

Agenda

Member Representatives Committee

November 5, 2020 | 11:00 a.m. – 1:00 p.m. Eastern

Attendee WebEx: [Join Meeting](#)

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Announcement*

Consent Agenda

1. **Minutes - (Approve)**
 - a. August 20, 2020 Meeting*
 - b. October 7, 2020 Conference Call*

Regular Agenda

2. **Future Meetings***
3. **Election of MRC Officers for 2021* - (Elect)**
4. **MRC Sector Nominations and Elections Schedule***
5. **General Updates and Reports**
 - a. Board of Trustees Nominating Committee Update*
 - b. Business Plan and Budget Input Group Update*
 - c. Regulatory Update*
6. **Policy and Discussion Items**
 - a. MRC Governance Guidelines*- **(Approve)**
 - b. Responses to the Board's Request for Policy Input*
 - i. Framework to Address Known and Emerging Reliability and Security Risks*
 - ii. Top Priorities for NERC Over the Next Three Years
 - c. Additional Policy Discussion of Key Items from Board Committee Meetings*
 - i. Finance and Audit Committee
 - ii. Corporate Governance and Human Resources Committee
 - iii. Compliance Committee

- iv. Technology and Security Committee
- d. MRC Input and Advice on Board Agenda Items and Accompanying Materials*

Technical Updates

- 7. Update on FERC Reliability Matters***
- 8. Hurricane Laura Restoration Efforts***
- 9. Supply Chain NERC Alert Update***

*Background materials included.

Antitrust Compliance Guidelines

I. General

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC's antitrust compliance policy is implicated in any situation should consult NERC's General Counsel immediately.

II. Prohibited Activities

Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.
- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.
- Any other matters that do not clearly fall within these guidelines should be reviewed with NERC's General Counsel before being discussed.

III. Activities That Are Permitted

From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC's Certificate of Incorporation, Bylaws, and Rules of Procedure are followed in conducting NERC business.

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.

Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

Draft Minutes

Member Representatives Committee

August 20, 2020 | 11:00 a.m. – 1:00 p.m. Eastern

Chair Jennifer Sterling, with Vice Chair Paul Choudhury present, called to order a duly noticed meeting of the Member Representatives Committee (MRC) of the North American Electric Reliability Corporation (NERC) via teleconference on August 20, 2020, at 11:00 a.m., Eastern, and a quorum was declared present. The agenda and MRC members and their proxies in attendance are attached as **Exhibits A and B**, respectively.

Introduction and Chair's Remarks

Ms. Sterling welcomed MRC members and proxies, acknowledging the NERC Board of Trustees (Board), Andy Dodge and others from the Federal Energy Regulatory Commission (FERC), State Commissioner Kate Bailey, CAMPUT representative David Morton, and Tab Gangopadhyay from the Canada Energy Regulator. Ms. Sterling reminded attendees that presentations conducted at the open Board committee meetings the day before would not be repeated during the MRC meeting. She acknowledged the MRC's responses to the policy input request from Roy Thilly, Chair of the Board.

NERC Antitrust Compliance Guidelines and Public Announcement

Ms. Iwanechko directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the agenda package, and indicated that all questions regarding antitrust compliance or related matters should be directed to Sonia Mendonca, senior vice president, general counsel, and corporate secretary at NERC.

Minutes

Upon motion duly made and seconded, the MRC approved the minutes of the May 14, 2020, and July 22, 2020, meetings as presented at the meeting.

Future Meetings

The schedule of future meeting dates, including the pre-meeting and informational webinars for 2020, was included in the agenda package. Ms. Sterling noted that the logistics for future pre-meeting and informational webinars will be adjusted so that all MRC members are on an open line. This change will require an update to the MRC Governance Guidelines and Ms. Sterling will work with Mr. Choudhury and Ms. Iwanechko to present proposed revisions to the MRC for approval at its November meeting.

Mr. Thilly noted that the November Board, Board Committee, and MRC meetings will be held via teleconference due to the COVID-19 pandemic. He also noted that while the Board has not made a final decision for the February 2021 meetings, it is unlikely that the meetings will be held fully in-person and the Board is considering a hybrid approach.

Schedule for MRC Officer and Sector Election

Ms. Sterling announced the annual nomination and election of the MRC chair, vice chair, and sector representatives. The schedule for the 2020 nominations and elections was included in the agenda package.

Election of NERC Trustee

Ken DeFontes, chair of the Board Nominating Committee (BOTNC), provided a report and recommendation for election of one Board member. The MRC approved, with one abstention, the election of Jane Allen to fill a vacancy with a term ending in 2022.

Board of Trustees Nominating Committee Update

Mr. DeFontes provided an update on the BOTNC's efforts to replace Jan Schori, whose fourth and final term will expire in February 2021. The BOTNC reviewed a list of potential candidates at the beginning of the week and will meet in October to finalize a list of candidates to interview in November.

Business Plan and Budget Input Group Update

Sylvain Clermont, chair of the Business Plan and Budget Input Group, provided an update on the group's activities. During the group's most recent call, they reviewed the status of the 2021 business plan and budget development, including comments submitted on the second draft. He commended NERC's continued transparency and collaboration with the Business Plan and Budget Input Group through the business plan and budget development process.

Regulatory Update

Ms. Mendonca invited questions or comments regarding the regulatory report, which highlights Canadian affairs, as well as past and future significant FERC filings.

NERC Bylaws Amendments

Ms. Mendonca provided an overview of the proposed amendments to the NERC Bylaws, which focus on clarifying certain requirements, incorporating the Board's feedback on certain governance matters, improving internal document consistency, and aligning certain provisions with applicable law. The MRC unanimously approved the NERC Bylaws amendments.

Responses to the Board's Request for Policy Input

Ms. Sterling acknowledged the MRC's responses to Mr. Thilly's July 15, 2020, letter requesting policy input on the E-ISAC Long-Term Strategic Plan, in addition to the preliminary agenda topics for the August meetings. Responses to the letter are [posted](#) with the Board agenda materials on the NERC website.

E-ISAC Long-Term Strategic Plan

Chair Sterling referred to the presentation given on the E-ISAC Long-Term Strategic Plan at the Technology and Security Committee meeting the previous day and invited additional discussion on the topic.

- MRC members reiterated the importance of ensuring that information sharing efforts complement, and do not duplicate, efforts by Canadian Security Agencies.
- An MRC member highlighted the importance of due consideration of policy input before Board action.

Additional Policy Discussion of Key Items from Board Committee Meetings

Attendees did not have any additional comments related to the Board's Corporate Governance and Human Resources Committee, Technology and Security Committee, and Finance and Audit Committee meetings.

MRC Input and Advice on Board Agenda Items and Accompanying Materials

Attendees had the following comments on the topics included on the Board's agenda for its meeting later that day.

- An MRC member expressed appreciation for FERC's and NERC's support for industry throughout the pandemic, including the recent extension for self-logging.
- An MRC member suggested more frequent updates on compliance monitoring and enforcement program activities at future meetings.

Update on FERC Reliability Matters

Andy Dodge, director of the Office of Electric Reliability at FERC, provided an update on the following FERC reliability activities: Order granting deferred implementation of certain NERC Reliability Standards; extensions on reliability and security related actions; Notice of Inquiry (NOI) regarding virtualization and cloud services for power grid operations; NOI regarding NIST Cybersecurity Framework and coordinated cyber attacks; Cybersecurity incentives policy white paper; Notice of Proposed Rulemaking regarding transmission incentives; May 4, 2020, technical conference on MISO storage as transmission only asset; July 2020 Commission-led technical conference on impacts of COVID-19 on the energy industry; July 23, 2020, technical conference on hybrid resources; upcoming conferences and Commission meetings; and FERC Order 841.

Cloud Computing

Steve Noess, director of regulatory programs at NERC, and Lonnie Ratliff, senior manager, cyber and physical security assurance at NERC, provided an update from the perspective of four future-state use cases related to virtualization and cloud computing: (1) cloud or virtualization; (2) storage of information in the cloud; (3) cloud-based electronic and physical monitoring cyber assets; (4) cloud-based BES Operations. Mr. Noess and Mr. Ratliff highlighted current challenges and how NERC and industry are addressing them, or would support addressing them in the future, as technology advances.

Adjournment

There being no further business, the meeting was adjourned.

Submitted by,



Kristin Iwanechko
Secretary

DRAFT Minutes

Member Representatives Committee Pre-Meeting Informational Session Conference Call and Webinar

October 7, 2020 | 11:00 a.m. – 12:30 p.m. Eastern

Introduction and Chair's Remarks

Chair Jennifer Sterling convened a duly-noticed open meeting by conference call and webinar of the North American Electric Reliability Corporation (NERC) Member Representatives Committee (MRC) on October 7, 2020, at 11:00 a.m., Eastern. The meeting provided the MRC and other stakeholders an opportunity to preview proposed agenda topics for the MRC, Board of Trustees (Board), and Board Committee meetings scheduled to be held November 4-5, 2020, via teleconference. The meeting announcement and agenda are attached as **Exhibits A and B**, respectively.

NERC Antitrust Compliance Guidelines and Public Announcement

Kristin Iwanechko, MRC Secretary, directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the agenda package, and indicated that all questions regarding antitrust compliance or related matters should be directed to Sonia Mendonca, senior vice president, general counsel, and corporate secretary at NERC.

Schedule of Quarterly NERC Meetings and Conference Calls

The draft schedule of events for the upcoming meetings was included in the agenda package.

