

Announcement

Board Approves 2020 Budgets; Reviews Effectiveness, Efficiency Initiatives; Recognizes 3 Champions of the ERO

August 15, 2019

QUÉBEC CITY, Québec – Effectiveness and efficiency were the themes of NERC’s quarterly Board of Trustees meeting, with many of the initiatives and presentations focused on collaborative efforts that ensure the best use of ERO Enterprise and stakeholder resources. This two-day meeting occurred on the anniversary of the August 14, 2003 Northeast blackout that gave rise to the Energy Policy Act of 2005 and the formation of the ERO.

“We have come a long way since the earliest days of mandatory Reliability Standards,” said Jim Robb, NERC’s president and chief executive officer. “This anniversary and our meeting here in Canada give us a chance to reflect on the interconnected nature of our grid, the value of our North American collaboration and the enduring importance of our work. Being in Québec reinforces this important relationship as together we continue to concentrate on key reliability and security challenges affecting North America.”

Francis Bradley, the new president and CEO of the Canadian Electricity Association, provided opening remarks. Bradley noted that this meeting is a reminder that we all share responsibility in assuring our interconnected bulk power system is reliable and safe for our customers. He noted the outreach efforts by NERC and the Electricity Information Sharing and Analysis Center (E-ISAC), saying that we must continue working together to address challenges in our shared future.

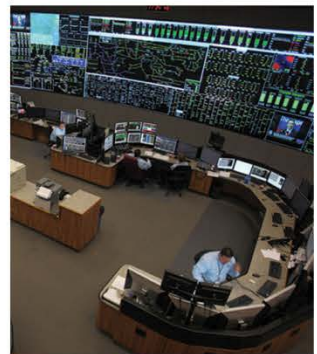
Robb took a moment to remember Mike Assante, who passed away in July, for his outstanding contributions to the security of the bulk power system. Assante was instrumental in establishing NERC’s E-ISAC. Robb assured stakeholders that the E-ISAC would carry on Assante’s passion for securing the grid.

Robb also recognized two other key figures in the ERO’s success: Cheryl LaFleur, commissioner of the Federal Energy Regulatory Commission, who is stepping down on August 31; and Charlie Berardesco, NERC’s senior vice president, general counsel and corporate secretary, who is retiring August 31.

“In his seven years at NERC, we have benefited from Charlie’s guidance and counsel. He enhanced and elevated our legal, enforcement and governance functions, and also served

CONTACT:
Kimberly.Mielcarek@nerc.net

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



as interim CEO,” Robb said. “We want to thank you for all you’ve done for this organization with a Board resolution recognizing your commendable service.”

Bruce Walker, assistant secretary, Office of Electricity, for the Department of Energy also delivered opening remarks. Walker discussed DOE’s valued working relationship with NERC on reliability security priorities and updated the Board on DOE’s North American Energy Resilience Model as well as upcoming projects to be funded by DOE. Walker noted the importance of the Grid Storage Launchpad, a new public–private project to support large-scale energy storage.

David Morton, chair and CEO of the British Columbia Utilities Commission and CAMPUT representative to NERC, reported on Tuesday’s meeting between the NERC Board and Canadian regulators from five provinces. Morton conveyed that useful discussions took place on regulatory structures, Reliability Standards and compliance, natural gas/electric interdependency and cyber security.

Board Approves 2020 Budgets; Appoints Sharp VP

In its first order of business, the Board approved the 2020 ERO Enterprise Business Plan and Budgets. NERC’s Business Plan and Budget focuses on several key areas including: expanding the E-ISAC and security capabilities; assessing and mitigating risks to reliability; enhancing and supporting technology and tools; and promoting effectiveness and efficiency.

The 2020 budgets for the Regional Entities also were approved by NERC’s Board, after undergoing approval by their respective regional boards. The 2020 Business Plan and Budgets will be submitted to FERC for approval later this month. Throughout this streamlined process, significant input was received by stakeholders and industry representatives.

Continuing the effectiveness and efficiency theme, Board Chair Roy Thilly announced at the Member Representatives Committee (MRC) meeting that the Board is changing the format of the November meeting in Atlanta. 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. The MRC meeting schedule remains unchanged.

“The Board recognizes that stakeholders have dedicated a great deal of time tackling how we can better use our resources,” Thilly said. “To be implemented on a trial basis in November, this different approach retains the focus on interaction and input from the MRC on key issues, while continuing our strategic sessions and key meetings with the Regional Entity board chairs and vice chairs.”

