

# Minutes

## Member Representatives Committee

August 14, 2019 | 1:00 p.m. – 5:00 p.m. Eastern

Hilton Quebec  
1100 Rene Levesque East  
Quebec City, Quebec  
G1R 4P3, Canada

Chair Greg Ford, with Vice Chair Jennifer Sterling present, called to order a duly noticed meeting of the Member Representatives Committee (MRC) of the North American Electric Reliability Corporation (NERC) on August 14, 2019, at 1:00 p.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

Mr. Ford welcomed MRC members, including one new member, acknowledging the NERC Board of Trustees (Board), Andy Dodge and others from the Federal Energy Regulatory Commission (FERC), Bruce Walker from the Department of Energy, State Commissioner David Clark, CAMPUT representative David Morton, and Tab Gangopadhyay from the National Energy Board, as well as several Canadian regulators. Mr. Ford reminded attendees that presentations conducted at the Board committee meetings would not be repeated during the MRC meeting. He acknowledged the MRC's responses to the policy input request from Roy Thilly, Chair of the Board.

Mr. Ford also acknowledged two MRC surveys that were conducted at the beginning of the year: the MRC self-assessment and MRC effectiveness survey. He provided a summary of the focus areas identified and thoughts regarding action plans, highlighting a draft set of Governance Guidelines intended to update and consolidate a number of MRC resource documents. He stated the draft guidelines would be sent to the MRC for input following the meeting, with a target of presenting a final version to the MRC for approval at its November meeting.

### 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 Charlie Berardesco.

### Minutes

Upon motion duly made and seconded, the MRC approved the minutes of the May 8, 2019, and July 19, 2019, meetings as presented at the meeting.

### **Future Meetings**

The schedule of future meeting dates, including the pre-meeting and informational webinars for 2019, was included in the agenda package. Mr. Ford noted that the October MRC pre-meeting and informational webinar was rescheduled to Thursday, October 10.

Mr. Thilly announced that the Board is changing the format of the November 2019 meeting in Atlanta. The MRC meeting remains on November 5 and the Board will meet in an abbreviated, open session immediately following the MRC meeting on November 5 to address any needed actions. Board committees will have open conference calls prior to November in lieu of in-person meetings. As usual, the Board will meet with the Regional Entity boards and have a closed strategic session.

### **Schedule for MRC Officer and Sector Elections**

Mr. Ford announced the annual nomination and election of the MRC chair, vice chair, and member representatives from each sector. The schedule for the 2019 nominations and elections was included in the agenda package.

### **Board of Trustees Nominating Committee Update**

George Hawkins, chair of the Board of Trustees Nominating Committee (BOTNC), noted that the BOTNC will be reviewing a list of candidates in September to fill one open seat and refine the list to conduct interviews in October. The BOTNC will select a candidate in December and provide a recommendation to the MRC for election at the MRC's February 2020 meeting.

### **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, noting a meeting in July to discuss comments on the first draft, review projections, and discuss changes for the second draft. The group also met in August to discuss comments on the second draft as well as 2021 and 2022 projections.

### **Regulatory Update**

Mr. Berardesco invited questions or comments regarding the regulatory report, which highlights Canadian affairs and significant FERC filings.

### **Responses to the Board's Request for Policy Input**

Mr. Ford acknowledged the MRC's responses to Mr. Thilly's July 11, 2019, letter requesting policy input on the proposal for restructuring NERC technical committees, 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.

### **Effectiveness and Efficiency: Proposal for Restructuring NERC Technical Committees**

Ms. Sterling, vice chair of the MRC and co-chair of the Stakeholder Engagement Team (SET), provided an update on the SET's efforts in reviewing the NERC technical committee structures and activities to improve use of industry resources. Ms. Sterling discussed how the SET approached its review of the NERC technical committee structure, noting two options as outlined in the draft proposal. The SET recommends Option 2 which proposes to replace the Operating Committee, Planning Committee, and Critical

Infrastructure Protection Committee with a Reliability and Security Council (RSC) that reports to the Board. Ms. Sterling reviewed the benefits from Option 2, proposed participation model, and implementation plan highlights.

Ms. Sterling thanked the MRC for its policy input on the draft proposal and noted the proposal is out for general industry comment until August 15, 2019. The SET will meet at the end of August to discuss the comments received and make adjustments to the proposal. Ms. Sterling highlighted some of the policy input received including suggestions on the new council name, modifications to the participation model to increase sector participation, and an extension to the implementation time frame. Additional discussion among MRC members included the merits of Option 1, the appropriate size and representation of the proposed RSC, and consideration of observers to future SET meetings.

### **Effectiveness and Efficiency: Standards Efficiency Review**

Howard Gugel, vice president of engineering and standards at NERC, reviewed the overall scope of the Standards Efficiency Review (SER), highlighting the specific scope for Phase 2. He reviewed the Phase 2 deliverables and highlighted an industry survey that was used to prioritize six efficiency concepts. Mr. Gugel noted the SER Phase 2 team will focus on four of the concepts: evidence retention, consolidate information/data exchange requirements; move requirements to guidance, and prototype standard. Mr. Gugel also reviewed the status of the SER for Critical Infrastructure Protection (CIP) standards, noting that a team is being formed to evaluate NERC CIP Reliability Standards using a risk-based approach to identify potential efficiencies.

- An MRC member reiterated the need to coordinate with various CIP standard drafting teams during the CIP SER.

### **Additional Policy Discussion of Key Items from Board Committee Meetings**

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

### **Corporate Governance and Human Resources Committee**

An MRC member suggested initiating discussions with stakeholders on the appropriateness of Standards and how they might interact with procurement processes, especially for cold weather preparedness and fuel security issues.

### **MRC Input and Advice on Board Agenda Items and Accompanying Materials**

Attendees did not have any comments on the items on the Board's agenda for the following day.

### **2019 ERO Reliability Risk Priorities Report Preview**

Nelson Peeler, chair of the Reliability Issues Steering Committee (RISC), discussed the RISC's objectives and activities, including the biennial Reliability Leadership Summit, industry risk survey, identification of priority risks, and mitigation activities. These activities culminate in a final report every two years. Mr. Peeler provided an overview of the panel discussions at the 2019 Reliability Leadership Summit and highlighted the industry survey on emerging risks issued in March 2019. The RISC identified ten risks (nine risks in line with the previous RISC report and one additional risk on critical infrastructure

interdependencies). Mr. Peeler reviewed a heat map showing the risks relative to each other based on likelihood and impact. He also stated that the RISC categorized each risk as needing to be actively managed or monitored and further consolidated the risks into four high level risk profiles: grid transformation, extreme natural events, security vulnerabilities, and critical infrastructure interdependency. Mr. Peeler stated the RISC is currently identifying mitigating activities for the risk profiles, placing larger emphasis on immediate and short-term actionable activities to reduce risk, differentiating between manage and monitor. The RISC plans to present its final report to the Board for acceptance in the fourth quarter of 2019.

- Several attendees complimented the RISC on their progress to date and encouraged the RISC's efforts to continue moving towards a repeatable process for determining risks.
- An MRC member asked how the RISC made distinctions between manage and monitor. Mr. Peeler explained that the RISC reviewed multiple sources and data (e.g. State of Reliability Report, NERC metrics) to guide the determination.
- A Board member asked how the RISC envisions its recommendations will eventually guide the activities of the proposed RSC. Mr. Peeler stated that, at a high level, the RISC would continue to identify and prioritize risks, then the RSC would review the RISC's recommendations and determine the appropriate venues for them to be addressed.

### **ERO Enterprise Long-Term Strategy**

Jim Robb, president and chief executive officer at NERC, provided an overview of the revised ERO Enterprise Long-Term Strategy. He reviewed the ERO Enterprise Golden Circle and the ERO Enterprise declarations and commitments. Mr. Robb discussed the five strategic focus areas in the ERO Enterprise Long-Term Strategy and activities supporting each of those areas: (1) risk-based focus; (2) known and emerging risks; (3) strong E-ISAC capability; (4) engagement; and (5) effectiveness and efficiency. He stated the intention is to update the strategic focus areas as conditions warrant and rely on the RISC to identify specific areas for attention. Both the ERO Enterprise Long-Term Strategy and the RISC Priorities would feed into the annual business plans and budgets and annual work plan priorities. Additionally, the organization will move away from the ERO Enterprise Operating Plan and focus more on the annual ERO Enterprise Work Plan Priorities.

### **Supply Chain Data Request**

Mr. Gugel reminded attendees that he provided an update at the last meeting on the supply chain risk study in response to the Board resolution. He reviewed the recommendations from the study, one of which was to bring the Section 1600 data request to the Board at its August meeting the following day. Mr. Gugel noted that NERC worked with the Supply Chain Working Group to develop the data request which was posted for a 20-day comment period. He reviewed the five questions proposed in the data request, summarized the comments received, and discussed revisions made in response to comments.

- An MRC member asked what NERC intends to do with the data received from the data request. Mr. Gugel stated that NERC would provide information to Board and industry to see if those particular assets should be included in future revisions of supply chain standards.

### **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: CIP-012-1: Communications Between Control Centers Notice of Proposed Rulemaking (NOPR); TPL-001-5: Single Points of Failure in System Protection Systems NOPR; CIP-008-6: Cyber Security Incident Reporting final rule; NERC Five-Year Performance Assessment; NERC Standards Efficiency Review Phase 1 filing to retire 77 requirements; June 27, 2019, FERC Reliability Technical Conference; September 10-11, 2019, FERC Technical Conference on Managing Transmission Line Ratings; transmission incentives Notice of Inquiry; removing barriers to storage participation; Reliability Coordinator transition in the west; and the FERC-NERC-Regional Entity review of real-time assessments.

### **FERC and NERC Staff Report on South Central U.S. Cold Weather Event of January 17, 2018**

Heather Polzin, attorney-advisor and reliability coordinator at FERC, and Steven Noess, director of regulatory programs at NERC, provided an overview of the *FERC and FERC Staff Report on the South Central U.S. Cold Weather Bulk Electric System Event of January 17, 2018*. Ms. Polzin provided a summary of the key findings in the report, as outlined in the posted presentation slides and Mr. Noess reviewed the thirteen recommendations in the report. Mr. Noess noted that the report is being presented at Regional Entity quarterly meetings in MRO, SERC, and RF, as well as through a joint FERC/NERC webinar in the fourth quarter of 2019. Follow-up meetings and conference calls will also be held with affected entities to determine their planned responses to the recommendations.

### **Standing Committee Highlights: Compliance and Certification Committee**

Jennifer Flandermeyer, chair of the Compliance and Certification Committee (CCC), noted that the CCC partners with NERC Internal Audit to monitor NERC's compliance with the Rules of Procedure for the Compliance Monitoring and Enforcement Program and Organization Registration and Certification Process. She provided an overview of CCC membership and how members are nominated and elected. She also discussed the CCC work plan, key support efforts, and key collaboration initiatives. Ms. Flandermeyer highlighted the ERO Program Alignment Working Group, outreach efforts, industry partnership, feedback loops, and CCC effectiveness and efficiency. She then discussed transformative efforts, including collapsing subcommittees, continued review of membership criteria, and continues improvements to document management issues.

### **Adjournment**

There being no further business, the meeting was adjourned.

Submitted by,



Kristin Iwanechko

Secretary

## Agenda

# Member Representatives Committee

August 14, 2019 | 1:00 p.m. – 5:00 p.m. Eastern

Hilton Quebec  
1100 Rene Levesque East  
Quebec City, Quebec  
G1R 4P3, Canada

Conference Room: Salle de Bal (1<sup>st</sup> Floor)

### Introduction and Chair's Remarks

### NERC Antitrust Compliance Guidelines and Public Announcement\*

#### Consent Agenda

1. **Minutes\* - (Approve)**
  - a. May 8, 2019 Meeting\*
  - b. July 19, 2019 Conference Call\*
2. **Future Meetings\***
3. **Schedule for MRC Officer and Sector Elections\***

#### Regular Agenda

4. **General Updates and Reports**
  - a. Board of Trustees Nominating Committee Update\*
  - b. Business Plan and Budget Input Group Update\*
  - c. Regulatory Update\*
5. **Policy and Discussion Items**
  - a. Responses to the Board's Request for Policy Input\*
    - i. Effectiveness and Efficiency: Proposal for Restructuring NERC Technical Committees\*
  - b. Effectiveness and Efficiency: Standards Efficiency Review\*
  - c. Additional Policy Discussion of Key Items from Board Committee Meetings\*
    - i. Finance and Audit Committee
    - ii. Corporate Governance and Human Resources Committee

- iii. Technology and Security Committee
- d. MRC Input and Advice on Board Agenda Items and Accompanying Materials\*
- e. 2019 ERO Reliability Risk Priorities Report Preview\*
- f. ERO Enterprise Long-Term Strategy\*
- g. Supply Chain Data Request\*

### **Technical Updates**

- 6. Update on FERC Reliability Matters\***
- 7. FERC and NERC Staff Report on South Central U.S. Cold Weather Event of January 17, 2018 \***
- 8. Standing Committee Highlights: Compliance and Certification Committee\***

\*Background materials included.

**Member Representatives Committee - Attendance (August 14, 2019)**

**Voting Members**

<b>First Name</b>	<b>Last Name</b>	<b>Sector</b>
Greg	Ford	Chair
Jennifer	Sterling	Vice Chair
Katherine	Prewitt	1. Investor-Owned Utility
Lou	Oberski	1. Investor-Owned Utility
Carol	Chinn	2. State/Municipal Utility
Roy	Jones	2. State/Municipal Utility - <b>Proxy Carol Chinn</b>
Don	Gulley	3. Cooperative Utility - <b>Proxy Barry Lawson</b>
Jason	Marshall	3. Cooperative Utility
Lam	Chung	4. Federal/Provincial - <b>Proxy Sylvain Clermont</b>
Paul	Choudhury	4. Federal/Provincial
Sylvain	Clermont	4. Federal/Provincial
Lloyd	Linke	4. Federal/Provincial
Bill	Gallagher	5. Transmission Dependent Utility
John	Twitty	5. Transmission Dependent Utility
Martin	Sidor	6. Merchant Electricity Generator
Sean	Cavote	6. Merchant Electricity Generator
Brad	Cox	7. Electricity Marketer
Chris	Haas	7. Electricity Marketer
Kara	Beckmann	8. Large End-Use Electricity Customer - <b>Proxy Devin Hartman</b>
Devin	Hartman	8. Large End-Use Electricity Customer
Jacqueline	Roberts	9. Small End-Use Electricity Customer
Bill	Magness	10. ISO/RTO - <b>Proxy Brandon Gleason</b>
Gordon	van Welie	10. ISO/RTO - <b>Proxy Peter Brandien</b>
Harvey	Reed	11 Regional Entity - NPCC
David	Clark	12. State Government

**Non-Voting Members**

<b>First Name</b>	<b>Last Name</b>	<b>Sector</b>
David	Morton	Canadian Provincial
Tab	Gangopadhyay	Canadian Federal
Bruce	Walker	U. S. — Federal
Andy	Dodge	U. S. — Federal
Todd	Hillman	Regional Entity - SERC
Melanie	Frye	Regional Entity - WECC
Liz	Jones	Regional Entity - Texas RE
Kristin	Iwanechko	Secretary