Review of Proposed Board and Board Committees Meeting Agenda Items

Ms. Mendonca reviewed the preliminary agenda items for the Board and Board Committee meetings scheduled for November 4-5, 2020, that were identified in the slide presentation included in the informational session agenda package. MRC members should review all agenda materials for the Board and Board Committee meetings, once posted and available, and attend as many of these meetings as possible in advance of the MRC's meeting on November 5, 2020.

Review of Proposed MRC Agenda Items for November 5, 2020

Ms. Sterling reviewed the following preliminary MRC agenda items for the upcoming November 5, 2020, meeting that were identified in the slide presentation included in the informational session agenda package:

- Election of MRC Officers for 2021;
- Board of Trustees Nominating Committee update;
- Business Plan and Budget Input Group update;
- Regulatory update;

- Approve MRC Governance Guidelines;
- Discussion of the responses submitted to the policy input request from the Board;
 - Framework to Address Known and Emerging Reliability and Security Risks;
 - Top Priorities for NERC Over the Next Three Years
- Additional discussion of the items presented at the Board Committee meetings;
- MRC input and advice on Board agenda items and accompanying materials;
- Update on FERC Reliability Matters;
- Hurricane Laura Restoration Efforts; and
- Supply Chain NERC Alert Update.

Policy Input Reminder

Ms. Sterling announced that the Board’s request for policy input was released on September 30, 2020, and responses are due by Wednesday, October 21, 2020, to Kristin Iwanechko, committee secretary. Ms. Sterling noted that the Board requested input on the Framework to Address Known and Emerging Reliability and Security Risks and the Top Priorities for NERC Over the Next Three Years. Mark Lauby, senior vice president and chief engineer, provided an overview of the *Framework to Address Known and Emerging Reliability and Security Risks*.

The Board also requested input on the preliminary agenda topics presented during the MRC Informational Session. There will be time dedicated on the MRC’s November 5, 2020, agenda for MRC members to provide input and advice on the Board agenda items after the final package has been posted.

Informational Items

Mr. Lauby provided an overview of the 2021 ERO Enterprise Work Plan Priorities, which the Board will be requested to approve at its November meeting.

Proxy Reminder

Proxy notifications for the November 5, 2020, meeting must be submitted in writing to Ms. Iwanechko.

Meeting Adjourned

There being no further business, the call was terminated.

Submitted by,



Kristin Iwanechko
Secretary

Future Meetings

Action Information

Summary

The following are the future meeting dates for 2021. The dates for 2021 pre-meeting and information webinars are also included below.

2021 Dates

January 6	Pre-Meeting and Informational Session
February 3-4	TBD (will be announced at November meeting)
April 14	Pre-Meeting and Informational Session
May 12-13	Washington, DC
July 14	Pre-Meeting and Informational Session
August 11-12	Vancouver, Canada
October 6	Pre-Meeting and Informational Session
November 3-4	TBD

Election of MRC Officers for 2021

Action

Elect officers for 2021

Background

Article VIII, Section 5 of the [NERC Bylaws](#) addresses election of the chair and vice chair of the MRC. Article VIII states:

Section 5 – Officers of the Member Representatives Committee (MRC) – At the initial meeting of the MRC, and annually thereafter, prior to the annual election of representatives to the MRC, the MRC shall select a chairman and vice chairman from among its voting members by majority vote of the members of the MRC to serve as chairman and vice chairman of the MRC during the upcoming year; provided, that the incumbent chairman and vice chairman shall not vote or otherwise participate in the selection of the incoming chairman and vice-chairman. The newly selected chairman and vice chairman shall not have been representatives of the same sector. Selection of the chairman and vice chairman shall not be subject to approval of the board. The chairman and vice chairman, upon assuming such positions, shall cease to act as representatives of the sectors that elected them as representatives to the MRC and shall thereafter be responsible for acting in the best interests of the members as a whole.

The nomination period for the two officer positions of the MRC for 2020 opened on September 9, 2020, for a 30-day nomination period that closed October 9, 2020. The nominees for the MRC chair and vice chair for 2021 are:

Chair – Paul Choudhury

Vice Chair – Roy Jones

MRC Sector Nominations and Elections Schedule

Action

Information

Background

Chair Jennifer Sterling will remind members of the current sector nomination period for those representatives whose terms expire in February 2021.

MRC Member Nominations and Elections

Tuesday, September 8 – nomination period opens

Friday, November 6 – nomination period closes

Monday, December 7 – election begins

Thursday, December 17 – election ends

Reference Links

[Membership of the MRC for 2020-2022](#)

[NERC Bylaws](#)

Board of Trustees Nominating Committee Update

Action

Information

Summary

The following MRC members are serving on this year's Board of Trustees Nominating Committee (BOTNC):

1. **Jennifer Sterling** – MRC Chair
2. **Paul Choudhury** – MRC Vice Chair
3. **Peter Gregg** – ISO/RTO
4. **Roy Jones** – State/Municipal Utility
5. **Jason Marshall** – Cooperative Utility

Ken DeFontes, chair of the BOTNC, will provide a status report on the planned activities and schedule for the BOTNC.

Business Plan and Budget Input Group Update

Action

Information

Summary

The Business Plan and Budget (BP&B) Input Group was established as a means of getting MRC and stakeholder feedback toward each year's budget. The group meets at least once per month during the normal budget season and additionally in other months to receive updates on NERC's financial position and discuss upcoming budget strategies. The following MRC members are serving on this year's BP&B Input Group:

1. **Sylvain Clermont (Chair)** – Federal/Provincial Utility
2. **Jennifer Sterling** – MRC Chair
3. **Thad Ness** – Investor-Owned Utility
4. **Carol Chinn** – State/Municipal Utility
5. **Lloyd Linke** – Federal/Provincial Utility
6. **Bill Gallagher** – Transmission-Dependent Utility
7. **John Twitty** – Transmission-Dependent Utility

In addition to the above MRC members, the BP&B Input Group also includes a representative from a Regional Entity (Ed Schwerdt – NPCC) and a representative from the RISC (Peter Brandien – past RISC chair).

Sylvain Clermont, chair of the BP&B Input Group, will provide an update on behalf of the group at the November 5, 2020, MRC Meeting.

Update on Regulatory Matters (As of October 14, 2020)

Action

Information

Background

FERC Orders Issued since the Last Update

FERC orders are available on the NERC website [FERC Orders/Rules](#) page.

NERC Filings to FERC since the Last Update

NERC filings to FERC are available on the NERC website [NERC Filings to FERC](#) page.

NERC Filings in Canadian Jurisdictions since the Last Update

NERC filings to Canadian applicable governmental authorities are available on the NERC website [Canadian Filings and Orders](#) page. This page also contains links to the websites of each of the Canadian applicable governmental authorities, where orders, consultation records, and other records related to NERC matters may be found.

Processes for making standards enforceable and monitoring and enforcing compliance are specific to each jurisdiction in Canada. The Federal, Provincial, and Territorial Monitoring and Enforcement Sub-group (MESG) has developed provincial summaries of each province's electric reliability standard-making and enforcement functions, with U.S. comparators. The [Canada](#) page of the NERC website contains these summaries, as well as a link to the [Canadian MOUs](#) page.

Anticipated NERC Filings in Q4

Highlights of NERC filings that will be submitted to applicable governmental authorities in the U.S. and Canada appear below:

1. November 15, 2020 — Within 45 days of the end of each quarter, NERC must submit the unaudited report of the NERC budget-to-actual spending variances during the preceding quarter.
Docket No. FA11-21-000
2. November 23, 2020 – The ERO Enterprise will submit joint comments in response to the FERC Notice of Inquiry regarding the potential risks to the Bulk Electric System posed by the use of equipment and services produced or provided by entities identified as risks to national security.
Docket No. RM20-19-000
3. November 29, 2020 — Within 60 days of the end of each quarter, NERC must submit a quarterly filing in Nova Scotia of FERC-approved Reliability Standards.

4. December 16, 2020 — NERC will submit an update on the schedule for the 2016-02 (Virtualization) and 2019-02 (BCSI) CIP standards development projects.
Docket No. RD20-2-000
5. December 24, 2020 — NERC will submit a petition for approval of proposed revised Supply Chain Risk Management Reliability Standards (CIP-005-7, CIP-010-4, and CIP-013-2) in compliance with Order No. 850.
Pending Board approval
6. December 30, 2020 — NERC must submit its Frequency Response Annual Analysis (“FRAA”) report in compliance with Order No. 794 (Frequency Response and Frequency Bias Setting Reliability Standard, Order No. 794, 146 FERC ¶ 61,024, at P 4 (2014)).
Docket No. RM13-11-000
Pending Reliability Security and Technical Committee endorsement
7. December 30, 2020 — NERC must submit its Annual Reliability Standards Development Plan (“RSDP”) informational filing, per Rules of Procedure Section 310. After the RSDP is filed with FERC, NERC will make RSDP informational filings in Canadian jurisdictions.
Docket Nos. RM05-17-000, RM05-25-000, RM06-16-000
Pending Board approval

MRC Governance Guidelines

Action

Approve

Summary

At its November 2019 meeting, the MRC approved the MRC Governance Guidelines, which were developed to streamline a set of individual policy, process, and reference documents. The guidelines were revised in September 2020 to remove unnecessary restrictions regarding logistics for MRC conference calls. A redline of the guidelines reflecting this change is attached.

Attachment

1. MRC Governance Guidelines (*redline*)

MEMBER REPRESENTATIVES COMMITTEE GOVERNANCE GUIDELINES

The Member Representatives Committee (the “MRC”) of the North American Electric Reliability Corporation (“NERC” or the “Corporation”) has adopted the following Governance Guidelines to provide a framework for the general governance of the MRC.