The Board also discussed its succession plan, noting that current Chair Roy Thilly would step down in February 2021; Ken DeFontes is slated to become chair-elect in February 2020, taking over as chair in February 2021.

The Board appointed **Andy Sharp** vice president and controller for NERC. Sharp will also continue as the interim chief financial officer while NERC searches for its new chief administrative officer.

Other Actions

Howard Gugel, vice president and director of Engineering and Standards, provided an update on supply chain activities. To help NERC better understand risks associated with low-impact Bulk Electric System (BES) cyber systems, a proposed Section 1600 data request was posted on July 2 for a 20-day industry comment period, then updated to incorporate comments, Gugel noted.

“This data request focuses on low-impact BES cyber systems, particularly those with external routable connectivity, and will help us determine whether modification to the Supply Chain Standards is necessary,” Gugel said. “Through this data request, we are fulfilling our recommendations identified in NERC’s *Cyber Security Supply Chain Risks: Staff Report and Recommended Actions*, published in May.”

NERC plans to issue the formal data request to NERC registered entities on August 19, with responses due by October 3. A summary of responses will be presented to the Board at its November meeting.

The Board also accepted the recommendation to delay Release 1 of the Align compliance monitoring and enforcement program tool, planned for the last quarter of 2019. The primary drivers for the delay are related to ensuring data security, businesses processes related to compliance audit and investigation and addressing some stakeholder concerns.

Important work is being done by the Electromagnetic Pulse (EMP) Task Force, Gugel reported. The task force convened its first in-person meeting in June in NERC’s Washington, D.C. office, with representatives from the Electric Power Research Institute and the Department of Homeland Security. An EMP technical workshop took place on July 25 in Atlanta during which industry provided more input on how best to address EMP risks in planning and assessments, mitigations and critical asset identification. The task force intends to present its recommendations to the Board by the end of the year.

Toward these efforts, the Board tasked NERC to undertake a comprehensive review of existing technical committees and proposed actions to improve their effectiveness and efficiency. A [draft proposal](#) for the creation of a new Reliability and Security Council to replace the three existing technical committees was presented to the MRC for discussion. The team will provide its final recommendation to the Board prior to December 2019.

Regional Updates

Another ongoing activity in the ERO Enterprise is the transition from Peak Reliability to multiple Reliability Coordinators (RCs) in the Western Interconnection. The ERO Enterprise, led by WECC, is overseeing this transition.

Melanie Frye, CEO of WECC, reported that RC West began RC operations for the CAISO Balancing Authority footprint on July 1, and the certification team recommended to the British Columbia Utilities Commission that BC Hydro be approved as the RC for British Columbia beginning September 2. The certification process is underway and site visits complete for RC West’s expanded footprint and SPP, and the certification team is evaluating information collected from the relevant parties. The ERO Enterprise, in cooperation with the certification team, is working with all entities to address recommended actions.

On July 11, FERC approved IRO-002-6 Regional Variance, which requires an Interconnection-wide methodology for modeling and monitoring to ensure coordination among all RCs. The standard goes into effect January 1, 2020.

Jason Blake, SERC president and CEO, discussed the successful integration of Florida Reliability Coordinating Council (FRCC) and SERC, which became effective on July 1 with the transfer of all registered entities in Florida to SERC. The goal was to ensure a smooth and seamless integration resulting in a superior Region for the stakeholders and for the reliability and security of the grid, Blake stated.

Describing activities to date, Blake noted that SERC continues working to ensure Florida companies are truly and completely integrated within SERC's footprint. Blake thanked the Boards of NERC, SERC, and FRCC for their support, which was critical in a transition that will result in a stronger, more reliable and more efficient SERC Region for the ERO.

Overall, the ERO Enterprise is working diligently on numerous initiatives to embrace collaboration, efficiency and effectiveness. These efforts include a streamlined business plan and budget process; development of a common compliance monitoring and enforcement program tool; and a proposed transformation of technical committee and meeting structures to improve effectiveness of stakeholder engagement and resources.

Board presentations may be found by clicking [here](#). The MRC and open Board session will take place November 5 in Atlanta.

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Electricity is a key component of the fabric of modern society and the Electric Reliability Organization (ERO) Enterprise serves to strengthen that fabric. The vision for the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American bulk power system. Our mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid.