recommendations to be considered at the end of this work.

Mr. Manning commended the EMP Task Force on the quality of the report and asked about next steps. Ms. Kim noted that research work is continuing at the Electric Power Research Institute (“EPRI”) and the National Labs, and there is ongoing outreach to obtain more information for industry. The Board discussed the importance of seeking policy input on the report’s recommendations from stakeholders and from management on priorities and understanding potential budget impacts.

The Board discussed the recommendations regarding the assignment of tasks to external parties. After discussion, and upon motion duly made and second, the Board approved the following resolution:

RESOLVED, that the Board hereby accepts the Electromagnetic Pulse (EMP) Task Force Strategic Recommendations report, as presented to the Board at this meeting, and will review and act on the recommendations at the February 2019 Board of Trustees meeting.

Reliability and Security Technical Committee Charter, Chair and Vice Chair Appointments

Mr. Lauby presented the proposal to create the Reliability and Security Technical Committee (“RSTC”), approve the charter, and approve the RSTC. He referred to the background presentation at the MRC, and the suggestion to change the nomination period from four weeks to three weeks.

Mr. Thilly noted the significance of this proposal and commended Mr. Lauby and Jennifer Sterling on their work. He reported that the Board determined to empower the new RSTC to choose a new committee name, should it wish to do so. After discussion, and upon motion duly made and second, the Board approved the following resolutions:

WHEREAS, Article VII of the NERC Bylaws provides that the NERC Board may appoint committees, by resolution, as the NERC Board deems necessary to carry out its purposes;

WHEREAS, the Board called for a comprehensive review of the existing technical committee structure to determine how to improve the effectiveness and efficiency of those committees;

WHEREAS, a stakeholder engagement team consisting of members of the Board, stakeholders, and NERC staff was formed to consider multiple options for fulfilling the ERO Enterprise need for participatory technical input on matters of reliability and security of the North American bulk power system, and it recommended creating a new committee to replace the existing three technical committees;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the creation of a new committee called the Reliability and Security Technical Committee (RSTC) to replace the three

existing technical committees (Operating Committee, Planning Committee, and Critical Infrastructure Protection Committee) which shall be disbanded in June 2020. The Board noted that the Committee could propose a new name, if it so desired.

FURTHER RESOLVED, that the Board hereby approves the RSTC Charter, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby appoints Greg Ford (President and Chief Executive Officer of Georgia System Operations Corporation) as the RSTC Chair and Dave Zwergel (Senior Director of Regional Operations at Midcontinent Independent System Operator) as the RSTC Vice Chair, each for a term ending June 2022.

SERC Bylaws Amendments

Holly Hawkins, SERC General Counsel, presented the amendments to the SERC Reliability Corporation (“SERC”) Bylaws, noting that the revisions focus on implementing the independence principles developed by the NERC Board and achieving the mission of the ERO Enterprise. She highlighted some of the proposed changes, including changing the structure of SERC’s board to a balanced stakeholder/independent hybrid board and formalizing a membership body to ensure all SERC members have representation on a new members committee. Ms. Hawkins noted that SERC plans for a year-long transition period.

Jason Blake, CEO of SERC, noted that the proposed Bylaws revisions are transformational for SERC. He thanked Todd Hillman for his efforts and Ms. Hawkins and her legal team for their work. Mr. Gorbet commended SERC on their work.

Upon motion duly made and second, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the proposed amendments to the Bylaws of SERC Reliability Corporation, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

ReliabilityFirst Bylaws Amendments

Ms. Mendonça presented the proposed amendments to the Bylaws of ReliabilityFirst Corporation (“ReliabilityFirst”), which intended to align ReliabilityFirst’s Bylaws with the independence principles developed by the NERC Board. Mr. Thilly thanked Tim Gallagher and the recent Chair of the ReliabilityFirst Board, Lisa Barton, for their work on these revisions.

Upon motion duly made and second, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the proposed amendments to the Bylaws of ReliabilityFirst Corporation, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

2019 and 2020 ERO Enterprise Dashboard Update

Mr. Coleman provided the 2019 ERO Enterprise fourth quarter dashboard update. He distinguished the ERO Enterprise Dashboard from the ERO Work Plan Priorities, noting that the ERO Enterprise Dashboard metrics are intended to measure risks to the bulk power system. Andy Dodge, Director of the FERC Office of Electric Reliability, proposed considerations for future dashboards. Mr. Thilly noted that this is the first year of the dashboard and thanked everyone for their work.

Reliability Coordinator Function in the Western Interconnection

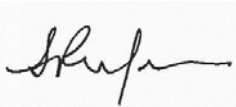
Branden Sudduth, WECC Vice President of Reliability Planning and Performance Analysis, provided an update on recent developments regarding the Reliability Coordinator function in the Western Interconnection. He provided an update on the status of the transition of Reliability Coordinator services and reported that Peak Reliability is on track to meet the December 3, 2019 target date for ceasing its Reliability Coordinator (“RC”) services. Mr. Sudduth discussed completed milestones and next steps, including the completion of the common methodology required by Reliability Standard IRO-002-6 and ongoing work to develop metrics to evaluate performance in the Western Interconnection.

Mr. Thilly noted the complexity of the transition project and commended those involved for their hard work. Mr. Robb emphasized Marie Jordan’s leadership during Peak RC’s transition period as important to its success.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Sônia Mendonça
Corporate Secretary

Agenda

Board of Trustees

November 5, 2019 | 4:15-5:45 p.m. Eastern

(Please note the Schedule may be adjusted real-time should meetings conclude early and/or extend past their scheduled end time.)

The Whitley
3434 Peachtree Rd NE
Atlanta, GA 30326

Conference Room: Salons 1,2,6,7,8 (1st Floor)

Call to Order

NERC Antitrust Compliance Guidelines and Public Announcement*

Introductions and Chair's Remarks

Consent Agenda – Approve

1. Minutes*

- a. August 15, 2019 Meeting

2. Committee Membership and Charter Amendments*

- a. Personnel Certification Governance Committee Membership
- b. Standards Committee Membership
- c. Critical Infrastructure Protection Committee Membership
- d. Compliance and Certification Committee Membership

Regular Agenda

3. Remarks and Reports

- a. Report on November 5, 2019 Semiannual Meeting of NERC Trustees and Regional Entity Boards and Board of Trustees Closed Session – **Information**

4. Board Committee Reports

- a. Corporate Governance and Human Resources
- b. Compliance
- c. Finance and Audit
 - i. Third Quarter Statement of Activities* – **Accept**

- d. Enterprise-wide Risk
- e. Technology and Security
- f. Nominating
- g. Report by Trustee Rob Manning on Standards Quarterly Activities

5. Standards Quarterly Report and Actions*

- a. 2020-2022 Reliability Standards Development Plan – **Approve**
- b. BAL-003-2 Frequency Response and Frequency Bias Setting – **Adopt**
- c. PRC-006-NPCC2 Automatic Underfrequency Load Shedding – **Adopt**

6. Other Matters and Reports*

- a. Policy Input and Member Representatives Committee Meeting
- b. 2019 ERO Reliability Risk Priorities Report – **Accept**
- c. EMP Task Force Strategic Recommendations – **Accept**
- d. Reliability and Security Technical Committee Charter, Chair and Vice Chair Appointments* – **Approve**
- e. SERC Bylaws Amendments* – **Approve**
- f. ReliabilityFirst Bylaws Amendments* – **Approve**
- g. 2019 and 2020 ERO Enterprise Dashboard Update* – **Update**
- h. RC Function in the Western Interconnection* – **Update**

7. Adjournment

*Background materials included.