The purpose of the Governance Guidelines is to (1) highlight important provisions of the NERC Bylaws in order to facilitate understanding among MRC members of their rights and responsibilities, and (2) provide guidance on the normal operation of the MRC.

1. Role of the Member Representatives Committee

The MRC is not a standing committee of the Corporation, but is elected by the members of the Corporation and is authorized to provide its advice and recommendations directly to the Board of Trustees (the “Board”). The MRC has three primary rights and responsibilities:

- To elect the independent trustees;
- To vote on amendments to the Bylaws; and
- To provide advice and recommendations to the Board with respect to the development of annual budgets, business plans and funding mechanisms, and other matters pertinent to the purpose and operations of the Corporation.

As part of its responsibility to provide advice and recommendations to the Board, the MRC may divide the responsibility for this activity among its membership. The MRC will periodically evaluate its effectiveness.

2. Size and Election of the Member Representatives Committee

The number of MRC representatives and their election shall be determined as set forth in NERC’s Bylaws, as amended from time to time.

The MRC is comprised of voting and non-voting representatives, as set forth in NERC’s Bylaws. The Board may by resolution create additional non-voting positions on the MRC at the written request of any group of members of the Corporation that believes its interests are not adequately represented on the MRC.

See NERC Bylaws, Article VIII, Section 1

See NERC Bylaws, Article VIII, Sections 2 and 3

See NERC Bylaws, Article VIII, Section 2

The MRC shall contain a number of Canadian voting representatives, as set forth in NERC's Bylaws. When the Corporation receives recognition from appropriate governmental authorities in Mexico as the electric reliability organization, the NERC Bylaws shall be revised to provide for adequate representation of Mexican interests on the MRC.

See NERC Bylaws, Article VIII, Section 4

The MRC Secretary, with support from the MRC Chair and Vice Chair, will conduct an orientation program for new MRC members prior to the February regular meeting each year.

3. Process for Selection of Member Representatives Committee Chair and Vice Chair

Prior to the annual election of representatives to the MRC, the MRC shall select a Chair and Vice Chair of the MRC from among its voting members by majority vote of the members of the MRC to serve during the upcoming year. The incumbent Chair and Vice Chair shall not vote or otherwise participate in the selection of the incoming Chair or Vice Chair. The newly selected Chair and Vice Chair shall not have been representatives of the same sector. The selection of the Chair and Vice Chair of the MRC shall not be subject to approval of the Board.

See NERC Bylaws, Article VIII, Section 5

4. Duties and Responsibilities of the Member Representatives Committee Chair and Vice Chair

Upon assuming such positions, the Chair and Vice Chair shall cease to act as representatives of the sectors that elected them as representatives of the MRC and shall thereafter be responsible for acting in the best interests of the members of the Corporation as a whole.

See NERC Bylaws, Article VIII, Section 5

The Chair, Vice Chair, or other designated discussion leader is responsible for facilitating discussion of agenda items in the MRC meetings so as to clearly define the differences of opinion that may exist among the discussion participants. During this discussion, the Chair will determine if passage of a resolution by the MRC on the matter is needed and appropriate. Notwithstanding the Chair's determination, an MRC member may call for such determination to be made by majority vote of a quorum present. If such call is moved and seconded, a discussion of the need for and appropriateness of passing a resolution will proceed, and a vote on that need and appropriateness will take

place immediately following that discussion. If a resolution is determined to be needed and appropriate, the Chair will designate at least two MRC members to draft such resolution and bring it before the MRC for discussion and vote.

The Chair of the MRC may call special meetings of the MRC for any purpose and may initiate a call for action without a meeting of the MRC, as set forth in NERC's Bylaws.

See NERC Bylaws, Article VIII, Sections 8 and 12

5. Confidential Information

To the extent permitted by law, each MRC member must maintain the confidentiality of (1) any confidential or proprietary NERC information disclosed or available to the MRC member; (2) any confidential or proprietary information of NERC members, or market participants to which the MRC member has access by virtue of his or her position with the MRC; and (3) any confidential or proprietary information of others that has been provided to the MRC on condition of confidentiality.

6. Representation Policy

Individual MRC members should act in a manner that recognizes that they do not represent NERC, or, other than the MRC Chair, the MRC, nor are they authorized to speak or communicate on behalf of NERC, unless authorized to do so by the NERC Board Chair or CEO, and should provide such a disclaimer if identifying themselves as an MRC member to the press, at speaking engagements, or through any other public communications.

7. Meetings of the Member Representatives Committee

Meetings (face-to-face and by teleconference) of the MRC shall be open to the public, subject to reasonable limitations such as the availability and size of meeting facilities; provided that the MRC may meet in or adjourn to closed session where the subject matter of the meeting so warrants, consistent with the provisions of NERC's Bylaws and these Governance Guidelines.

See NERC Bylaws, Article VIII, Section 10

The MRC will hold regular meetings each year and will hold additional special meetings as needed.

See NERC Bylaws, Article VIII, Sections 7 and 8

The MRC will hold a special meeting by teleconference about four weeks before each regular meeting of the MRC. The purpose of this special meeting is to discuss (1) the draft agenda for the

regular meeting and (2) review topics of particular interest to the Board for policy input from the MRC in order to facilitate sector discussions on those topics prior to the regular meeting. The MRC Chair, Vice Chair, and Secretary will establish the date and time for this special meeting when the date and time for the regular MRC meeting is set and should be timed to allow subsequent sector meetings on the subject matter of the next regular MRC meeting.

a. Preparation for Meetings

The MRC Secretary should make materials required for the conduct of the regular meeting, including the final meeting agenda with supporting materials, available at least two weeks in advance of the regular meeting, when possible.

The MRC requests that reports by NERC management on the status of NERC programs and projects ensure transparency, ease comprehension of the materials provided, and cover topics that are most important to the members of the Corporation and that large volumes of material provided by NERC management should be accompanied by executive summaries.

b. Setting of Member Representatives Committee Agenda

The Chair and Vice Chair of the MRC shall prepare the agenda for each meeting in consultation with the members of the MRC, the Board, NERC staff, and others as needed.

The MRC Chair and Vice Chair should coordinate with the Board Chair and Vice Chair on the placement of informational items (*i.e.*, items that do not require any action by either body, such as status reports from NERC management) into the MRC and Board agendas for their regular meetings so that these items are not duplicated in each meeting. In their respective meetings, the MRC and Board should accommodate questions and comments from members of the other body during the discussion of such informational items.

The meeting agenda will tag all agenda items by the type of action expected of the MRC at the meeting. Types of action generally include, but are not limited to, the following:

1. Receive information and seek clarification;
2. Discuss and advise the Board or NERC management; or
3. Decide by vote.

c. Types of Meetings

In general, a meeting of the MRC shall be conducted as one of the following types of meetings:

- **Open Meeting.** The public may attend and observe the deliberations of the MRC during such meetings or portion of the meetings. The public may participate during the meeting in the sole discretion of the presiding officer for the meeting.
- **Closed Meeting.** The public may not attend or observe the deliberations of the MRC. The MRC may invite particular persons to participate in a closed meeting where such participation would further the business of the MRC. At least one NERC staff member shall be present to record any necessary minutes of such meeting.

d. Criteria for Holding Closed Meetings

A meeting or a portion of a meeting may be closed to discuss matters of a confidential nature, including but not limited to personnel matters, compliance and enforcement matters, litigation, or commercially sensitive or critical infrastructure information of any entity, as contemplated by NERC's Bylaws.

See NERC Bylaws, Article VIII, Section 10

e. Procedures for Meetings

Notice of the dates, places, times and status of meetings of the MRC shall be provided by NERC in accordance with the requirements of NERC's Bylaws and applicable law. NERC will post all non-confidential material for any meeting within 24 hours of when such material is provided to the MRC.

See NERC Bylaws, Article VIII, Section 10

~~For open meetings by teleconference, NERC will provide audio conferencing that includes two levels of access: one for meeting participants (e.g., MRC officers, Board members, and presenters) and another for MRC members and the public. Meeting participants will be able to hear and speak to each other. MRC members and the public will have listen-only access to the teleconference, but can ask questions or otherwise participate when prompted. NERC will provide~~ The appropriate logistics to allow the MRC to conduct its business and interact (i.e., location for in-person meetings, dial-in numbers for teleconferences) will be provided with the meeting agenda.

See NERC Bylaws, Article III, Section 12

The MRC may, in accordance with the NERC Bylaws, take action without a meeting pursuant to written consent.

f. Conduct of Meetings

Trustees in attendance at an MRC meeting are encouraged to ask questions and seek clarification of positions expressed by MRC members during MRC discussions.

Other persons who are not MRC members in attendance at an MRC meeting may be invited to comment at the discretion of the Chair, who should take into account both the MRC's desire for inclusiveness and the need to keep MRC meetings focused to make best use of the members' time.

When the MRC wants a formal response from the Board to MRC recommendations or advice, it should formally request such a response when conveying the recommendation or advice to the Board.

g. Minutes of Meetings

The MRC Secretary shall keep and post written minutes of each meeting. Minutes should contain the following information unless otherwise agreed to by NERC's General Counsel:

- Place, date and time of meeting
- When and how notice was given
- Meeting chair and vice chair present
- List of attendees and whether quorum was present
- Statement that minutes from prior meeting were reviewed, amended if necessary, and approved
- Description of the substance of matters discussed (presentations and written materials considered should be included as exhibits, if feasible, or specifically identified and incorporated by reference)
- Statement of specific actions taken (including, where the required number of affirmative votes is other than a simple majority, the number of votes for and against)

In general, minutes are not a transcript of the meeting. The minutes should be in sufficient detail to apprise the reader of the general tenor and scope of the discussion (including minority positions), without attempting to record the statements or opinions of each person speaking. Because a primary purpose of the MRC is to advise the Board on policy matters, emphasis in the minutes should be on the specific advice offered by the MRC.

This policy is not intended to change existing policies with respect to confidentiality of data. Minutes of non-public meetings should be kept on a non-public basis or prepared in a manner that does not disclose non-public information. The MRC Secretary shall post a copy of draft minutes to the NERC website and make the minutes available to each MRC member promptly after each meeting. Minutes from one meeting should be reviewed, amended (if necessary), and approved at the following meeting. The MRC Secretary shall post a copy of the final minutes to the NERC website upon approval by the MRC.

8. Guidelines for Participant Conduct and Use of NERC Email Lists

MRC members shall conduct themselves in a professional manner at all times. This includes in-person conduct and any communication, electronic or otherwise, made as a participant in NERC activities. MRC members shall not use NERC activities for commercial purposes or for their own private purposes, including, but not limited to, advertising or promoting a specific product or service, announcements of a personal or business nature, sharing of files or attachments not directly relevant to the purpose of the NERC activity, and communication of personal views or opinions, unless those views are directly related to the purpose of the NERC activity.

MRC members also shall not distribute work product developed during the course of NERC activities if distribution is not permitted by NERC (e.g., an embargoed report), provided that NERC, may grant in writing a request by an MRC member to allow further distribution of the work product to one or more specified entities within its industry sector if deemed to be appropriate. Any MRC member that distributes work product labeled “embargoed,” “do not release,” or “confidential” (or other similar labels) without written approval for such further distribution will be in violation of these guidelines.

MRC members shall not use NERC-provided listservs for any price-fixing, division of markets, and/or other anti-competitive behavior. Recipients and participants on NERC listservs may not utilize NERC listservs for their own private or business purposes. This may include lobbying for or against pending balloted standards, announcements of a personal nature, sharing of files or attachments not directly relevant to the listserv group’s scope of responsibilities, or communication of personal views or opinions, unless those views are provided to advance the work of the

listserv's group. Any offensive, abusive, or obscene language or material shall not be sent across the NERC listservs.

If a participant does not comply with these Guidelines for Participant Conduct and Use of NERC Email Lists, certain reasonable restrictions may be imposed, including removal from meetings or teleconferences, restrictions on the use of NERC-administered listservs or other restrictions, up to permanent removal from participation on a NERC or MRC committee or other NERC or MRC activity.

9. NERC Support of the Member Representatives Committee

NERC should provide administrative staff to support the operation of the MRC and the MRC members' engagement of their sector members. These NERC staff are responsible for anticipating and providing for the MRC members' information and communication needs.

In addition, NERC should support MRC activities by facilitating teleconferences, securing meeting spaces for in-person meetings, and providing a location on its website to share agendas, minutes, presentations, and related materials relevant to the MRC.

10. Amendments to these Guidelines

These Governance Guidelines may be amended by the MRC from time to time. The MRC members shall periodically review these Governance Guidelines and recommend any amendments to the MRC.

**Approved by the Member Representative Committee
November 5, 2019**

Responses to the Board's Request for Policy Input

Action

Discussion

Background

The policy input letter is issued by the Chair of the NERC Board of Trustees (Board) four to five weeks in advance of the quarterly meetings and includes relevant materials necessary to inform and prepare for discussion. Written input from the Member Representatives Committee (MRC) and stakeholders is due three weeks after issuance and is then revisited during a dedicated discussion time on the MRC's agenda, in the presence of the Board.

Summary

For this quarter, the Board requested specific policy input on the Framework to Address Known and Emerging Reliability and Security Risks and the Top Priorities for NERC Over the Next Three Years. In addition, the Board requested input on preliminary Board, Board Committee, and MRC agenda topics. On November 5, 2020, the MRC can expect to participate in discussion on the responses received from the policy input request.

Attachment

1. September 30, 2020, Board Letter Requesting Policy Input (*without attachments*)

September 30, 2020

Ms. Jennifer Sterling, Chair
NERC Member Representatives Committee

Dear Jennifer:

I invite the Member Representatives Committee (MRC) to provide policy input on two matters of particular interest to the NERC Board of Trustees (Board) as it prepares for its November 4-5, 2020, meetings, which will occur via teleconference due to the coronavirus (COVID-19) pandemic. In addition, policy input is requested on any items on the preliminary agendas for the quarterly Board, Board Committees, and MRC meetings. The preliminary agendas are included in the [MRC Informational Session agenda package](#) (see Item 2) and are attached hereto (**Attachment A**). The MRC's November agenda includes an opportunity for MRC members to provide additional input to the Board on the final agenda and materials. **As a reminder, please include a summary of your comments in your response (i.e., a bulleted list of key points) for NERC to compile into a single summary document to be provided to the Board for reference, together with the full set of comments.**

Framework to Address Known and Emerging Reliability and Security Risks

The ERO's mission requires establishing a consistent framework to identify, prioritize, as well as address known and emerging reliability and security risks. The *Framework to Address Known and Emerging Reliability and Security Risks* (Whitepaper) (**Attachment B**), which has been reviewed by the Reliability and Security Technical Committee (RSTC) and Reliability Issues Steering Committee (RISC), identifies the policies, procedures, and programs developed by the ERO Enterprise to support its mission. They are incorporated into an iterative six-step risk management framework, along with an operational model between the RISC and RSTC. The next step is to classify mitigation of risks to Bulk Electric System (BES) reliability and security according to the likelihood of the risk occurring, and the severity from its impact. The ERO's policies, procedures, and programs are mapped to target risk mitigation against severity and likelihood. Further, the Whitepaper reviews how resilience is an important component of reliability risk management. Finally, the whitepaper considers the application of ERO policies, procedures, and programs, within the time required to apply the mitigation against the risk's likelihood and severity.

NERC plans to request Board endorsement of the Whitepaper at the Board's open conference call in December. **Before considering the Whitepaper for endorsement, the Board requests MRC policy input on the following:**

1. **Are there any ERO policies, procedures, and/or programs that are missing or need amplification?**

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

2. Does the iterative six-step risk management framework provide a sound basis for risk identification and mitigation?
3. Are there any significant steps missing from the iterative risk management framework? If so, what steps do you propose adding?
4. Are there any missing key elements in the RSTC/RISC triage approach? If so, what key elements do you propose adding?
5. Is the multi-dimensional model shown in Figure 4 of the Whitepaper complete?

Top Priorities for NERC Over the Next Three Years

NERC regularly reviews its strategic plan and evaluates its work objectives. It is important that industry stakeholders provide input on key priorities for the Electric Reliability Organization to ensure that NERC is focusing on the most important activities. **Therefore, the Board requests MRC policy input on what the three most important reliability and security matters are that you believe NERC should address over the next three years.**

Written comments in response to the input requested above, the preliminary agenda topics, and on other matters that you wish to bring to the Board's attention are due by **October 21, 2020**, to Kristin Iwanechko, MRC Secretary (Kristin.Iwanechko@nerc.net). The formal agenda packages for the Board, Board Committees, and MRC meetings will be available on October 22, 2020, and the presentations will be available on October 29, 2020. The Board looks forward to your input and discussion of these matters during the November 2020 meetings.

Thank You,



Roy Thilly, Chair
NERC Board of Trustees

cc: NERC Board of Trustees
Member Representatives Committee

Framework to Address Known and Emerging Reliability and Security Risks

Summary

The ERO's mission requires establishing a consistent framework to identify, prioritize, and address known and emerging reliability and security risks. The *Framework to Address Known and Emerging Reliability and Security Risks* (Whitepaper), which has been reviewed by the Reliability and Security Technical Committee (RSTC) and Reliability Issues Steering Committee (RISC), identifies the policies, procedures, and programs developed by the ERO to support its mission and incorporates them into an iterative six-step risk management framework. The mitigation of risks to Bulk Electric System (BES) reliability and security are classified according to the likelihood of the risk occurring and the severity of its impact. The ERO's policies, procedures, and programs are mapped to target risk mitigation against severity and likelihood. Further, the Whitepaper reviews how resilience is an important component of reliability risk management. Finally, the whitepaper considers the application of ERO policies, procedures, and programs, within time required to apply the mitigation and the likelihood and severity. NERC plans to request Board endorsement of the Whitepaper at the Board's open conference call in December.

Attachment

1. *Framework to Address Known and Emerging Reliability and Security Risks*

Framework to Address Known and Emerging Reliability and Security Risks

September 2020

This document outlines a risk framework for the ERO and details how such a framework provides an important extension of the ERO's core activities. The ERO mission¹ requires establishing a consistent framework to identify, prioritize and address known and emerging reliability and security risks. To support its mission the ERO has developed policies, procedures and programs which are identified and briefly described in Section I. These policies, procedures and programs have been incorporated into an iterative six-step risk management framework outlined in Section II. Mitigation of risks to Bulk Electric System (BES) reliability can be classified according to the likelihood of the risk occurring and the severity of its impact. Section III addresses how the ERO's policies, procedures and programs identified in Section II map into the risk likelihood and severity space. Resilience is an important component of reliability risk management and is discussed in Section IV. Section V cover the application of ERO Policies, Procedures and Programs, within time required to apply the mitigation and the likelihood and severity.

I. ERO Policies, Procedures and Programs

The ERO's mission ultimately exists to serve the public interest, and it must serve that interest by developing and using the ERO Policies, Procedures and Programs to monitor and mitigate risks to the BES, balancing their use by considering what is possible against what is reasonable and necessary. Further, ensuring reliability and security also require improving the resilience of the BES by building the robustness to withstand unexpected events, supporting controlled degradation when an event is beyond design basis (providing an [Adequate Level of Reliability](#)), and supporting restoration following an event.

The ERO identifies risk both in a leading and lagging manner. The ERO scans the horizon for emerging risks such as grid transformation and critical infrastructure interdependencies (leading). At the same time, the ERO is gathering data and information on the performance of the existing bulk power system to uncover unexpected risks such as large quantities of photovoltaic generation ceasing to operate under certain system conditions (lagging). In addition, the ERO annually releases its State of Reliability Report that documents the annual system performance in a comparative fashion. The ERO's Policies, Procedures and Programs are then used to address mitigation of these identified risks.

Five of NERC's most significant reliability risk mitigation activities are Reliability Standards, Assurance and Enforcement activities; Reliability Guidelines; Technical Engagement; Reliability and Risk Assessments; and Alerts:

- 1. Reliability Standards, Assurance, and Enforcement** processes are the common way to address reliability and security risks when addressing sustained risks with moderate impacts which are

¹ Electric Reliability Organization (ERO) consists of NERC and the 6 Regional Reliability Organizations. The ERO's mission is to assure the reliability and security of the North American bulk electric system (BES). The ERO is supported by subject matter expertise from the owners and operators of the bulk electric system. In the United States the ERO is authorized the Energy Policy Act of 2003 and overseen by FERC.

likely (e.g., inaccurate planning models), and high impacts, whether likely or unlikely (e.g., vegetation management and geomagnetic disturbances). Standards provide the greatest degree of certainty for risk mitigation. Following NERC and Regional Reliability Standards should not be seen as a burden but rather an outcome of good reliability performance, with that desired outcome on each individual system contributing to the reliability of the entire interconnection, and ultimately, the North American BES.

As a matter of public policy, Reliability Standards should credibly address primary risks that are sustained, high impact and likely. Establishing a baseline of Reliability Standards assures accountability for the public's benefit when minimum expectations of performance or behavior are not met. The public expects a regulator to enforce accountability on at least those actions related to sustained, high impact, and likely risks within its scope of oversight.

A key factor in the success of compliance monitoring and enforcement of mandatory standards rests on a common understanding among industry and the ERO as set forth in the ERO's Compliance Monitoring and Enforcement Program (CMEP) which details how compliance will be monitored and enforced. Implementation Guidance is developed by industry and/or vetted through pre-qualified organizations to show examples of compliant implementations. These vetted examples can then be submitted to the ERO for endorsement, and, if endorsed, the ERO would give the example deference during CMEP activities with consideration of facts and circumstances.

Annual risk elements associated with the Reliability Standards are documented annually in the ERO CMEP Implementation Plan, which provides guidance to industry on North American-wide and regional risks that the ERO's Reliability Assurance and Enforcement staff will be focusing on addressing in the coming year.

2. **Reliability Guidelines** are the common approach to use when addressing moderate impact sustained risks that are unlikely, and low impact sustained risks that are unlikely or likely (such as reduced or lack of equipment maintenance resulting in the loss of an individual element which is a low impact to BPS reliability, while the probability of failure increases over time). Reliability Guidelines are also used for those issues that are or are not in the ERO's jurisdiction, but are practices that improve reliability. Guidelines provide three advantages:
 - Together with a strong minimum baseline fabric of standards, guidelines can be a strong and timely way to address risk.
 - Reliability Guidelines enable the ERO to highlight expectations or priorities on appropriate practices for a given subject area.
 - Reliability Guidelines may also be used to establish performance expectations for emerging risks rather than or prior to codifying those expectations into Reliability Standards.
3. **Technical Engagement** can be used to address sustained risks or one-and-done activities with low impacts, whether likely or unlikely. Activities here include webinars, site visits, presentation and reports, workshops, conferences and technical meetings. This includes not only activities of the ERO, but the ERO supporting industry engagement through the reliability ecosystem, such as the North American Transmission and Generation Forums, professional organizations, researchers, and government. Technical engagement also serves to promote future sustained

risk mitigation and support for using Reliability Guidelines, industry notices, newsletters, bulletins, or Reliability Standards.

4. **Reliability and Risk Assessments** coupled with the biennial report outlining the Reliability Issues Steering Committee's (RISC) findings identifies risks, whether likely or unlikely. Generally, these activities are used to inform and influence policymakers, industry leaders, and the general public about the impact of important public and energy policy issues impacting BPS reliability.
5. **Alerts** are used for sharing information, especially time-sensitive information, to request action or direct action. They can also serve as a more nimble, foundational activity for other ERO Policies, Procedures and Programs. As part of its normal course of business, NERC often either discovers, identifies, or is provided with information that is critical to ensuring the reliability of the bulk power system in North America. In order to effectively disseminate this information, NERC utilizes email-based "alerts" designed to provide concise, actionable information to the electricity industry. As defined in its Rules of Procedure, NERC alerts are divided into three distinct levels, as follows:
 - **Level 1 Industry Advisory:** Purely informational, intended to alert registered entities to issues or potential problems. A response to NERC is not necessary.
 - **Level 2 Recommendation to Industry:** Recommends specific action be taken by registered entities. A response from recipients, as defined in the alert, is required.
 - **Level 3 Essential Action:** Identifies actions deemed to be "essential" to bulk power system reliability and requires NERC Board of Trustees' approval prior to issuance. Like recommendations, essential actions also require recipients to respond as defined in the alert.

Since Level 2 and Level 3 alerts require acknowledgement of receipt and response to the alerts, they are used in higher risk impact situations than Level 1 alerts, which are purely informational.

II. ERO Iterative Risk Management Framework

During the last ten years, the ERO has expanded its implementation of risk-based approaches across its program areas. During this transition, the ERO has continued to lead industry in reliability, resilience, and security initiatives to identify known and emerging risks, and to engage industry in a collaborative approach to mitigating that risk. The primary reliability, resilience, and security activity for risk mitigation the ERO currently deploys includes, but is not limited to: outreach events such as webinars and conferences, Reliability Guidelines, Alerts, Reliability Standard development, registration and certification, and compliance monitoring and enforcement. In addition, the ERO can engage Forums such as the North American Transmission Forum (NATF) and the North American Generator Forum (NAGF), as well as the industry trade associations, industry groups such as the Energy Systems Integration Group (ESIG), and research organizations such as the Electric Power Research Institute and the Power Systems Engineering Research Center (PSERC) to assist with development of best practices, increased awareness, Implementation Guidance, and other solutions used to address identified risks.

Additionally, a set of industry indicators has been developed to measure reliability and security. These indicators need further refinement, maturation and linkage to industry performance as they are key to evaluating the effectiveness of mitigation efforts, identifying the residual risk that remains, and considering whether the remaining risk is at acceptable levels.

This framework is meant to guide the ERO in the prioritization of risks and provide guidance on the application of ERO Policies, Procedures, and Programs, to inform resource allocation and project prioritization in the mitigation of those risks. Additionally, the framework accommodates measuring residual risk after mitigation is in place, enabling the ERO to evaluate the success of its efforts in mitigating risk, which provides a necessary feedback for future prioritization, mitigation efforts, and program improvements.

The successful reduction of risk is a collaborative process between the ERO, industry, and the technical committees including the Reliability and Security Technical Committee (RSTC) and RISC. The framework provides a transparent process using industry experts in parallel with ERO experts throughout the process, from risk identification, deployment of mitigation strategies, to monitoring the success of these mitigations.

Six specific steps have been identified, consistent with risk management frameworks used by other organizations and industries: 1) Risk Identification; 2) Risk Prioritization; 3) Mitigation Identification and Evaluation; 4) Deployment; 5) Measurement of Success; and 6) Monitoring.

- 1. Risk Identification and Validation:** As mentioned above, the ERO identifies risks using both leading and lagging approaches. The RISC biennial report and Long-Term and Seasonal Reliability Assessments (leading) have successfully brought together industry experts to identify and prioritize emerging risks, as well as suggest mitigation activities. A partnership between the ERO leadership and both the RISC and RSTC enables input from the ERO program areas, industry Forums and trade associations to provide additional context in risk identification.

In addition, the ERO and industry subject matter experts continuously work together identifying and validating risks to the reliable and secure operation of the bulk power system based on analysis of ongoing performance of the system (lagging). Validation of the magnitude and priority of the risk includes working with NERC Committees, and socializing it with Forums, government and research organizations.

The ERO has a number of ways that it identifies risks:

- ERO stakeholder supported technical organizations, industry forums, and associated subject matter experts
- Focused Compliance monitoring activities
- Reliability and Risk Assessments
- Events Analysis
- State of Reliability Report, including the analysis of Availability Data Systems (BASS, TADS, GADS, DADS, MIDAS, etc.)
- Frequency Response, Inertia, and other essential reliability service measurements
- Interconnection simulation base case quality and fidelity metrics
- Reliability Issues Steering Committee (RISC) Biennial Risk Report
- Regional Risk Assessments

- Communication with external parties, such as DOE, DHS, Natural Resources Canada, CEA and EPRI
 - Shared public and/or government intelligence with special emphasis on cyber security.
2. **Risk Prioritization:** Prioritizing risks is accomplished through an analysis of their exposure, scope, and duration as well as impact and likelihood. The primary sources of data used to support this analysis come from the Risk Identification step. Deciding if the risk requires near-term mitigation or continued monitoring is informed by technical expertise. Depending on the complexity of the risk, new models, algorithms and processes may need to be developed to better understand the potential impacts of the risk, which is necessary to develop risk mitigation tactics. The process would be consistent with other risk management frameworks used by other industries, and was recently successfully tested in collaboration with industry through a survey issued by the RISC, based upon the risks that group prioritized in early 2019.

The ERO risk registry will be developed encompassing prior RISC report findings ongoing technical committee activities, and risks being monitored. Work plans of the technical committees will then be periodically reviewed to ensure that ongoing activities are tied to identified risks in the risk registry. Further, if new risks emerge they can be added to the registry, and if it is deemed that the risks are sufficiently mitigated, they will be moved to the monitored portion of the risk registry. As the RSTC develops its annual work plan and following the publication of the biennial ERO Reliability Risk Priorities Report, the risk registry is reviewed by the RISC and the RSTC to evaluate how completed work addressed these identified risks, whether any new risks have been identified by either committee that need to be added to the risk register, and documenting monitored risks which require no additional mitigation.

3. **Remediation and Mitigation Identification and Evaluation:** The right mix of mitigation activities is balanced against both the effective and efficient use of resources and the potential risk impact and likelihood. Determining the best mix depends on a number of factors, such as:
- What is the potential impact or severity of the risk?
 - How probable is the risk? Is it sustained, decreasing or growing?
 - Is the risk here today or anticipated in the next 3-5 years?
 - How pervasive is the risk?
 - Is mitigation expected to be a one-time action, or ongoing?
 - Have we had experience with events being exacerbated by the risks, or there is no experience, but the probability is growing (i.e. cyber or physical security)?
 - Have previous mitigation efforts been deployed? If so, were they effective? Why or why not?
 - What is an acceptable residual risk level after mitigating activities have been deployed?
 - Is the risk man-made or by natural causes?

Input from, and allocation of, subject matter expertise through multiple sources is part of this consideration, including resources within the ERO and its stakeholders (such as standing technical committees and their subgroups, or standard drafting teams), and external parties, such as the North American Transmission and Generation Forums (NATF and NAGF), North American Energy

Standards Board (NAESB), the Institute of Electrical and Electronic Engineers (IEEE), and EPRI, to name a few. Coordination is key to avoid duplication and provide supportive, rather than conflicting actions.

Once a risk to the BES has been prioritized according to its impact and likelihood, the ERO, NERC Committees, Forums, and industry subject matter experts recommend potential mitigations and assess their anticipated effectiveness. Examples of mitigation efforts include, but not limited to:

- Reliability Standards, with Compliance and Enforcement for risks that are:
 - Sustained, moderate to severe impact, and likely
 - Sustained, severe impact, and unlikely
 - Focused monitoring based on risk, and in response to major events
- Reliability Guidelines for risks that are:
 - Sustained, low to moderate impact, and likely
- Lessons Learned for risks that are:
 - Sustained, low impact, and likely
- Assist Visits for risks that are:
 - Compliance-related
 - Focused on a very specific situation or configuration
 - Generally on specific industry or entity practices or conditions
- Analysis of Major Events for risks that are:
 - Identified after a Major Event (e.g., Category 3 or higher)
 - Discreet/one-time, severe impact, unlikely
 - identified through recommended reliability improvements or best practices and lessons learned
- Analysis of “Off-Normal” Events for risks that are
 - Identified after an unusual operational condition has occurred and likely not a categorized event.
 - Discreet/one-time, moderate impact, unlikely
 - Identified through recommended reliability improvements or best practices and lessons learned
- Advisories, Recommendations or Essential Actions²

² LEVEL 1 (Advisories) – purely informational, intended to advise certain segments of the owners, operators and users of the Bulk Power System of findings and lessons learned; LEVEL 2 (Recommendations) – specific actions that NERC is recommending be considered on a particular topic by certain segments of owners, operators, and users of the Bulk Power System according to each entity’s facts and circumstances; LEVEL 3 (Essential Actions) – specific actions that NERC has determined are essential for certain segments of owners, operators, or users of the Bulk Power System to take to ensure the reliability of the Bulk Power System. Such Essential Actions require NERC Board approval before issuance.

- Alerts³
 - Technical Conferences and Workshops
- 4. Mitigation Deployment:** Mitigation projects will be deployed by the ERO and/or industry stakeholder groups, as determined by the “Mitigation Identification and Evaluation” step. A specific mitigation plan would involve a suitable mix of the ERO policies, procedures and programs discussed in Section I.

From time-to-time, the Federal Energy Regulatory Commission (FERC) may order the development of Reliability Standards, which can occur in this step.

- 5. Measurement of Success:** Once a set of solutions has been deployed, the effectiveness of the mitigation must be measured to determine if the residual risk has been reduced to an acceptable level. Effectively, if the desired level of risk mitigation is not met, the risk is fed back to Step 1, enabling a new prioritization of risks, factoring in historic mitigation, ensuring resource allocation is adapted to the changing risk landscape. This step also informs future mitigation efforts, as industry and the ERO learn from the effectiveness of mitigation mixes for reducing risk.
- 6. Monitor Residual Risk:** Once the level of residual risk is at an acceptable level, the risk is monitored through ongoing performance measures to ensure that risk remains at acceptable risk levels. The residual risk should be monitored for progress and to ensure that the mitigations that are in place continue to address the risk (Step 5). At times, mitigations need to be deployed on a periodic basis (e.g. annual workshops, Reliability Guideline updates, etc.) to ensure continued success (Step 4). If the risk levels heighten, or increased mitigation efforts are necessary due to the changing nature of the bulk power system, the risk can be fed back (Step 1) for prioritization and the development of additional mitigation approaches.

Figure 1 provides a pictorial flow chart of the ERO’s risk management process.

³ ALERT 1: Industry Action Requested: Fast moving or recently detected, impacts moderate, ALERT 2: Industry Action Required: Fast moving or recently detected, impacts moderate to severe, ALERT 3: Industry Action Mandatory: Fast moving or recently detected, impacts moderate to severe.

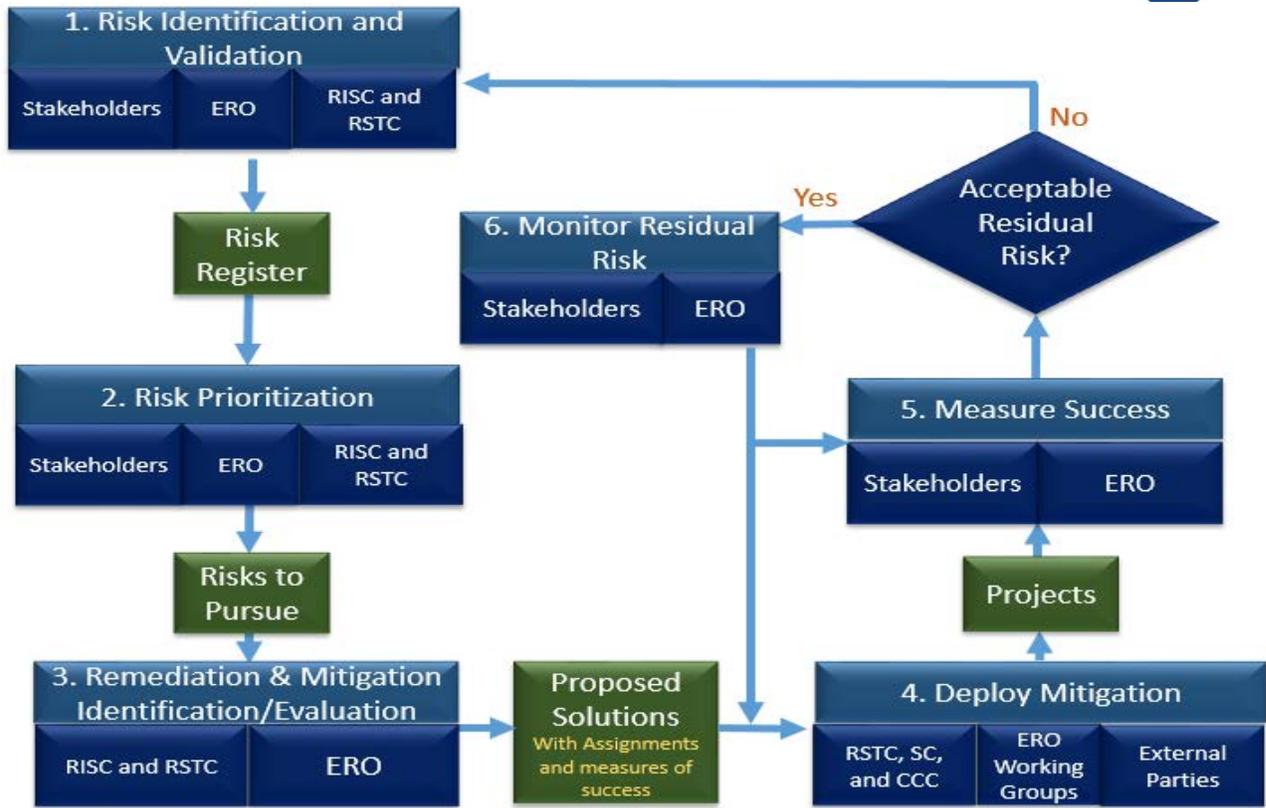


Figure 1: ERO Risk Management Process

In order to coordinate risk mitigation, the RISC and RSTC triage risk mitigations together as called for in the iterative RISC Framework process. The touch points are discussed in Figure 2.

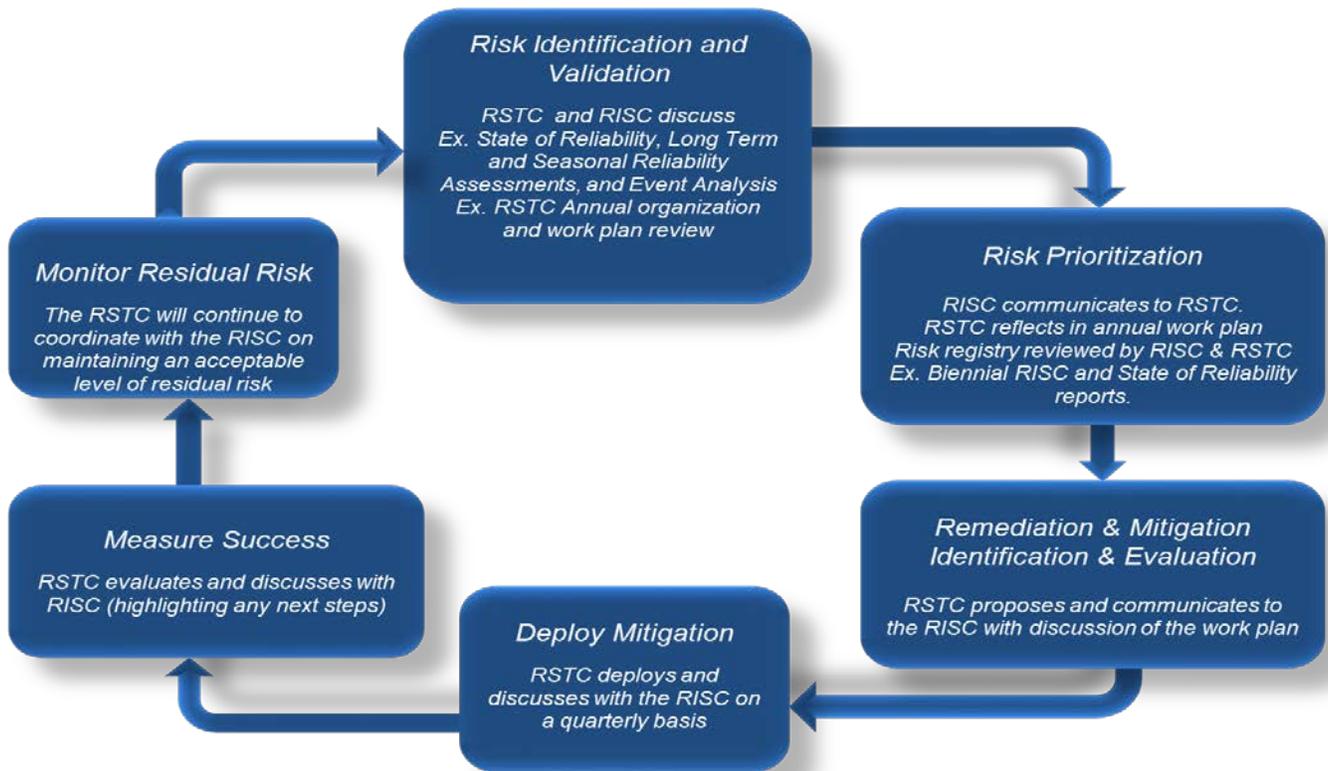


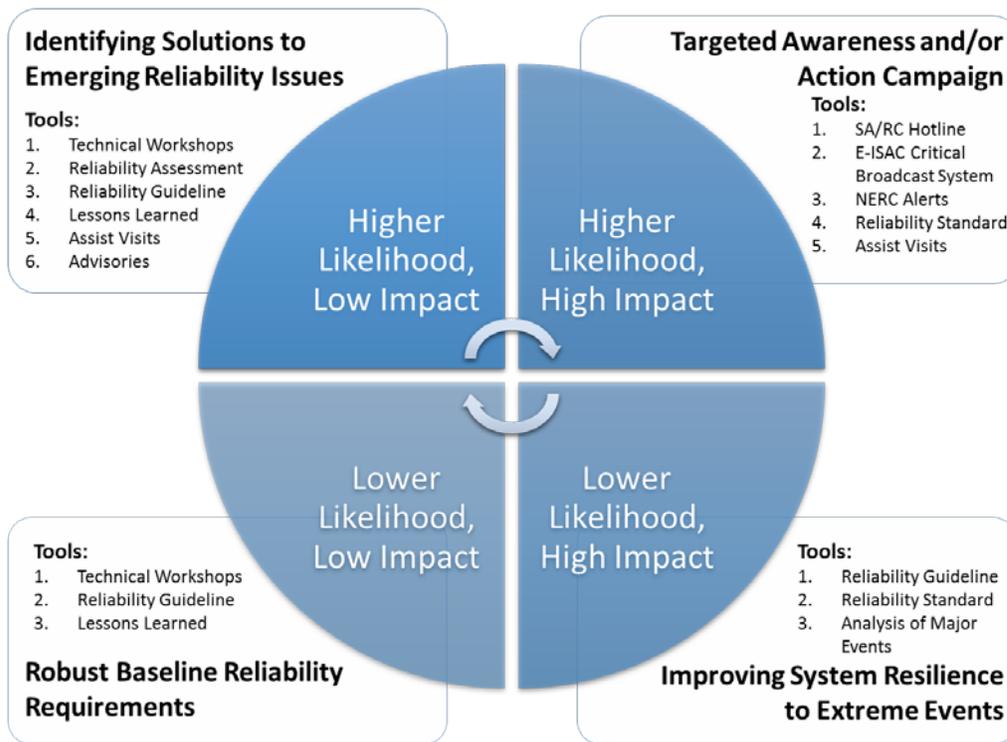
Figure 2: RSTC/RISC Coordination within the Risk Framework

- 1. Risk Identification and Validation** is completed by the RSTC and RISC as they review the annual State of Reliability Report, Long-Term and Seasonal Reliability Assessments, Event Analysis records and with a joint review the biennial RISC Report incorporating prioritized risks into the RSTC's subgroup's work plans. Further, the RSTC coordinates with the RISC on long-term risks and mitigations. In this way, risks determined by monitoring the ongoing performance of the bulk power system and those identified by scanning the horizon.
- 2. Reliability Risk Prioritization** is completed collaboratively between the RSTC and RISC on an annual basis. Ongoing activities are calibrated, and newly identified risks are prioritized.
- 3. Remediation & Mitigation Identification & Evaluation** activities to address the risks are assigned to the appropriate RSTC subgroups accounting for changing needs across the BPS. They create the ERO Policies, Procedures and Programs to address the risks. Frequent communications ensures coordination of ongoing risk prioritization. RSTC will provide updates to the RISC on the subgroup activities being taken on a quarterly basis.
- 4. Deploy Mitigations** by putting ERO Policies, Procedures and Programs into effect.
- 5. Measure Success** of the strategies/plans which are jointly evaluated for effectiveness, highlighting next steps. RSTC will provide updates to the RISC on the actions being taken on a quarterly basis.
- 6. Residual Risk** is monitored in coordination between the RSTC coordinates and RISC towards maintaining an acceptable level of residual risk.

III. Risk Mitigation from Likelihood and Severity Perspective

From a likelihood and impact perspective, the ERO Policies, Procedures, and Programs above overlap based on the specifics of each risk being mitigated. In addition, there are a host of additional activities that work together to manage risks, such as engagement with the reliability ecosystem, (e.g. Forums, professional organizations (IEEE-PES, CIGRE, etc.), and government). A combination can be used towards gaining industry action, setting the stage for standards as well as addressing a risk while a standard is being developed. Likelihood and impact have a bearing when a Reliability Standard is required. Figure 3 provides an illustration that is representative of the principles:

Electric Reliability Organization: Reliability Risk Mitigation Toolkit



*Likelihood is Likelihood of an "Adverse Reliability Impact"

Figure 3: ERO Reliability Risk Mitigation Portfolio

IV. Resilience Impact on Risk Management

In August 2017, the Department of Energy (DOE) issued a Staff Report to the Secretary on Electricity Markets and Reliability ([DOE Grid Report](#)) regarding reliability and resilience in light of the changing energy environment. One recommendation in the DOE Grid Report stated that NERC should consider adding resilience to its mission and broadening its scope to address resilience. In response to the DOE report and NERC assessments, the NERC Board of Trustees (NERC Board) directed the Reliability Issues Steering Committee (RISC) to develop a model for resilience and examine resilience in today’s environment.

In accordance with the NERC Board’s directive, the RISC worked with NERC stakeholders to reexamine the meaning of resilience in today’s changing environment and how resilience impacts NERC activities. Meanwhile, the DOE and FERC have continued evaluating the relationship of resilience and reliability.

NERC has developed, filed with FERC, and later updated a [definition of the adequate level of reliability](#) (ALR) along with a [technical report](#) to guide Reliability Standards development, Reliability Assessments, guideline development, data collection, system analysis and standing committee work. In particular, the ALR, or design basis of the system, is defined as the state that design, planning, and operation the BES will achieve when five ALR performance objectives are met.⁴ Each objective addresses Reliable Operation of the BES over four time frames:

⁴ The ALR Performance Objectives are as follows:

1. The BES does not experience instability, uncontrolled separation, Cascading, or voltage collapse under normal operating conditions and when subject to predefined Disturbances.

1. **Steady state:** the period before a disturbance and after restoration has achieved normal operating conditions
2. **Transient:** the transitional period after a disturbance and during high-speed automatic actions in response
3. **Operations response:** the period after the disturbance where some automatic actions occur and operators act to respond
4. **Recovery and system restoration:** the time period after a widespread outage through initial restoration rebounding to a sustainable operating state and recovery to a new steady state

In November of 2018, the NERC Board accepted the RISC's Report, titled "[Reliability Issues Steering Committee Resilience Report.](#)" This report summarizes the results of the RISC's examination of resilience, including the RISC Resilience Model.

V. Incorporating Risk Adds a Critical Dimension to the ERO's Mission

Application of ERO Policies, Procedures and Programs provides a multi-dimensional approach to address risks. Namely, some of these approaches can be put in place swiftly, while others require industry collaborative action which can take more time. Further, there are time considerations on the speed of the ERO Policies, Procedures and Programs deployment, as well as the speed at which a risk should be addressed. Figure 4 provides a risk time horizon perspective.

The ERO Policies, Procedures and Programs deployed are largely dependent on the likelihood that a given risk would impact reliability. For example, reliability issues that have occurred are generally more likely than those that have not occurred, and risks/issues that have occurred are generally more likely to occur again.

Therefore, the ERO Policies, Procedures and Programs used to mitigate risks that have occurred may be different than those used to mitigate longer-term issue that haven't impacted reliability yet. For instance, after analysis of major and/or off-normal events, depending on the potential impacts and reoccurrence likelihood, strong action can be taken by the ERO with nearly immediate response by issuing up to three levels of NERC Alerts, Assist Visits, followed by Reliability Guidelines, technical conferences, and enhancement of Reliability Standards.

Generally, industry action to address medium to high impact and likelihood risks employs Reliability Standards which provide the highest certainty of risk mitigation. Following Reliability Standards is mandatory and provides a high value by creating comfort and certainty for interconnected organizations

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2. BES frequency is maintained within defined parameters under normal operating conditions and when subject to predefined Disturbances.
 3. BES voltage is maintained within defined parameters under normal operating conditions and when subject to predefined Disturbances.
 4. Adverse Reliability Impacts on the BES following low probability Disturbances (e.g., multiple contingences, unplanned and uncontrolled equipment outages, cyber security events, and malicious acts) are managed.
 5. Restoration of the BES after major system Disturbances that result in blackouts and widespread outages of BES elements is performed in a coordinated and controlled manner.

The ALR also lists two assessment objectives for purposes of assessing risks to reliability:

1. BES transmission capability is assessed to determine availability to meet anticipated BES demands during normal operating conditions and when subject to predefined Disturbances.
2. Resource capability is assessed to determine availability to the Bulk Electric System to meet anticipated BES demands during normal operating conditions and when subject to predefined Disturbances.

of expectations and roles, ensuring that the adequate level of reliability will be maintained. In the end, following the Reliability Standards is an outcome of good industry reliability performance.

High-Impact, Low-Frequency-type risks generally do not have a historical record of technical information. Longer-term risks can be difficult to quantify—therefore, much of the work the ERO can do is to assemble industry experts and stakeholders to agree on and validate what the reliability risk is and how it should be considered and addressed within the ERO Policies, Procedures and Programs, including the full reliability ecosystem. These risks require more collaborative effort and more time towards developing technical references, convening industry stakeholders, and conducting independent reliability assessments to determine the best way to mitigate the risk.

The ERO's risk-based approach is fundamental to the success of its mission to ensure the reliability and security of the BES in North America.



Reliability Guideline

Suggested approaches or behavior in a given technical area for the purpose of improving reliability. Guidelines are not enforceable, but may be adopted by a responsible entity in accordance with its own policies, practices, and conditions.



NERC Alert: Level 2-3

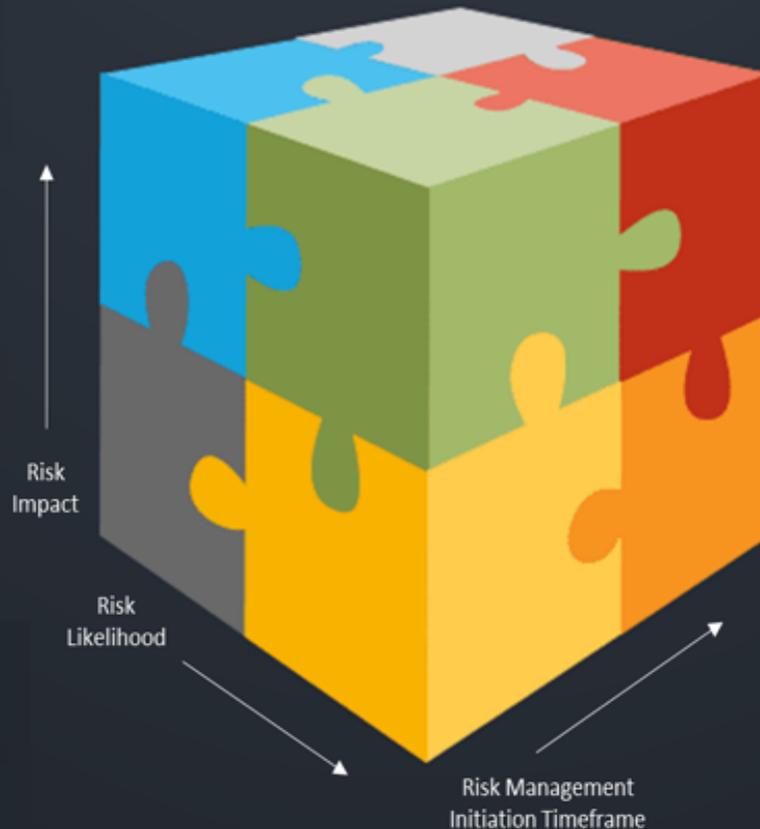
NERC alerts are divided into three distinct levels, 1) Industry Advisory, 2) Recommendation to Industry, and 3) Essential Action, which identifies actions to be taken and require the industry to respond to the ERO.



Technical Engagement

Technical Engagement is a catch-all for a variety of technical activity that is conducted between the ERO and entities. This includes, technical committee activities, technical reference documents, workshops and conferences, assist visits, joint and special studies, etc.

Electric Reliability Organization: Reliability Risk Mitigation Toolkit



Reliability Standards



NERC Reliability Standards define the mandatory reliability requirements for planning and operating the North American BPS and are developed using a results-based approach focusing on performance, risk management, and entity capabilities.

Reliability Assessment



NERC independently assesses and reports on the overall reliability, adequacy, and associated risks that could impact BPS reliability. Long-term assessments identify emerging reliability issues that support public policy input, improved planning and operations, and general public awareness.

NERC Alert: Level 1



NERC Alerts are divided into three distinct levels, 1) Industry Advisory, 2) Recommendation to Industry, and 3) Essential Action, which identifies actions to be taken and require the industry to respond to the ERO.

Figure 4: Risk Time Horizon

Additional Policy Discussion of Key Items from Board Committee Meetings

Action

Discussion of specific items presented at the Board of Trustees (Board) Committee meetings. Staff presentations made at the Board Committee meetings will not be duplicated at the Member Representatives Committee (MRC) meeting.

Summary

On November 5, 2020, the MRC will have additional time for policy discussion, as part of its own agenda, to respond to the information that is presented during the Board Committee meetings.

The Board committee agendas and associated background materials will be posted on the following webpages approximately one to two weeks in advance of the meetings:

[Finance and Audit Committee](#)

[Corporate Governance and Human Resources Committee](#)

[Compliance Committee](#)

[Technology and Security Committee](#)

MRC Input and Advice on Board Agenda Items and Accompanying Materials

Action

Discussion

Background

Article VIII, Section 1 of the [NERC Bylaws](#) states that the MRC shall have the right and obligation to “provide advice and recommendations to the board with respect to the development of annual budgets, business plans and funding mechanisms, and other matters pertinent to the purpose and operations of the Corporation.”

In the policy input letter issued on September 30, 2020, the NERC Board of Trustees (Board) requested comments on the preliminary agenda topics for the November Board meeting that were reviewed during the October 7, 2020 MRC Informational Session. At the November 5, 2020, meeting, MRC members should come prepared to provide input on behalf of their sectors on the Board’s formal agenda package posted on October 22, 2020.

Update on FERC Reliability Matters

Action Information

Summary

At the November 5, 2020, MRC meeting, Andrew Dodge, Director, Office of Electric Reliability, FERC, will provide an update on recent FERC activity.

Hurricane Laura Restoration Efforts

Action Information

Summary

Tim Ponseti, Vice President of Operations at SERC Reliability Corporation, and Todd Hillman, Senior Vice President and Chief Customer Officer at Midcontinent Independent System Operator (MISO), will provide an update on the restoration efforts, unique challenges, the extraordinary cooperation and collaboration in the aftermath, and lessons learned following the devastation from strong Category 4 Hurricane Laura.

Supply Chain NERC Alert Update

Action Update

Background

The objective of this agenda item is to provide the Member Representatives Committee (MRC) an update regarding Executive Order 13920, "Securing the United States Bulk-Power System", the subsequent NERC Alert that was issued in response to the order, and potential next steps.

E-ISAC/NERC Update

During the meeting, management will provide the MRC a brief overview of Executive Order 13920 and subsequent NERC Alert that was issued to establish extent of condition.